

LUISS SCHOOL OF EUROPEAN POLITICAL ECONOMY

Newsletter - 04/2016
(No.20)

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Villa Emiliani



UPCOMING EVENTS

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 18, 2016 - Giuseppe Buccino Grimaldi: La sfida dell'immigrazione

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

PAST EVENTS

RECENT EVENTS



Luigi Abate and Jean-Paul Fitoussi at **Perchè le imprese italiane hanno perso produttività?**



Jean-Paul Fitoussi at **Perchè le imprese italiane hanno perso produttività?**



SEP President **Stefano Micossi** at **Riforme o declino? La sfida della secular stagnation all'Europa**



Lorenzo Bini Smaghi and Jean-Paul Fitoussi at **Riforme o declino? La sfida della secular stagnation all'Europa**

OPPORTUNITIES

Visiting Fellowships

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

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

The LUISS School of European Political Economy invites applications for Senior and Junior Fellowships tenable in the academic year 2015-16 (September 2016 – June 2017). Applications for both Senior and Junior fellowships should include a CV, a brief statement about the reasons behind their interest in the School, and a research plan for their stay in Rome. Further details are available on our [website](#). 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.

POLICY BRIEFS & COMMENTARIES

C. Bastasin: Should inequality be the primary concern for Europe's political economy?

During a public speech in April, German Finance Minister Wolfgang Schäuble famously attacked the ECB's expansive monetary policy, accusing it of fueling rancor among eurosceptic voters. Negative interest rates were painful for thrifty German households, who were becoming increasingly susceptible to the appeals of Alternative for Germany—the new xenophobic political formation currently scuppering the German political system. Although many interpreted his words through the lens of German nationalist overtones, Schäuble may have unconsciously captured one of the most critical factors determining political dynamics throughout the Eurozone. [Continue Reading](#)

C. Bastasin: A Mid-Spring European Nightmare after the Austrian Vote

Migration, inequality, middle class decline, the euro-crisis, mistrust of the establishment—there is no shortage of explanations for the angry message voters in European countries are delivering with their ballots. However, most of the time, we dismiss the message as a temporary burst of irascibility that will eventually self-modulate. For at least 20 years, we have deemed public irritation as a negligible price for democracy. [Continue Reading](#)

S. Micossi, G. Bruzzone & M. Cassella: Fine-tuning the use of Bail-in to Promote a Stronger EU Financial System

This paper discusses the application of the new European rules for burden-sharing and bail-in in the banking sector, in view of their ability to accommodate broader policy goals of aggregate financial stability. It finds that the Treaty principles and the new discipline of state aid and the restructuring of banks provide a solid framework for combating

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

moral hazard and removing incentives that encourage excessive risk-taking by bankers. However, the application of the new rules may have become excessively attentive to the case-by-case evaluation of individual institutions, while perhaps losing sight of the aggregate policy needs of the banking system. [Continue Reading](#)

C. Bastasin: Brexit is an Underrated Risk

The Brexit referendum is up for grabs, for either side. Probably, two thirds of British voters have not yet made up their minds. The probability of success for the "Leave" campaign supporting the UK's withdrawal from the European Union is currently significantly underestimated. Based on a recent round of colloquia I attended in Europe and the U.S., I had a clear perception that the Leave camp's current chances of victory are significantly higher than the standard 33-38% estimate by official polls. My sense is that the Leave supporters are much closer to the 50% threshold, or maybe even higher. [Continue Reading](#)

L. Codogno: Beyond Pride and Prejudice - The Impact of Brexit on the Rest of the EU

It is not obvious if the EU would lose or gain from Brexit. In theory, judging from trade and investment flows, Brexit should have less of a negative impact on the rest of EU than the UK. Some service sector businesses could potentially be relocated to the EU, and the area could divert foreign direct investment (FDI) from the UK. [Continue Reading](#)

L. Codogno: Italy's Public Finances - You Can't Have It All!

The Italian government will present its public finance projections by 10 April. Fiscal policy will end up being strongly expansionary in 2016—about 0.5pp of GDP in structural terms. Yet, courtesy of flexibility clauses, the government will likely manage to avoid entering into Excessive Deficit Procedure in May. [Continue Reading](#)

C. Bastasin: A Short Reminder for the Next Italian Minister Of Economic Development

Italy's main problem is not fiscal. Or, more accurately, it would not be fiscal if the economy were able to grow beyond its mediocre medium-term prospects. In the last 25 years, Italy has grown slower than any other European country, and there is no clear sign that this pattern is about to change. The main reason for this sluggishness is low productivity, a problem that has been mostly neglected. [Continue Reading](#)

O. Pesce: A Proposal for Europe

Several of the provisions and fundamental principles of the European Union are still unrealized but need to be put into effect if the EU is to have a positive, more creative and prosperous future. Restrictive norms have been strictly adhered to and enforced by the most powerful political forces, despite the fact that such policies have caused the damages that we all can see. By contrast, more positive

alternative policies have been neglected. [Continue Reading](#)

IN THE PRESS

April 30, 2016 – *La Nazione* published an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discussed the unemployment in France.

