

# **LUISS** SCHOOL OF EUROPEAN POLITICAL ECONOMY

Newsletter - 09/2016  
(No.25)

- POLICY BRIEFS
- FIVE BULLETS
- IN THE PRESS

Villa Emiliani



## UPCOMING EVENTS

Marco Buti: Le sfide della politica economica italiana in chiave europea (Closed Event)

## 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

## POLICY BRIEFS

### [S. Micossi: Towards a Joint Debt Instrument and Fiscal Capacity](#)

The European Union is going through a very difficult phase, besieged by historic internal and external security challenges, unmanageable migratory flows, and deep-seated discontent among its citizens. With Brexit came the first tangible sign that the process of European integration is not irreversible. The area's financial conditions, at this moment, are relatively stable, but this stability could prove ephemeral, since severe tensions and divergences permeate the euro system.

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### [L. Codogno: Italy's Constitutional Referendum - Mapping Possible Political Scenarios](#)

The upcoming constitutional referendum is a key event for Italy's government and the political developments heading up to the general elections in Spring 2018. According to opinion polls, the outcome remains too close to call. The proposed constitutional reform has some flaws, but the bulk of it would be a significant positive step toward making (1) the legislative process more effective, (2) governments more stable, and (3) the relationship between central and local governments better functioning. [Continue Reading](#)

### [C. Bastasin, L. Bini Smaghi, M. Messori, S. Micossi, and G. Toniolo: Making Italy Safer But Not More In Debt](#)

While one could apply the EU's flexibility clause to the reconstruction effort after the 2016 earthquake in Italy, it should not be extended to the country's long-term public investment plan to strengthen seismic protection. A better path would be to pursue other options, eliciting involvement from both private entities and the European Union. Financing the reconstruction effort and strengthening seismic protection after the earthquake in Valle del Tronto risks sparking a new controversy between the Italian government and the European Union, particularly when it comes to compliance with EU rules governing public deficit and public debt. [Continue Reading](#)

### [L. Codogno: Italy's Earthquake - Estimating the Economic and Financial Damage](#)

With nearly 300 dead and almost 400 injured, the human cost of the earthquake that hit Italy on 24 August is immeasurable. However, the earthquake will also have both a short- and long-term economic impact on the country. Estimating the size of this impact is not an easy

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

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

endeavor. Given the nature of the economic damage and the lack of major disruptions to transportation, distribution, and energy production facilities, there should only be a limited impact on Italy's GDP.

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## FIVE BULLETS

### C. Bastasin: Five Bullets on Italy's Isolation in Europe

Italy is suffering from isolation in the European Union and the euro area. This goes far beyond anecdotal evidence of Prime Minister Matteo Renzi taking part or not taking part in restricted meetings held by other heads of government. In fact, Italy's isolation has less to do with the somewhat subordinated position of its government in the hypothetical European hierarchy and more to do with a misalignment in the priorities pursued by each national government. [Continue Reading](#)

### M. Messori: Five Bullets on Europe, Post-Bratislava

The special summit of 27 European Union leaders in Bratislava reached a negative but foregone conclusion—until Autumn 2017 (when national German elections take place), there will be no progress in the euro area toward federalism at “low intensity.” In principle, this progress, which would have underpinned the call for “closer coordination of economic policies” in the Five Presidents’ Report (2015), had the chance of gaining momentum due to the Brexit vote. [Continue Reading](#)

### S. Micossi: Five Bullets on the Italian Criticism of the Bratislava Summit

On September 16th, 2016, the European Council released the Bratislava Declaration and Roadmap, the culmination of a series of meetings between 27 European leaders who met to discuss the future of Europe after Brexit. It contains small steps, including a handful of measures to improve internal security and protect Europe's borders. Italian Prime Minister Matteo Renzi was perhaps the most vocally critical of the meetings' outcome. [Continue Reading](#)

## IN THE PRESS

**September 28, 2016** – *Rai Radio 1* aired an interview with SEP Director **Marcello Messori**, in which he discusses Italy's negotiations with the EU for greater margins of flexibility.

**September 27, 2016** – *The Financial Times* blog published an editorial by SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he discusses the need for consolidation in the Eurozone's banking system.

**September 27, 2016** – *L'Unità* published an editorial by SEP Senior Fellow **Pietro Reichlin**, in which he discusses tax reform in Italy.

**September 26, 2016** – *LSE EUROPP* published a research paper by SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the Italian constitutional referendum.

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

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?

**September 25, 2016** – *TG3* aired an interview with SEP Director **Marcello Messeri**, in which he discusses budget flexibility.

**September 25, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the American presidential elections.

**September 22, 2016** – *Il Sole 24 Ore* published an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses poverty.

**September 22, 2016** – *Rai Radio 1* aired an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses capitalism and poverty.

**September 21, 2016** – *Corriere della Sera* published an editorial by SEP Senior Fellow **Maurizio Ferrera**, in which he discusses EU citizenship after Brexit.

