

# **LUISS** SCHOOL OF EUROPEAN POLITICAL ECONOMY

Newsletter - 03/2017  
(No.31)

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Villa Emiliani



## UPCOMING EVENTS

April 3, 2017 - Architects of the Euro and SEP Graduation Day

April 5, 2017 - Mervyn King: La fine dell'Alchimia

April 10, 2017 - Catherine Mann: Will Soft Foundation and Financial Vulnerabilities Derail the Modest Recovery

April 11, 2017 - The Challenges for Europe - J. Fitoussi & M. Messori - Euro Area-Italian Economy: a Contractual Agreement

April 19, 2017 - Le radici dell'Europa - Massimo Cacciari: La democrazia

## OPPORTUNITIES

### Master in Scienze Comportamentali e Amministrazioni

**10 full scholarships** are available from the *Scuola Nazionale dell'Amministrazione* for public administration employees wishing to pursue the Italian language Master's in Behavioral Science (SCA) at SEP. [More Information](#)

### Summer Program in Brussels (2017)

The program lasts 8 weeks, with a mix of frontal lectures, seminars, interactive sessions, and face-to-face meetings with leading EU professionals. 170 hours of teaching will be complemented by about 130 hours of individual study. The combined academic and networking effort will award participants 4 ECTS. [More Information](#)

### Call for Papers - Trends in Inequality: Social, Economic, and Political issues

SEP is a sponsoring partner of the **International Conference on Inequality**, scheduled for 2-4 November 2017 in Bologna, Italy. The conference is open to scholars, researchers, and students in Economics, Sociology, Statistics, Gender Studies, and Political Sciences, and the conference committee welcomes everyone who wishes to submit a paper. More information can be found at [www.cattaneoinequalities.org](http://www.cattaneoinequalities.org).

### Employment Opportunity: Web Editor and Communications Assistant

SEP is looking for a **Web Editor and Communications Assistant**. Required qualifications include: (1) mother tongue English speaker; and (2) experience in digital communication. The position is part-time, salary to be determined based on qualifications. To apply, send an updated CV to [sep@luiss.it](mailto:sep@luiss.it).

## RECENT EVENTS

April 27, 2017 - Le radici dell'Europa - Giuliano Amato: Il diritto

April 28, 2017 - The Challenges for Europe - J. Fitoussi & J. Stiglitz: US – Europe, a Divorce?

May 3, 2017 - GS Forum - Rome 2017: Sustaining the economy, creating stable societies

May 5, 2017 - Lorenzo Bini Smaghi: La tentazione di andarsene - quale futuro per l'Italia fuori dall'Europa?

May 8, 2017 - Le radici dell'Europa - Alberto Melloni: Le fedi

May 10, 2017 - J. Fitoussi & P. Aghion: Alternative strategies for reducing the Public Debt

May 12, 2017 - The Challenges for Europe - J. Fitoussi & P. Martin: Globalisation after Trump and Brexit

May 16, 2017 - The Challenges for Europe - J. Fitoussi & R. Skildesky: The Future of Work

## PAST EVENTS

March 23, 2017 - T. Cesaroni, R. De Bonis, L. Infante: Firms' financial surpluses in advanced economies - the role of net foreign direct investments

February 2, 2017 - Roberto Tamborini: Why is there an interdependence war in Europe and how can it be stopped?

January 24, 2017 - Europe 2017: Make It or Break It?

December 2, 2016 - Debora Revoltella: The Investment Crisis in Europe



**T. Cesaroni, R. De Bonis, L. Infante:** Firms' financial surpluses in advanced economies - the role of net foreign direct investments



**T. Cesaroni, R. De Bonis, L. Infante:** Firms' financial surpluses in advanced economies - the role of net foreign direct investments

## WORKING PAPERS

**R. De Santis, P. Esposito & E. Masi: Are There Common Structural Determinants of Potential Output Growth in Europe?**

GDP growth in the Eurozone during the last twenty years continuously decreased. In addition, the global financial crisis and subsequent events seem to have, on average, shifted the trajectory of the Eurozone's potential output downward. A key question is whether this trend is a permanent result of "secular stagnation" or if economic policies might improve the situation. [Continue Reading](#)

**S. Berardi & A. Marcelletti: Optimal Bank Capital Requirements - An Asymmetric Information Perspective**

The issue on the amount of capital banks should hold has pushed back the debate on top of policymakers' agenda. Literature on this field mainly focuses on how to prevent banks from gaming risk-weighted capital requirements. The analysis has provided different types of solutions, such as the introduction of penalties and complementary use of risk-sensitive capital requirements and leverage ratio. [Continue Reading](#)

