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Ist die Finanzpolitik der Bundesländer nachhaltig?

Astrid Rosenschon

Abstract

The paper deals with the issue in how far the fiscal policy of the German Laender can be considered as sustainable. Comparing the fiscal policy stance and the budgets of the 16 German states, only Bavaria and Saxony are pursuing a fiscal policy which may be labelled as sustainable. The other states did not succeed in their attempt to stabilize, least of all to reduce, their public debt relative to their GDP. The greatest deviation from a sustainable budget is reported for Berlin with a “non-sustainability gap” of 6.38 per cent of GDP, followed by Saxony-Anhalt (1.77 per cent of GDP). The latter holds the largest debt ratio among German non-city states. Bremen and Saarland are exceptional cases; both did not have a “non-sustainability gap” in 2001 but, at the same time, receive federal funds since 1994 which are earmarked to redeem former excessive debts.

JEL - Classification: H 61, H 62, H 63, J 18.

Äquivalente Steuerfinanzierung kommunaler Leistungen

Astrid Lemmer

Abstract

In this paper a local tax to finance local public goods is discussed. The intention is to tax citizens upon their willingness to pay for public goods. The idea to base the tax on a private good that indicates the value of public goods is considered. Land is a private good that satisfies the condition of being immobile in a community. First the land market needs to be looked at to insure that land prices are market prices. Once this is demonstrated it is examined how a tax based on land prices can be considered to be a tax that fulfils the benefit principle. Although there are various other influences on the price of land it is shown that a tax on land values – or to be more precise: on land prices – is not only a neutral tax, but gives incentives for political decision makers to efficiently provide local public goods and assures that those who receive the benefits pay for it.

JEL - Classification: H 21, H 41, R 51, R 52, R 58.

Wirtschaftspolitisches Forum

Braucht die EU einen flexibleren Stabilitätspakt?

Abstract

In his contribution *Carsten Hefeker* points out that most of the official arguments concerning the necessity of the Stability and Growth Pact are not convincing. Nevertheless, a mechanism that credibly avoids excessive debts and deficits is needed in most member states. It would be more useful, however, if such rules would focus on overall debt than on deficits. In addition, he advocates to create an external control for such fiscal rules, independent from the Commission and ECOFIN. He concludes that the Pact does not need to become more flexible, but more credible.

Friedrich Heinemann states that much of the recent reform debate on the Stability Pact is based on a fundamental misconception: The Pact has not been established as a guiding tool for welfare maximising politicians but in order to limit detrimental incentives from fiscal short-sightedness. "Stupid" elements like the three-per-cent deficit ceiling have a clear and beneficial strategic function as boundary within the national budgetary process. Furthermore, simple rules are superior to smart ones in increasing the political costs of high deficits in terms of public awareness. The critique on the pact's missing flexibility is correct mainly in regard to its loose logical link to long-run sustainability. Increasing flexibility in a cyclical sense, however, is not a reform priority. Already today the Pact leaves sufficient leeway for responsible politicians. Instead, the reform focus must be on depoliticising the pact in the sense of limiting Council power in the deficit procedure. More flexibility must not come without depoliticising. He recommends that any reform should only be carried into effect with a significant time lag in order to limit the reputation damage which would be the consequence of any quick institutional response to the Pact's recent crisis.

In his paper *Klaus F. Zimmermann* argues that the Stability and Growth Pact (SGP) has been subject to criticism ever since its inception. He points out that it overlooks business cycle developments within the framework of the consolidation process; it adopts a too short-term view of the stabilization target which is also hardly under control of policy-makers; and it treats with policy imperfections in a sub-optimal way. Therefore, a reform of the SGP is urgent. The author suggests that the rules must be handled more flexible. We need a medium-term budgetary target and a focus on public expenditures to tackle the pro-cyclical bias he suggests. To restore credibility, the task of supervision should be transferred to an independent European institution.

JEL - Classification: F 02, F 33, F 36, H 30, H, 50, H 60, H 77.

Der Rückgang konjunktureller Schwankungen in Deutschland: Bessere Geldpolitik oder nur Glück gehabt?

Claudia M. Buch, Jörg Döpke und Christian Pierdzioch

Abstract

It is often argued that the globalization of the world economy might have contributed to an increased instability of real economic activity, in particular for small open economies. At the same time, there is evidence that the volatility of real economic activity might in fact have been dampened. This contribution addresses the question whether the volatility of GDP in Germany has changed and, if so, which factors could be responsible for this. We argue that a more successful monetary policy has - to some extent - contributed to this development. However, the lion's share of the volatility decline is likely to come from other factors like smaller exogenous shocks, technological progress, and the effect of globalization.

JEL – Classification: F 36, F 41, F 47, E 32, G 15.

Der Einfluss der Agenda 2010 auf die Arbeitslosigkeitsdauer

Björn Christensen

Abstract

This paper examines the impacts on reservation wages of unemployed persons and on transition in employment due to the reform of the unemployment insurance system in Germany in the course of the Agenda 2010. A dynamic search-model is developed, on which reservation wages are simulated for different groups of unemployed. Afterwards, increases in the transition rates in employment are forecasted due to the reductions in reservation wages. It is shown that the reform of the unemployment transfer payments mainly affect unemployed persons with a high income before unemployment. For these persons the transition rates in employment are increased by 5% to 9% if they are eligible for social welfare. For unemployed persons without eligibility for social welfare the transition rates in employment are increased by 9% to 22%.

JEL - Classification: C 61, E 24, J 22, J 64.