

# LUISS SCHOOL OF EUROPEAN POLITICAL ECONOMY

Newsletter - 11/2016  
(No.27)

- RECENT EVENTS
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- IN THE PRESS

Villa Emiliani



## UPCOMING EVENTS

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

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

## PAST EVENTS

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

## RECENT EVENTS



**Riccardo De Bonis & Marco Marinucci:** A first look at the links between aggregate household wealth and some macroeconomic variables



**George Papakonstantinou:** [Book Presentation] Game Over - The Inside Story of the Greek Crisis



**Angel Ubide:** I limiti della politica monetaria e il policy mix ottimale



**Francesco Papadia:** A New Epoch in Central Banking?

## POLICY BRIEFS

**C. Bastasin: The Good and Unintended Consequences of the Italian Constitutional Referendum**

Italy's constitutional referendum is set to take place on December 4th in a climate of overheated tension. Prime Minister Renzi has framed the referendum as a vote on his personal standing and, consequently,

- 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

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

on the destiny of the government, in a make-it-or-break-it quest for popular support. The gamble is proving reckless. Although most Italians agree with the substance of the reform, they are inclined to vote against the government. According to the latest polls, the risk of the referendum's rejection is high, with "no" leading by 8-10 points. In fact, I wonder if polls are accurately capturing the interests and veiled sentiments of the Italian electorate. [Continue Reading](#)

### [G. Bartoli: Fiscal Space is Back](#)

It's not a joke invented by Krugman: the EC is pushing for expansionary fiscal policy, but it will recommend the contrary to euro area countries. The resulting effect will be contractionary. This schizophrenic behavior is argued in the EC's recently issued Communication 727. The reasoning is that the Commission's Autumn economic forecasts point to anemic growth, as well as lasting underemployment of labor and capital. Combined with stagnant exports, these factors will drive Europe into a low-growth-low-inflation trap à la Japanese. [Continue Reading](#)

### [L. Codogno & M. Monti: Italy's Referendum and Financial Stability](#)

Italy's constitutional referendum is fast approaching and financial markets are already jittery. While some observers have pointed out the risk of the Five Star Movement getting into power, or even of Italy leaving the euro, these are extremely unlikely scenarios, at least in the short term. The outcome of the referendum may be more evenly balanced than people tend to acknowledge, i.e., a 50/50 split. In the event of a 'Yes' victory, which would be a surprise for financial markets, the 10-year BTP-Bund yield spread could narrow sharply. If 'No' triumphs, there would be a potential further widening, but the real risk stems from financial instability. Ongoing problems in the banking sector, as yet modest economic expansion, and vulnerability in public finances, combined with political uncertainty, would produce a dangerous mix. [Continue Reading](#)

### [V. Termini: The Trump Effect on Global Climate and Energy](#)

The election of Donald Trump could have an explosive impact on the global climate and energy outlook. Indeed, incongruences in the American President-elect's energy plan raises some serious questions. Trump simultaneously pledges to turn America into a net energy exporter while advocating protectionist policies that would distance the US from international trade agreements. In the same document stating his commitment to make "clean air and clean water" his environmental priority, he promises to end government support for renewable energy through rescinding "executive actions including the Climate Action Plan" and "revok[ing] policies that impose unwarranted restrictions on new drilling technologies." [Continue Reading](#)

### [S. Micossi: Why a "Soft" Brexit is Not Feasible](#)

In discussions about Brexit, analysts and political pundits tend to presume that negotiations on a new framework for the relationship between the European Union (EU) and the United Kingdom (UK) will revolve around a compromise that would allow the UK to limit the free circulation of EU workers, while maintaining access to the Single European Market (SEM), especially for services, more or less under

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

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

the current rules. [...] The more time goes and issues are dissected, the more I grow convinced that an agreement on those terms, and indeed any general agreement granting the UK access to the SEM will prove impossible. [Continue Reading](#)