**F. Schivardi, E. Sette, Guido Tabellini: Credit Misallocation During the European Financial Crisis**

Do banks with low capital extend excessive credit to weak firms, and does this matter for aggregate efficiency? Using a unique data set that covers almost all bank-firm relationships in Italy in the period 2004-2013, we find that, during the Eurozone financial crisis, under-capitalized banks were less likely to cut credit to non-viable firms. [Continue Reading](#)

## POLICY BRIEFS

**Completing the Economic and Monetary Union and the Pivotal Role of Italy - Part 1: Italy's Risk Reduction is Indispensable for the Progress of European Integration**

December 1, 2016 -  
Guntram Wolff: Economic  
Challenges for the EU  
and its Governance

November 30, 2016  
- Francesco Papadia: A  
New Epoch in Central  
Banking?

November 16, 2016 -  
Angel Ubide: European  
Macroeconomic Policy

November 14, 2016 -  
George  
Papakonstantinou: [Book  
Presentation] Game Over  
- The Inside Story of the  
Greek Crisis

November 7, 2016 -  
Riccardo De Bonis &  
Marco Marinucci: A first  
look at the links between  
aggregate household  
wealth and some  
macroeconomic variables

October 28, 2016  
- Launch of the Global  
Sustainability Forum

October 19, 2016  
- Alessandro Leipold:  
L'equilibrio tra bail in e  
bail out

October 12, 2016 - Marco  
Buti: Più o meno Europa?  
Euro, nuovi beni pubblici  
europei e priorità della  
politica economica

October 12, 2016 - Marco  
Buti: Le sfide della  
politica economica  
italiana in chiave  
europea

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

This note argues that the Five Presidents' Report outlines an ideal roadmap for the completion of the EMU since it identifies the necessary milestones. However, the report has limitations and ambiguities pertaining to the actual contents of each milestone and the process has not been endorsed at the political level. [Continue Reading](#)

### [Completing the Economic and Monetary Union and the Pivotal Role of Italy - Part 2: A Non-Punitive Contract for Investment and Reform](#)

The Italian government needs to propose a new contractual agreement to European institutions aimed at reforming the country. The process of economic and administrative reform needs to be subjected to rigorous monitoring by the European institutions. [Continue Reading](#)

### [C. Bastasin: Storm? Which Storm? — Italy's Weak Governability Can Lead to a New Crisis](#)

Rarely has Italy's governability been this complex. Every day, within the political community, people are relentlessly musing over new possible election dates. The main governing party has just split, and its majority faction remains exposed to the credibility crisis surrounding its leader, Matteo Renzi. [Continue Reading](#)

### [E. Gaffeo & R. Mazzocchi: "The Price is Right" - Using Auction Theory to Enhance Competition in the NPL Market](#)

Almost a decade after the onset of the global financial crisis, a huge stock of non-performing loans (NPLs) still represents a major burden for European banks' profitability and a severe headwind for credit growth at an area-wide level. While a great deal has been done to establish stricter supervisory rules and more robust insolvency frameworks, the development of an efficient secondary market for impaired assets is currently lagging behind, especially in the countries where the level of troubled loans is more worrisome. [Continue Reading](#)

### [B. Rosa & L. Caracciolo: Europe in the Brexit & Trump Era—Dis-Integration and Re-Grouping](#)

At the beginning of the last century Europe dominated the world. In other words, the world was European. Nowadays, Europe is dominated by global geopolitical dynamics it can no longer control nor manage. The European Union is not the global player it promised to become. On the contrary, it has embarked upon gradual dis-integration. [Continue Reading](#)

## IN THE PRESS

**March 31, 2017** – The *Financial Times* published an article about poverty in Italy, which quotes from interviews with SEP Senior Fellows **Jean-Paul Fitoussi** and **Enrico Giovannini**.

**March 31, 2017** – *La 7* aired an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses populism in Europe.

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

**March 30, 2017** – *Rai News 24* aired an interview with SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he discusses the economic implications of Theresa May's Article 50 notification

**March 30, 2017** – *TG3* aired an interview with SEP Scientific Council member **Stefano Manzocchi**, in which he discusses the UK's triggering of Article 50.

