

# **LUISS** SCHOOL OF EUROPEAN POLITICAL ECONOMY

Newsletter - 07/2016  
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Villa Emiliani



## PAST EVENTS

July 20, 2016 - Fabio Landini: Distortions in the process of firm selection during the Great Recession - a comparison across European countries

July 12, 2016 - Matteo Bugamelli: La produttività in Italia - Andamenti e (possibili) determinanti

June 22, 2016 - Giancarlo Corsetti: The Economic Consequences of an Incomplete Monetary Union

June 13, 2016 - Alessandra Marcelletti: Capital Requirements - Leverage Ratio or Risk Weighted Assets

## OPPORTUNITIES

### INPS Scholarships

As part of an initiative to support post-graduate studies and professional development, INPS (Istituto Nazionale Previdenza Sociale) is offering **6 full-tuition scholarships** to children or orphans of government employees or pensioners who would like to obtain a Master in European Economic Governance (MEEG). Application procedures are available on our [website](#), and the deadline for applying is **September 10, 2016**. We would be grateful if you could forward this information to any potential candidates.

### Master in European Economic Governance (MEEG)

Our program aims to provide economists or other social scientists with in-depth knowledge of European institutions. Its unique focus qualifies graduates for a range of jobs in public administration, related vocations at Brussels-based European institutions, and private firms operating in Europe. Applications are accepted on a rolling basis, and further details are available on our [website](#). We would be grateful if you could forward this information to any potential candidates.

## RECENT EVENTS



**Stefano Manzacchi, Gianni Toniolo, Marcello Messori, and Matteo Bugamelli** at [La produttività in Italia - Andamenti e \(possibili\) determinanti](#)



**Fabio Landini and Stefano Micossi** at [Distortions in the process of firm selection during the Great Recession - a comparison across European countries](#)

May 27, 2016 - Autorità e consenso nelle decisioni amministrative: il ruolo delle scienze comportamentali

May 26, 2016 - Lorenzo Codogno: Beyond Pride and Prejudice - The impact of Brexit on the rest of the EU

May 26, 2016 - Tito Boeri: Il futuro del lavoro

May 18, 2016 - Marcello Messori - L'Europa ha un futuro?

May 13, 2016 - Pier Carlo Padoan: A quanta sovranità si può rinunciare? L'ora del governo europeo

May 4, 2016 - Alessandro Profumo: Perché le banche italiane sono diverse da quelle europee?

April 20, 2016 - Lorenzo Bini Smaghi: Riforme o declino? La sfida della secular stagnation all'Europa

April 13, 2016 - Luigi Abete: Perché le imprese italiane hanno perso produttività?

April 4, 2016 - Peter Praet: Una nuova governance per l'euro un passo indietro o uno in avanti per la Bce?

March 22, 2016 - William Drozdiak: Fractured Continent - Europe's Crises and the Fate of the West

March 18, 2016 - Fabio Panetta: Banking Union

March 1, 2016 - Gian Luigi Tosato: Implicazioni giuridiche del negoziato su Brexit

February 16, 2016 - Carmine Guerriero: Endogenous (In)Formal Institutions

## POLICY BRIEFS & COMMENTARIES

### C. Bastasin, L. Bini Smaghi, M. Messori, S. Micossi, F. Saccomanni & G. Toniolo: A Historical Compromise on Italy's Financial Sustainability

Before the British referendum, political risks were already increasing across the euro area. They now arguably represent the most serious challenge to the stability of the common currency in the next 18 months. For quite some time now, government weakness in several countries and uncertain electoral outcomes in others, such as the recent Spanish election results, have made financial investors extremely sensitive to institutional and political developments down the road. While it is too early to credibly forecast the full economic, social, and political impact of Brexit, it is safe to say that market volatility will increase, impacting investor, consumer, and even electoral behavior in other EU countries. [Continue Reading](#)

### C. Bastasin: Three Ideas for Changing Italy's Discourse on Europe

Across Europe, traditional political parties are being challenged by new political formations that barely fit the classic classification of left versus right. Drawing support from the divide between "open" and "closed" societies, they mainly feature anti-establishment claims in the name of protecting people, advocating closed borders in response to the tumultuous transformation caused by globalization in the past few decades. Globalization is generally seen as a powerful source of inequality and disempowerment—a political design coinciding with only the interests of elites. [Continue Reading](#)

### S. Micossi: On the EU after Brexit

Great uncertainty still surrounds the likely course of the UK government regarding its future relations with the EU. On this, for the time being, Ms. May has no mandate, and her government needs time to evaluate the different scenarios. For this reason, Article 50 may not be invoked for some time—most people think not before the year's end or early next year. However, I see no purpose in toying with the idea that Brexit will not happen—an unlikely development that would tear apart the broken tapestry of British politics even more. [Continue Reading](#)