### [S. Micossi & R. Perissich: An Italian Perspective on the Forthcoming Brexit Negotiations](#)

At the moment, the only certainty in the forthcoming Brexit negotiations is ... uncertainty. The British prime minister has announced her intention to formally notify the intention to leave the Union at the latest in March 2017, but the likely content of the British opening position will remain unknown for several months to come. We also don't know when the negotiations will start, since after receiving notification the European Council will have to agree on a mandate to its negotiators. Therefore, all we can do at this stage is set out our hypotheses on the likely shape of the British negotiating position and discuss, in this context, what the Italian interests and reactions might be. [Continue Reading](#)

## 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](#)

## IN THE PRESS

**November 30, 2016** – *AffarInternazionali* published an editorial by SEP Senior Fellow **Gian Luigi Tosato**, in which he discusses interpretations of Article 50 and the revocability of Brexit.

**November 28, 2016** – *L'Huffington Post* published an article responding to the *Financial Times*' recent editorial on Italian banks, which quotes an interview with SEP Director **Marcello Messori**.

**November 28, 2016** – *Corriere della Sera* published an editorial by SEP Senior Fellow **Maurizio Ferrera**, in which he discusses the possible implications of the Italian constitutional referendum.

**November 28, 2016** – *Vox (CEPR's Policy Portal)* published an editorial co-authored by SEP Senior Fellow **Marco Buti**, in which he outlines what a "positive fiscal stance" for the Eurozone would look like.

**November 28, 2016** – *Vox (CEPR's Policy Portal)* published an editorial co-authored by SEP Senior Fellow **Marco Buti**, in which he discusses the European Commission's call for a fiscal stance more supportive of the recovery and monetary policy in the Eurozone.

**November 26, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Lorenzo Codogno**, in which he discusses how a "No" vote could cause financial instability.

Esposito: Improved structural competitiveness or deep recession?

**November 25, 2016** – *Vox (CEPR's Policy Portal)* published an editorial co-authored by SEP Senior Fellow **Marco Buti**, in which he argues that to 'win the peace', G20 members have to redesign international economic policy coordination to keep the focus on a limited number of deliverables to which they all can agree.

**November 25, 2016** – *CNBC* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he explains why PM Renzi is expending so much political capital on this referendum.

**November 25, 2016** – *CNBC* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he points out a few reasons why PM Renzi is trailing behind in the polls.

**November 25, 2016** – *Radio 24* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he responds to recent articles in the *New York Times* and *Economist* on the Italian constitutional referendum.

**November 25, 2016** – *Il Sole 24 Ore* published an editorial by SEP Scientific Council member **Gianni Toniolo**, in which he discusses Donald Trump's ascension and the lessons that could be learned from the 1930s.

**November 25, 2016** – *La Repubblica* published an article quoting an interview with SEP Scientific Council member **Gianni Toniolo**, in which he compares the 1929 and 2008 recessions.

**November 24, 2016** – *Rai 3* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the Federal Reserve policy and the US economic outlook

November 24, 2016 – Share Radio aired an interview with SEP Senior Fellow Lorenzo Codogno, in which he discusses Italy's referendum.

November 24, 2016 – *BBC World* aired an interview with SEP Senior Fellow Lorenzo Codogno, in which he discusses the Autumn Statement by Chancellor of the Exchequer Hammond.

November 24, 2016 – *BBC Latin America* aired an interview with SEP Senior Fellow Lorenzo Codogno, in which he discusses Italy's referendum.

**November 23, 2016** – *Kazakh TV* channel *24 Хабар* aired an interview with SEP researcher **Paolo Canofari**, in which he discusses the Italian economy.

**November 22, 2016** – *EUROPP* published a paper by SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the potential banking problems following the Italian constitutional referendum.

November 21, 2016 – Dutch newspaper *FD Het Financieele Dagblad* published an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses Italy's referendum.

**November 17, 2016** – *Corriere della Sera* published an editorial by SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he details the risks of increased global protectionism.