April 29, 2016 – *Corriere della Sera* published an editorial by SEP Senior Fellow **Lucrezia Reichlin**, in which she discusses Jens Weidmann's recent speech at the German embassy in Rome.

April 28, 2016 – *Il Foglio* published an editorial by SEP Scientific Council member and Italian Finance Minister **Pier Carlo Padoan**, which some might consider a rebuttal to Jens Weidmann's speech at the German embassy in Rome on April 26.

April 28, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the area's growing economic inequality and the dangers of populism.

April 24, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Lorenzo Codogno**, in which he discussed the costs and benefits of setting a "ceiling" on the amount of sovereign bonds that can be held by banks.

April 23, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the Dutch-German proposal to assign risk to sovereign bonds.

April 22, 2016 – *Rai News 24* aired an interview with SEP Director **Marcello Messori**, in which he discusses the Dutch-German proposal to set a ceiling on the amount of sovereign bonds that can be held by banks.

April 22, 2016 – *Rai Radio 3* aired an interview with SEP Scientific Council member **Stefano Manzocchi**, in which he discusses Mario Draghi's recent defense of the European Central Bank's expansive monetary policy.

April 21, 2016 – *Affaritaliani* published an article about yesterday's *lectio magistralis* by SEP Scientific Council member **Fabrizio Saccomanni**, which was titled "Global Financial Crisis: Why we are not learning their lessons."

April 21, 2016 - SEP Senior Fellow **Lorenzo Bini Smaghi** was interviewed by *Corriere della Sera* at a seminar organized by LUISS-SEP, during which he discusses the German proposal to impose a ceiling on the amount of sovereign bonds that can be held by banks.

April 21, 2016 - SEP Senior Fellow **Lorenzo Bini Smaghi** was interviewed by *Il Sole 24 Ore* at a LUISS seminar, during which he discusses the German proposal to impose a ceiling on the amount of sovereign bonds that can be held by banks.

April 20, 2016 - SEP Director **Marcello Messori** was quoted in a *L'Huffington Post* article about the Italian objection to the German Eurogroup proposal regarding assigning risk to sovereign bonds.

April 20, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the German proposal to attribute risk to sovereign bonds held by banks.

April 20, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Daniel Gros**, in which he discusses the specter of deflation and the central banks' perhaps unnecessary preoccupation with it.

April 19, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Gianni Toniolo**, in which he discusses Italy's Atlas (Atlante) Fund and the lessons Europe could learn from it.

April 15, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discussed Wolfgang Schäuble's recent attack on Mario Draghi and the ECB.

April 13, 2016 – *The Financial Times* quoted SEP Director **Marcello Messori** in an article about the Italian rescue plan for the banking sector. In

April 14, 2016 – *Class CNBC* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discussed the global economic outlook, Italy's public finances, and developments in the Italian banking system.

April 12, 2016 – SEP President **Stefano Micossi** testified before the *Finance and Treasury Committee of the Italian Senate*, during which he discussed the Italian banking and financial system.

April 12, 2016 – *Share Radio* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discussed Atlas (Atlante), the backstop fund proposed in Italy to deal with NPLs.

April 12, 2016 – *Bulgarian National Radio* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses Italy's plan to deal with NPLs and capital increases.

April 9, 2016 – *Pagina 99* published an editorial by SEP Scientific Council member **Francesco Saraceno**, in which he discusses the idea of a European minister of finance.

April 8, 2016 – *Project Syndicate* published an editorial by SEP Senior Fellow **Daniel Gros**, in which he discusses recent expansive monetary policy stances adopted by central banks.

April 5, 2016 – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the economic instability surrounding emerging economies.

April 5, 2016 – *Rai Radio 3* aired an interview with SEP Scientific Council member **Stefano Manzocchi**, in which he discusses delocalization.

April 5, 2016 – **Peter Praet**, member of the Executive Board of the ECB, made a speech yesterday as part of the seminar series organized by SEP Senior Fellow **Jean-Paul Fitoussi**, in which he chronicles the ECB's fight against low inflation. The event was covered by multiple news outlets.

April 4, 2016 – // *Sole 24 Ore* published an editorial by SEP Scientific Council member **Stefano Manzocchi**, in which he discusses fiscal policy as it relates to the manufacturing sector.

April 3, 2016 – // *Sole 24 Ore* published an editorial by SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the Italian government's upcoming budgetary projections.

March 30, 2016 – // *Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses Fed Chair Janet Yellen's speech in New York and her cautious approach toward a US rate hike.

March 7, 2016 – *EurActiv* published an editorial co-authored by SEP Senior Fellow **Jean-Paul Fitoussi**, in which he argues that the EU needs to stop putting out fires and work harder toward solidifying the future of the European project

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