### S. Micossi: Eurozone Stability still under the Threat of a "Bad Shock"

On 25 June, VoxEU published "Making the Eurozone more resilient: What is needed now and what can wait," an article supported by an impressive list of 'Resiliency Authors' (RA). It argues that the Eurozone now has an adequate financial architecture for coping with another "bad shock" and that what needs to be done "mostly [is] to make sure that the rules in place can be enforced." I feel that this view may prove optimistic and, more importantly, that careless implementation of existing rules may become the very source of a new bad shock. Let me explain why. [Continue Reading](#)

### F. Saraceno: Brexit and the Hope for a Progressive European Future

February 2, 2016 - Franco Bruni: The Euro, optimal currency area theory

January 28, 2016 - Roberto Tamborini: How can it work? On the impact of quantitative easing in the Eurozone

January 20, 2016 - Marcello Messeri & Piero Esposito: Improved structural competitiveness or deep recession?

December 11, 2015 - Etica, Scienze Comportamentali e Amministrazioni Pubbliche

December 10, 2015 - Diego Valiante: Risk Sharing ed il ruolo dell'integrazione finanziaria europea

December 1, 2015 - Marco Buti: Italy in Europe

November 30, 2015 - Francesco Papadia: Una nuova epoca per le banche centrali

November 23, 2015 - Verso la Conferenza di Parigi sul clima (COP21 Paris): le posizioni di USA, UE e Cina a confronto

November 19, 2015 - A. Grandori: Processi decisionali e coordinamento organizzativo

Much has already been said on Brexit. More will be said in the hours, days, weeks, months, and even years to come. For those who tire of reading pages and pages about the result of the UK's referendum, this brief can be summarized in a sentence: *Our focus should be on policies, not institutions.* [Continue Reading](#)

### [M. Messori: Ways Forward - Solving the Problem of Italian Banks](#)

The phase of Quantitative Easing (QE3) announced last March by the European Central Bank (ECB), and the linked new series of targeted longer-term refinancing operations (T-LTRO II), have reduced liquidity risks for euro area banks. Vice versa, the Italian banking sector has gross non-performing loans (NPL) exceeding €360bn, and the book values of these loans—on average—are more than double the corresponding market prices potential international buyers are willing to pay in the short term. [Continue Reading](#)

### [C. Bastasin: It's not Europe. It's National Democracy which is Dysfunctional](#)

Brexit is considered to be proof that Europe is not working. Frankly, this assessment is optimistic. What Brexit demonstrates is rather that, in some cases, national democracies become dysfunctional—when complex decisions cross national boundaries, for instance. This is an even more problematic and confusing finding. Finally, we have also discovered that the EU cannot work if its constituent national democracies do not work. [Continue Reading](#)

## IN THE PRESS

**July 27, 2016** – *Corriere della Sera* published an editorial by SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he discusses the stress tests banks in Europe are about to undergo at the end of this week.

**July 26, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he compares Angela Merkel's moderated reaction to the slew of attacks in Europe with that of French prime minister François Hollande.

**July 26, 2016** – *The Financial Times* published an article quoting SEP Director **Marcello Messeri**, in which he discusses the Italian banking sector

**July 26, 2016** – *AffarInternazionali* published an editorial by SEP Senior Fellow **Gian Luigi Tosato**, in which he discusses the 19 July 2016 decision by the European Court of Justice (ECJ), which helped clarify certain issues concerning bail-in.

**July 26, 2016** – *Share Radio* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses Italian banks and their threat to the European economy.

July 26, 2016 – *BBC World* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses Italian banks and the EBA stress tests.

July 26, 2016 – *Class CNBC* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the economic and financial markets outlook for the summer.

**July 24, 2016** – *Il Sole 24 Ore* published an editorial by SEP Scientific Council member **Gianni Toniolo**, in which he advocates a political pact to stabilize and reduce Italy's public debt.

**July 24, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the recent attacks in Germany and Chancellor Angela Merkel's measured response.

**July 21, 2016** – *First Online* published an editorial by SEP Chairman **Stefano Micossi**, in which he discusses the dangers and risks of Brexit for the EU and UK.

**July 21, 2016** – *Rai News 24* aired an interview with SEP Scientific Council member **Francesco Saraceno**, in which he discusses Theresa May's meeting with Angela Merkel.

**July 20, 2016** – *L'Unità* published an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he reacts to the terrorist attack in Nice.

