

# LUISS SCHOOL OF EUROPEAN POLITICAL ECONOMY

Newsletter - 01/2016  
(No.17)

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Villa Emiliani



## OPPORTUNITIES

### INPS Scholarships

As part of an initiative to support post-graduate studies and professional development, INPS (Istituto Nazionale Previdenza Sociale) is offering 7 full-tuition scholarships to children or orphans of government employees or pensioners who would like to obtain a **Master in European Economic Governance (MEEG)** at the LUISS School of European Political Economy. Details on how to apply are available on [our website](#).

### LUISS Brussels Days – March 15-16, 2016

This international career expo will allow LUISS students and graduates to find out about professional opportunities in Brussels, meet with representatives of European institutions, international organizations, non-governmental organizations and international firms operating in Belgium, and exchange ideas regarding their professional goals. More details are available on [our website](#).

## UPCOMING EVENTS

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

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

March 7, 2016 -  
Catherine Mann: SEP Seminar

## PAST EVENTS

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

## RECENT EVENTS



**Roberto Tamborini and SEP researchers at [How can it work? On the impact of quantitative easing in the Eurozone](#)**



**SEP students and research fellows at [How can it work? On the impact of quantitative easing in the Eurozone](#)**

easing in the Eurozone

January 20, 2016 -  
Marcello Messori & 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



**Marcello Messori and Piero Esposito at Improved structural competitiveness or deep recession?**



**SEP students and research fellows at Improved structural competitiveness or deep recession?**

## POLICY BRIEFS & COMMENTARIES

### **C. Bastasin, M. Messori, and S. Micossi: A Double Guarantee for Liquidating Problematic Assets**

Market tensions, which manifested themselves in Italy's banking sector in recent days, has shed light on the fragility of our financial system, which is plagued by a large amount of non-performing loans on the balance sheets of banks. This situation has existed for a long time, but it became more difficult to contain it in the beginning of 2016, once new European regulations stemming from the second pillar of the Banking Union came into force. Moreover, these new regulations were preceded by the failure of some regional and local Italian banks and the worsening of the global macroeconomic outlook. **Continue Reading**

### **C. Bastasin, L. Bini Smaghi, M. Messori, S. Micossi, F. Passacantando, F. Saccomanni, and G. Toniolo: Euro-zone, Italy's Responsibility**

We are all tempted to say that the worst is behind us once and for all. However, eight years after the crisis started, the stability of the euro-area is still at risk. Despite several attempts to improve the practices and institutions of common governance, European countries sharing the single currency continue to follow divergent trends. The current system does not seem capable of facilitating economic growth and spreading it around the euro-area. We are actually neither sure if available policy tools can significantly reduce risks of instability that have shaken the foundation of the euro-area, nor certain if these tools will allow governments and citizens in different countries to join forces and share appropriate countermeasures. **Continue Reading**

### **M. Messori: The Role of Banks in the Recent Italo-German Dispute**

The debate between the Italian President and other European representatives (the European Commission President and German

Chancellor in particular) has recently raised a number of disagreements, aided by multiple factors that, while impacting the entire euro area, have gained peculiar prominence in Italy. Although they have political and institutional components, these factors find their roots in economics. For this reason, it is worth focusing on the economics problems (specifically on the banking sector problems) that have shaped the Italian negotiating position in the euro area. **Continue Reading**

#### **S. Micossi: Balance-of-Payments Adjustment in the Eurozone**

This policy contribution describes the unresolved adjustment problems confronting the eurozone, and places them in historical perspective by comparing developments in key real economic variables under EMU with those observed under the Bretton Woods system. The main finding is that the eurozone is afflicted by a strong deflationary bias and that, therefore, under current trends, deep economic and social strains will continue to project a dark cloud over its future survival.

**Continue Reading**

#### **L. Codogno: Italy - Local Public Shareholdings under Review**

The Italian government is about to introduce a first set of measures to make last year's reform of the public administration effective. Two measures should be particularly relevant for the revision of public shareholdings: (1) reshaping of the regulation and governance related to state-owned enterprises at different levels of government and (2) reorganisation of the functions and funding of Chambers of Commerce, Industry, Handicrafts and Agriculture. **Continue Reading**

## **IN THE PRESS**

**January 28, 2016** – *La Repubblica* published an interview with SEP Director **Marcello Messori**, in which he commented on the compromise arrived at in Brussels regarding banking resolution.

