

LUISS SCHOOL OF EUROPEAN POLITICAL ECONOMY

Newsletter - 02/2016
(No.18)

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Villa Emiliani



UPCOMING EVENTS

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

March 7, 2016 - Catherine Mann: Policies to promote stronger growth in Europe

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

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

RECENT EVENTS



Franco Bruni and Marcello Messori at The Euro, optimal currency area theory



SEP Senior Fellows and Researchers at The Euro, optimal currency area theory



Carmine Guerriero at Endogenous (In)Formal Institutions



Gianni Toniolo, Stefano Micossi, Fabio Landini, and Alessandra Marcelletti at Endogenous (In)Formal Institutions

MASTER'S PROGRAM

Master in European Economic Governance (MEEG)

produttività?

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

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

May 11, 2016 - Pier Carlo Padoan: A quanta sovranità si può rinunciare? L'ora del governo europeo

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

PAST EVENTS

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

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

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

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.

WORKING PAPERS

A. Cardaci & F. Saraceno: Inequality, Financialisation and Credit Booms - a Model of Two Crises

We develop a macroeconomic model with an agent-based household sector and a stock-flow consistent structure, in order to analyse the impact of rising income inequality on the likelihood of a debt crisis for different institutional settings. In particular, we study how economic crises emerge in the presence of different credit conditions and policy reactions to rising income disparities. [Continue Reading](#)

F. Saraceno & R. Tamborini: How can it work? On the impact of quantitative easing in the Eurozone

How can the quantitative easing (QE) programme launched in March 2015 by the ECB be successful in the Eurozone (EZ)? What will be its impact on the member countries? And how will it relate to countries' fiscal policies? To address these questions, we use a simple extension of the three-equation New Keynesian model. We modify the benchmark model in two respects: 1) we (re-)introduce an LM money supply and demand equation to capture the fact that the ECB operates at the zero lower bound and hence cannot use a standard Taylor rule; and 2) we extend the model to a two-country framework. [Continue Reading](#)

POLICY BRIEFS & COMMENTARIES

C. Bastasin: Five Bullets on the Bail-In and Italy's Public Debt

The conflict between Rome and Brussels over the regulation of banks' bail-in and public budget flexibility is a consequence of Italy's denial of the European partners' concerns over the wobbly mountain of Italian public debt. [Continue Reading](#)

C. Bastasin et al.: Brexit, The Line in the Sand

In recent days, European Council President Donald Tusk outlined the terms of an agreement that would facilitate the permanent inclusion of Great Britain in the European Union. Tusk's proposal would now have to be presented to the 18-19 February European Council. While vague and lacking in detail, the agreement is likely to pose a threat to the future of Europe, as well as the euro. [Continue Reading](#)

V. Termini: The State of the "Energy Union"

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

In a fragmented European scenario, marked by prevailing national interests and short-sighted political responses to the social-economic crisis, it is ever so important to acknowledge and highlight the positive steps that the European Union has taken towards a complete, long-term integration. **Continue Reading**

S. Micossi: Banking Crisis Yet Again and How To Fix It

Almost out of the blue, a combination of diverse factors has elicited a run on bank stocks and junior and senior debt, raising the specter of a renewed systemic bank crisis within the European Union. The policy response cannot come from the ECB but, instead, must consist of regulatory responses capable of dispelling the uncertainty over future prudential capital requirements, relaxing the rules on state aid cum bail in that had ignited the crisis. **Continue Reading**

L. Codogno: Greece - A Bumpy Road to Salvation

Negotiations for the completion of the first review of the third bailout programme for Greece are approaching a critical stage, with the Greek government resisting some pension and tax changes, while creditors insist on credible and rigorous implementation. Differences are bridgeable within a couple of months, and a positive outcome would open the door for debt relief. However, there are risks related to the evolving political situation, the lack of ownership by the Syriza government, the still-large fiscal gap to be delivered, potential additional social unrest, the expected impact of fiscal measures on the economy and the outlook for potential growth over the medium term. **Continue Reading**

G. Tosato: Legal Notes on the Tusk Package for the UK

The package proposed by the President of the European Council (“the Tusk Package” or “the Package”) consists of (i) a Draft Decision of the Heads of State or Government meeting within the European Council (“the MS Decision”), (ii) a Draft Decision of the Council (“the Council Decision”) and (iii) four Declarations (“the Declarations”), one from the European Council (“the EC Declarations”) and three from the Commission (“the Commission Declarations”). The objectives and contents of the package are clarified in Tusk’s accompanying letter. **Continue Reading**

IN THE PRESS

February 27, 2016 – *L’Unità* published an interview with SEP Senior Fellow **Jean-Peal Fitoussi**, in which he argues that French PM François Hollande could take a page out of Renzi’s playbook, at least when it comes to labor market reform.

February 27, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the recent G-20 meeting and Austria’s decision to erect a wall along its border in the midst of a humanitarian crisis.

February 25, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the merger between Deutsche Börse and the London Stock Exchange.

February 24, 2016 – *Sky TG 24* aired an interview with SEP Scientific Council member **Stefano Manzocchi**, in which he discusses European regulations on bail in and the relationship between the Commission and macroeconomic imbalances.

February 24, 2016 – *La Stampa* published an interview with SEP Director **Marcello Messori**, in which he discusses the merger talks between Deutsche Börse and the London Stock Exchange.