**November 17, 2016** – *Il Mattino* published an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he argues that a Washington-Moscow alliance could have positive effects on Europe.

November 17, 2016 – *SkyTG24* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses globalization and protectionism.

**November 16, 2016** – *L'Unità* published an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he lauds Rome's threat to veto the 2014-2020 EU budget if Italy's draft budgetary plan does not pass muster.

**November 16, 2016** – *Il Sole 24 Ore* published an editorial by SEP Scientific Council member **Gianni Toniolo**, in which he discusses technological shifts and the results of the US presidential elections.

**November 15, 2016** – *CNBC* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses the Italian constitutional referendum

**November 15, 2016** – The *Financial Times* blog published an editorial by SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he discusses recent anti-globalization political movements.

**November 13, 2016** – *Il Sole 24 Ore* published an editorial by SEP Chairman **Stefano Micossi**, in which he explains why a "soft" Brexit is not possible.

**November 12, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he summarizes a number of economic scenarios surrounding a Trump presidency.

**November 11, 2016** - *Class CNBC* aired an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses the economic implications of a Donald Trump presidency.

**November 11, 2016** - *L'Unità* published an editorial by SEP Senior Fellow **Pietro Reichlin**, in which he discusses the implications of Donald Trump's election on European politics.

**November 11, 2016** - *Il Sole 24 Ore* published an editorial by SEP Scientific Council member **Stefano Manzocchi**, in which he discusses the economic impact of the US presidential elections.

**November 10, 2016** - *Il Sole 24 Ore* published an interview with SEP Senior Fellow **Fabrizio Saccomanni**, in which he discusses the economic implications of Donald Trump's election to the US presidency.

**November 10, 2016** - *Quotidiano Nazionale* published an interview with SEP Director **Marcello Messori**, in which he discusses the economic effects of the results of the US presidential election in Italy.

**November 9, 2016** - *Radio Rai 1* aired an interview with SEP Scientific Council member **Gianni Toniolo**, in which he discusses the American presidential election.

**November 8, 2016** - *Rai News 24* aired an interview with SEP Scientific Council member **Stefano Manzocchi**, in which he discusses



the economic repercussions of the US presidential election.

**November 8, 2016** - *AffarInternazionali* published an editorial by SEP Senior Fellow **Gian Luigi Tosato**, in which he discusses the decision by the British High Court to require parliamentary approval for invocation of Article 50.

**November 8, 2016** – *Corriere della Sera* published an editorial by SEP Senior Fellow **Maurizio Ferrera**, in which he discusses the conference organized by the European Trade Union Confederation on the future of Europe.

November 8, 2016 – Class CNBC aired an interview with SEP Senior Fellow Lorenzo Codogno, in which he discusses the US elections.

**November 7, 2016** - *Project Syndicate* published an editorial by SEP Senior Fellow **Daniel Gros**, in which he discusses the path ahead for Brexit negotiators.

**November 7, 2016** – *In Più* published an editorial by SEP Chairman **Stefano Micossi**, in which he discusses the decision by the UK High Court to require Parliament approval for invocation of Article 50.

**November 6, 2016** – *L'Unità* published an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses US President Barack Obama's track record.

**November 6, 2016**– *L'Unità* published an editorial by SEP Senior Fellow **Pietro Reichlin**, in which he discusses the legacy of US President Barack Obama.

**November 5, 2016** – *Il Sole 24 Ore* published an editorial by SEP Senior Fellow Carlo Bastasin, in which he discusses the US presidential election.

**November 4, 2016** – *Il Messaggero* published an article quoting an interview with SEP Scientific Council member **Francesco Saraceno**, in which he explains the impact of the British High Court's ruling on Brexit.

**November 2, 2016** – *Radio 24* aired an interview with SEP Senior Fellow **Lorenzo Codogno**, in which he discusses how the rest of the world perceives the Italian constitutional referendum.

**October 29, 2016** - *Lettera 43* published an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, who met with reporters during the launch of the Global Sustainability Forum at LUISS.

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