**September 20, 2016** – *CNBC Class* aired an interview with SEP Director **Marcello Messeri**, in which he discusses immigration and the German election results.

**September 20, 2016** – *Milano Finanza* published an editorial by SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses inequality and the Great Gatsby Curve.

**September 19, 2016** – *In Più* published an editorial by SEP Chairman **Stefano Micossi**, in which he discusses protectionist tensions between the European Union and the United States.

**September 18, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses Italy's growing isolation in EU negotiations.

**September 17, 2016** – *In Più* published an editorial by SEP Chairman **Stefano Micossi**, in which he discusses the Italian criticism of the Bratislava Summit.

**September 16, 2016** – *Rai Radio 1* aired an interview with SEP Senior Fellow **Fabrizio Saccomanni**, in which he discusses the Bratislava Summit.

**September 16, 2016** – *L'Unità* published an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses the need for public investment.

**September 16, 2016** – *Corriere della Sera* published an editorial by SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he discusses the imbalance between savings and investment in Europe.

**September 16, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Lorenzo Codogno**, in which he comments on Italy's requests for more budget flexibility.

September 16, 2016 – *BBC World* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the outcome of the informal European Council in Bratislava.

**September 14, 2016** – *CNBC Class* aired an interview with SEP Scientific Council member **Francesco Saraceno**, in which he

discusses Jean-Claude Juncker's State of the Union.

**September 14, 2016** – *L'Unità* published an editorial by SEP Senior Fellow **Pietro Reichlin**, in which he addresses criticisms of reforms implemented by the Italian government.

**September 13, 2016** – *Corriere della Sera* published an interview with SEP Senior Fellow **Enrico Giovannini**, in which he discusses recent statistical data released by ISTAT.

**September 11, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Daniel Gros**, in which he explains why the economic costs of the Brexit vote were lower than expected.

**September 11, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he presents reasons why Europe needs to rethink its economic policies.

**September 11, 2016** – *Il Fatto Quotidiano* published an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses Joseph Stiglitz's new book.

**September 9, 2016** – *CNBC Asia* published an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses possible changes to the ECB's asset purchase program

**September 8, 2016** – *Project Syndicate* published an editorial by SEP Senior Fellow **Daniel Gros**, in which he categorizes the UK's Brexit vote as "the year's biggest non-event.

**September 8, 2016** - *Corriere della Sera* published an editorial by SEP Senior Fellow **Maurizio Ferrara**, in which he discusses PM Matteo Renzi's request for budget flexibility in the aftermath of the recent earthquake, and the guarded responses from other European leaders.

**September 7, 2016** – *The Financial Times* published an editorial by SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he discusses the limits of monetary policy and the road forward

**September 7, 2016** – *Rai 1* aired an interview with SEP Senior Fellow **Pietro Reichlin**, in which he discusses the new social welfare program for households who live below the poverty line.

**September 7, 2016** – *L'Unità* published an article on populism in Europe quoting SEP Senior Fellow **Jean-Paul Fitoussi**, who argues that policies to generate income and support salaries are needed to turn the tide

**September 7, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the progression of populism in Italy.

**September 7, 2016** – *Vox (CEPR's Policy Portal)* published an editorial co-authored by SEP Senior Fellow **Marco Buti** that discusses the political costs of the economic and financial crisis and the solution to continued union

**September 6, 2016** – *Italia Oggi* published an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses austerity policies and the EU.

**September 5, 2016** – *Vita* published an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the economic impact of the earthquake in Italy.

**September 5, 2016** – *TG3* aired an interview with SEP Director **Marcello Messori**, in which he discusses recent economic trends.

September 5, 2016 – *SkyTG24* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses Italy's GDP and the effects of German elections.

September 5, 2016 – *Class CNBC* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses Italy's requests for budget flexibility and the results of German elections on EU budget developments.

**September 4, 2016** – *L'Unità* published an editorial by SEP Senior Fellow **Pietro Reichlin**, in which he discusses Italy's low economic growth.

**September 4, 2016** – *Corriere della Sera* published an interview with SEP Senior Fellow **Fabrizio Saccomanni**, in which he discusses small and medium enterprises (SMEs) and the need for banking reform.

**September 3, 2016** – *Il Messaggero* published an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses economic growth, austerity, and the labor force.

**September 1, 2016** – *La Repubblica* published an article about unemployment in Italy and the lackluster success of Quantitative Easing, which included interviews with SEP Director **Marcello Messori** and SEP Senior Fellows **Daniel Gros** and **Guntram Wolff**.

**August 31, 2016** – *Rai 1* aired an interview with SEP Scientific Council member **Stefano Manzacchi**, in which he discusses the European Commission's decision to fine Apple €13bn plus interest, ruling that Ireland broke state aid laws by giving a sweetheart tax deal to the multinational.

**August 31, 2016** – *LSE EUROPP* published a research paper by SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the economic and financial damage of the recent earthquake in Italy.

**August 30, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Lorenzo Codogno**, in which he explains how the reconstruction effort after the earthquake in Italy could be managed to provide long-term economic gains.

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