February 23, 2016 – *Corriere della Sera* published an editorial by SEP Senior Fellow **Maurizio Ferrara**, in which he discusses the white paper published by Italian PM Matteo Renzi.

February 23, 2016 – *Class CNBC* aired an interview with SEP Director **Marcello Messori**, in which he discusses Italy's public debt.

February 21, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the deal struck between the EU and Britain.

February 21, 2016 – French newspaper *Le Figaro* quoted SEP Director **Marcello Messori** in an article about Renzi's reforms.

February 20, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the situation in Greece

February 19, 2016 – *La Stampa* quoted a paper written by SEP Senior Fellows in an article about the OECD's Interim Economic Outlook, presented on 18 Feb by Chief Economist Catherine Mann.

February 19, 2016 – *Giornale di Sicilia* published an interview with SEP President **Stefano Micossi**, in which he explains the origins of the banking crisis.

February 15, 2016 – *Il Sole 24 Ore* published an editorial by SEP Scientific Council member **Stefano Manzocchi**, in which he discusses investment in Italy.

February 15, 2016 – *CEPS* published an editorial by SEP President **Stefano Micossi**, in which he discusses the banking crisis and how to fix it.

February 12, 2016 – *Corriere della Sera* published an editorial by **Lorenzo Bini Smaghi**, in which he points out problems inherent to the Italian economic system.

February 12, 2016 – *Il Sole 24 Ore* published an article by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the banking crisis and fiscal policy.

February 11, 2016 – *Rai Radio 1* aired an interview with SEP

Scientific Council member **Stefano Manzocchi**, in which he discusses the recent turbulence in the global stock markets.

February 11, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the multiplier effect, budget flexibility, and the relationship between Italy and the European Commission.

February 10, 2016 – *Rai News 24* aired an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses the statement made by Federal Reserve Chair Janet Yellen regarding global economic headwinds and the possible delay in interest rate hikes.

February 10, 2016 – *Corriere della Sera* published an editorial by SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he discusses the joint letter by François Villeroy de Galhau and Jens Weidmann.

February 10, 2016 – *First Online* published an editorial by SEP President **Stefano Micossi**, in which he discusses the bail in mechanism and its potentially destabilizing effect on the market.

February 10, 2016 – *La Stampa* quoted SEP Director **Marcello Messori**, in which he discusses the Italian banking crisis.

February 10, 2016 – *CNBC Class* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the global economic outlook, recent developments in Greece, Italy, and Spain, as well as policy decisions by the ECB and Fed.

February 9, 2016 – *Project Syndicate* published an editorial by SEP Senior Fellow **Daniel Gros**, in which he discusses the decisions by the European and Japanese central banks to push long-term interest rates into negative territory.

February 9, 2016 – *Il Fatto Quotidiano* published an interview with SEP Director **Marcello Messori**, in which he discusses the recent turbulence in the stock market.

February 9, 2016 – *La Repubblica* published an interview with SEP Scientific Council member **Stefano Manzocchi**, in which he joins a number of prominent economists in speculating about the real costs of the current banking crisis in Italy.

February 8, 2016 – *Radio 24* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the global outlook and the banking crisis.

February 8, 2016 – *Sky TG24* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the global economic outlook, Italy's fiscal situation, and the Italian banking sector.

February 6, 2016 – *La 7* aired an interview with SEP Director **Marcello Messori**, in which he discusses the Italian banking sector and the mechanism of bail in.

February 4, 2016 – *Radio Rai Uno* aired an interview with SEP

Director **Marcello Messeri**, in which he discusses economic factors keeping inflation low and Europe's economic recovery disappointing.

February 4, 2016 – *Quotidiano Nazionale* published an interview with SEP President **Stefano Micossi**, in which he discusses bail in, the new European regulations governing banking resolution.

February 2, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Lorenzo Codogno**, in which he discusses measures that could help ameliorate the crisis facing the Italian banking system.

February 2, 2016 – *Radio Rai 3* aired an interview with SEP Scientific Council member **Stefano Manzacchi**, in which he discusses PM Renzi's trip to Africa and the economic benefits it could have for Italy.

February 2, 2016 – *Il Messaggero* published an interview with SEP Senior Fellow **Jean Paul Fitoussi**, in which he discusses austerity and Renzi's request for flexibility.

February 1, 2016 – As part of its February *Monetary Dialogue* briefing, the European Parliament's Directorate General for Internal Policies released a draft of an in-depth analysis by SEP Senior Fellow **Daniel Gros**, in which he discusses quantitative easing and its risks to the ECB.

February 1, 2016 – *RaiNews24* aired an interview with SEP Scientific Council member **Stefano Manzacchi**, in which he discusses new ISTAT data on unemployment.

February 1, 2016 – *La Repubblica* published an interview with SEP Senior Fellow **Jean Paul Fitoussi**, in which he discusses Europe's potential to attract investment.

February 1, 2016 – *AffarInternazionali* published an editorial by SEP Senior Fellow **Gian Luigi Tosato**, in which he discusses the legal aspects of the compromise reached between the European Commission and Italian banks regarding state aid.

January 31, 2016 – Spanish newspaper *ABC.es* quoted SEP Director **Marcello Messeri** in an article about the crisis involving four regional Italian banks and its implications on the European banking system.

January 30, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses Bank of Japan's surprise decision to join the "less-than-zero" (interest rate) club

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

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