**January 27, 2016** – *Il Foglio* published an interview with SEP Director **Marcello Messori**, in which he discusses Germany's recent steps to decentralize risk within the EU.

**January 27, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the compromise reached between European Commissioner for Competition Margrethe Vestager and Italian Finance Minister Pier Carlo Padoan.

**January 27, 2016** – *Il Sole 24 Ore* published an editorial by SEP Scientific Committee member **Gianni Toniolo**, in which he discusses Italy's high public debt.

**January 24, 2016** – *Il Sole 24 Ore* published an editorial by SEP President **Stefano Micossi**, in which he discusses the EU's guidelines on state aid to banks, which was adopted by the Commission on 10 July 2013.

**January 24, 2016** – *Il Sole 24 Ore* published an editorial by SEP

Senior Fellow **Carlo Bastasin**, in which he discusses recent German and Italian responses to the refugee crisis, which both seem to be based on short-term concerns about the upcoming elections.

**January 23, 2016** – *Huffington Post* published an interview with SEP Director **Marcello Messori**, in which he discusses the German proposal to make credit institutions no longer consider sovereign bonds as risk free, a prerequisite for their support of the European Deposit Insurance Scheme (EDIS).

**January 22, 2016** – *RaiNews24* aired an interview with SEP Director **Marcello Messori**, in which he discussed the new European regulations on banking resolution and their impact on the stock market

**January 21, 2016** – *Huffington Post* cited a **position paper** jointly written by a number of **SEP Senior Fellows** in an article about Bundesbank's preoccupation with the Italian banking system.

**January 21, 2016** – *La Stampa* published an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses Matteo Renzi's demands for flexibility from the European Union.

**January 20, 2016** – *AffarInternazionali* published an editorial by SEP Director **Marcello Messori**, in which he discusses relations between Germany and Italy from an economic perspective, specifically with regard to the banking sector.

**January 19, 2016** – *Corriere della Sera* published an editorial by SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he presents his 2016 predictions for the European economy.

**January 17, 2016** – *La Repubblica* published an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses Renzi's recent comments regarding the European Commission.

**January 15, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he comments on the German economy and Chancellor Angela Merkel's recent decrease in popularity.

**January 13, 2016** – SEP Senior Fellow **Lorenzo Codogno** testified before the *UK House of Lords* Sub-Committee for EU Financial Affairs on the subject of "Completing Europe's Economic and Monetary Union."

**January 13, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Lorenzo Codogno**, in which he discusses Italy's public shareholdings and the need for reform.

**January 11, 2016** – *Huffington Post* published an editorial by SEP Senior Fellow **Valeria Termini**, in which she discusses the progress toward an energy union in the EU.

**January 11, 2016** – SEP Senior Fellow Francesco Papadia published a policy paper on bank credit supply and its effect on the Euroarea.

**January 9, 2016** – *Pagina 99* published an editorial by SEP Scientific Council member **Francesco Saraceno**, in which he discusses the current economic climate, including pre-existing problems and emerging risks.

**January 8, 2016** – *La Repubblica* published an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses the recent turbulence in the Chinese stock market and its potential effect on Europe.

**January 7, 2016** – *In Più* published an editorial by SEP President **Stefano Micossi**, in which he expresses his views on the recent blocking of Carlo Zadra's substitution in Juncker's cabinet.

**January 3, 2016** – *Il Sole 24 Ore* published a book review by SEP Scientific Council member **Gianni Toniolo**, in which he discusses Larry Neal's *A Concise History of International Finance. From Babylon to Bernanke*.

**January 2, 2016** – *Corriere della Sera* published an editorial by SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he explains why Brexit would be damaging to both the UK and EU.

**December 31, 2015** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the risks of fiscal flexibility and the European Central Bank's decision to extend quantitative easing.

**December 27, 2015** – *AffarInternazionali* published an editorial by SEP Senior Fellow **Gian Luigi Tosato**, in which he discusses the legal instruments that could help avoid Brexit.

**December 26, 2015** – *FIRST Online* published an interview with SEP Director **Marcello Messori**, in which he underlines the necessity for a European plan for public and private investment.

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