**July 20, 2016** – *Rai Radio 3* aired an interview with SEP Scientific Council member **Stefano Manzocchi**, in which he discusses the IMF's lowering of the global growth outlook.

**July 19, 2016** – *In Più* published an editorial by SEP Chairman **Stefano Micossi**, in which he discusses the decision by the European Court of Justice regarding state aid to banks in the context of a financial crisis.

**July 19, 2016** – *L'Unità* published an editorial by SEP Senior Fellow **Pietro Reichlin**, in which he discusses the Italian banking crisis.

**July 18, 2016** – *Il Sole 24 Ore* published an editorial by SEP senior fellow **Carlo Bastasin**, in which he discusses risk-sharing.

**July 17, 2016** – Spanish newspaper *ABC* published an interview with SEP Director **Marcello Messori**, in which he explains the Italian banking crisis

**July 15, 2016** – *Pagina 99* published an editorial by SEP Scientific Council member **Francesco Saraceno**, in which he discusses neoliberalism and the need for regulatory reform

**July 13, 2016** – *Share Radio* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the most recent IMF report, which indicated that the Italian economy had lost two decades of growth and estimates less than 1% growth for this year

**July 12, 2016** – *La Repubblica* published an interview with SEP Senior Fellow **Daniel Gros**, in which he discusses the ascension of Theresa May and future Brexit negotiations

**July 12, 2016** – *L'Unità* published an editorial by SEP Senior Fellow **Pietro Reichlin**, in which he discusses the Italian banking crisis and the speech Bank of Italy Governor Ignazio Visco made earlier this week.

**July 11, 2016** – Spanish newspaper *El Pais* published an article quoting SEP Director **Marcello Messori**, in which he discusses the Italian banking sector.

**July 11, 2016** – *BBC World Radio* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the problem of Italian banks

July 11, 2016 – *BBC World* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses UK strategy in the aftermath of Brexit.

**July 9, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses Brexit and what it reveals about democracy in Europe.

**July 8, 2016** – *Rai Radio 1* aired an interview with SEP Director **Marcello Messori**, in which he discusses the Italian banking crisis.

**July 8, 2016** – *La Repubblica* published an editorial by SEP Scientific Council member **Fabrizio Saccomanni**, in which he discusses the recent SEP policy brief on Italy's fiscal sustainability.

**July 7, 2016** – The *Center for Economic Policy Research (CEPR)* published a discussion paper co-authored by SEP Senior Fellow **Paul De Grauwe**, in which he discusses the optimal currency areas (OCA) theory and its impact on structural reforms, as well as product and labor markets.

**July 6, 2016** – *CNBC Class* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the need for state intervention in the Italian banking crisis.

**July 6, 2016** – *Radio 24* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the possibility of state intervention in the Italian banking crisis

**July 6, 2016** – *Le Monde* published an article quoting SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the Italian banking crisis.

**July 6, 2016** – *Il Sole 24 Ore* published an editorial by SEP Scientific Council member **Stefano Manzocchi**, in which he discusses the use of EU funds and the need for reform.

**July 5, 2016** – *The Times* published an article quoting SEP Director **Marcello Messori**, in which he discusses the situation embroiling Banca Monte dei Paschi di Siena, which was ordered by the European Central Bank to cut its bad loans by more than €13bn

**July 5, 2016** – *Corriere della Sera* published an editorial by SEP Director **Marcello Messori**, in which he discusses the speech Vincenzo Boccia made at the recent Confindustria assembly, which argues that there is a “virtuous cycle” between salaries and productivity.

**July 5, 2016** – *L'Unione Sarda* published an interview with SEP Director **Marcello Messori**, in which he discusses the €150bn liquidity line authorized by the European Commission.

July 5, 2016 – The *WSJ* quoted SEP Senior Fellow **Lorenzo Codogno** in an article on the European banking crisis.

July 5, 2016 – *Il Fatto Quotidiano* interviewed SEP Senior Fellow Lorenzo Codogno in an article on the Italian banking sector.

July 5, 2016 – *SkyTG24* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discussed the Italian banking system and the ongoing negotiations with the Commission.

**July 3, 2016** – *Corriere della Sera* published an editorial by SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he discusses the reaction to Brexit in many European capitals.

**July 3, 2016** – *Quotidiano Nazionale* published an interview with SEP Director **Marcello Messori**, in which he discusses the problem of non-performing loans (NPL).

**July 1, 2016** – *Sky TG 24* aired an interview with SEP Senior Fellow **Fabrizio Saccomanni**, in which he comments on the European Commission's authorization of government guarantees for liquidity support to Italian banks.

**July 1, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he argues that current and upcoming volatility in the markets makes completing the Banking Union even more crucial.

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