**March 30, 2017** – *L'Unità* published an editorial by SEP Senior Fellow **Pietro Reichlin**, in which he discusses the danger of a divided Left. In Germany, the SPD is being compromised by Linke.

**March 29, 2017** – *Il Sole 24 Ore* published an article by SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he responds to an article by Luigi Zingales.

**March 29, 2017** – *Il Sole 24 Ore* published an article by SEP Senior Fellows **Carlo Bastasin** and **Gianni Toniolo**, in which they discuss a proposal for a binding agreement between Italy and the EU.

March 29, 2017 – *Radio24* aired an interview with SEP Senior Fellow **Lorenzo Codogno** on the triggering of Article 50 in the UK.

**March 28, 2017** – *Rai News 24* aired an interview with SEP Director **Marcello Messori**, in which he discusses economic policy.

**March 25, 2017** – *Rai Radio 1* aired an interview with SEP Scientific Council member **Stefano Manzocchi**, in which he discusses the 60th Anniversary of the Treaty of Rome.

March 24, 2017 – *Sky TG24* aired an interview with SEP Senior Fellow **Lorenzo Codogno** on the outlook for European integration, Italy's public finances, and the UK situation.

**March 22, 2017** – *Radio Rai 1* aired an interview with SEP Scientific Council member **Stefano Manzocchi**, in which he discusses government intervention in the private sector.

**March 22, 2017** – *La Repubblica* published an editorial by SEP Director **Marcello Messori**, in which he discusses a multi-speed Europe.

**March 22, 2017** – *La Repubblica* published an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses Marine Le Pen's recent assertions about the euro's negative effects

**March 20, 2017** – *Il Mattino* published an interview with SEP Senior Fellow **Pietro Reichlin**, in which he discusses European integration.

**March 20, 2017** – *Rai News 24* aired an interview with SEP Scientific Council member **Stefano Manzocchi**, in which he discusses recent international economic developments.

**March 20, 2017** – *Radio Rai 1* aired an interview with SEP Scientific Council member Stefano Manzocchi, in which he discusses the US Federal Reserve's decision to increase interest rates.

**March 18, 2017** – *La Stampa* published an editorial by SEP Senior Fellow **Franco Bruni**, in which he discusses public debt. Italy's public debt is excessive, both for Europe and for the markets.

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 Messori & Piero Esposito: Improved structural competitiveness or deep recession?

March 16, 2017 – *CNBC Class* aired an interview with SEP Senior Fellow **Lorenzo Codogno** on the outlook for the global interest rates and ECB policy.

**March 15, 2017** – *Corriere della Sera* published an editorial by SEP Senior Fellow **Maurizio Ferrera**, in which he comments on the Dutch elections and the rise of Islamophobia in Europe.

**March 10, 2017** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the recent “mini EU summit” at Versailles, where the option of a “multi-speed” Europe was further discussed

**March 9, 2017** – *La Repubblica* published an editorial by SEP Director **Marcello Messori**, in which he presents a proposal for a joint intervention in Italy.

**March 9, 2017** – *Il Sole 24 Ore* published an editorial co-authored by SEP Senior Fellow **Lorenzo Codogno**, in which he observes that currency devaluation is merely a method for reducing real salaries

**March 8, 2017** – *L’Unità* published an editorial by SEP Senior Fellow **Pietro Reichlin**, in which he argues that income tax cuts should be targeted at the country’s youth and the South.

**March 4, 2017** – *Class CNBC* aired an interview with SEP Director **Marcello Messori**, in which he discusses EU economies and future policy challenges for the European Central Bank.

**March 4, 2017** – *Il Sole 24 Ore* published an editorial by SEP Scientific Council member **Stefano Manzocchi**, in which he discusses recent ISTAT data on the Italian economy.

**March 3, 2017** - The *College of Europe* and the *European University Institute* organized a joint annual conference on “Differentiation: A new pragmatism or the end of ever closer union?” last November. The position papers for this event, including works by SEP Chairman **Stefano Micossi**, have now collected into a single document, available to the public.

**March 1, 2017** – *Il Sole 24 Ore* published an editorial co-authored by SEP Senior Fellow **Lorenzo Codogno**, in which he argues that the euro is not the source of Italy’s problems.

**March 1, 2017** – *Corriere della Sera* published an article about the recent roundtable at Deloitte’s Strategy Council, which quotes an interview with SEP Senior Fellow **Jean Paul Fitoussi**.

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