Lessons from the crisis: Rewiring EMU economic policymaking
4 June 2015
Bruegel, Brussels

Concept: By the end of 2014, seven years after the onset of the financial crisis, the Eurozone was still stuck at near-zero growth and too-low inflation, while unemployment had declined only marginally by 0.4% from its 12% peak and some countries (such as Greece, Spain, France and Italy) continue to suffer from very high unemployment levels.

Against such a grim background, the ECB launched a new series of unconventional measures to stimulate growth, face deflationary pressures and restore credit to the real economy. The ECB’s policy response, though still mild when compared to the FED’s successive rounds of quantitative easing, encountered criticism by some policymakers, economists and citizens.

At the same time, controversies abound over whether fiscal policy should be relaxed even in high-debt countries in order to adopt growth-friendly measures that may contribute to EMU countries’ growth prospects, thus acting upon the denominator of the debt/GDP ratio. While the Juncker Commission adopted a new interpretation of flexibility of the European fiscal framework in early 2015, it is debated whether the EU’s fiscal framework would be able to achieve a sufficient balance between cyclical stabilization and public debt sustainability.

This workshop aims at stimulating dialogue and engaging academics, policymakers, and private stakeholders in a discussion of RAstaNEWS proposals to support healthy and sustainable growth in the Eurozone, and to reduce current inter-country imbalances.
INTERNAL RAstaNEWS MEETING

SESSION 1 – EUROZONE IN THE DOLDRUMS. NEW POLICIES AND INSTITUTIONS TO ESCAPE THE FATE OF RECURRING CRIZES

This session will be devoted to the presentation and discussion of the position paper presented by the RAstaNEWS research team. The paper highlights the self-inflicted nature of the Eurozone crisis and calls for bolder fiscal and monetary policies that could foster the economic recovery and facilitate the structural reform process in peripheral countries.

Chair and presentation:
Patrizio Tirelli, University of Milan-Bicocca and RAstaNEWS Coordinator

Panellists:
Matthias Bauer, Senior Economist, ECIPE
Claudio Catalano, Senior Analyst, Finmeccanica Research Department
Victor Cramer, Head of Division, Dutch Ministry of Finance
Colin Ellis, Chief Credit Officer, Moody's Investors Service
Ognian Hishow, Senior Associate, SWP
Dimitris Katsikas, Head of Crisis Observatory, ELIAMEP and University of Athens
Sander Loones, MEP, ECON Committee, European Parliament
Gilles Mourre, Head of Unit, Fiscal Policy and Surveillance, DG ECFIN

Lunch
SESSION 2 – THE ECB’S QUANTITATIVE EASING: TOWARDS A ‘NEW NORMAL’ IN MONETARY POLICY?

The launch of the Quantitative Easing by the ECB seems to have had an effect in terms of lowering bond yields for EMU countries and weakening the exchange rate of the euro. Will these effects be permanent or temporary? Is an easing in credit conditions passing through to private borrowers? Has the ECB exhausted all its weapons? Will lower yields increase the likelihood that hard-pressed governments at the Eurozone’s periphery postpone structural reforms? And will low interest rates create financial stability risks, misallocation of capital and an increase in income inequality?

Chair and presentation:
Angelo Baglioni, Milan Catholic University and RAstaNEWS

Panellists:
Franco Bruni, Vice-President, Ispi
Jérôme Creel, Director of Research Department, OFCE
Zsolt Darvas, Senior Fellow, Bruegel
Paola Donati, Senior Economist, European Central Bank (to be confirmed)
Aurelio Maccario, Head of Group Regulatory Affairs, Unicredit
Natacha Valla, Deputy Director, CEPII
Peter Vanden Houte, Chief Economist, ING Belgium

15.20-15.40 Coffee break
SESSION 3 – FIGHTING INEQUALITY IN A DIVIDED EMU

Recent studies suggest that income distribution might play a role in conditioning an economy’s growth potential. In particular, excessive inequality might hinder growth in the long-term. Did the EU crisis worsen inequality? Does excessive inequality limit growth potential, and is the effect the same across countries? What are the implications for the growth pattern of different EMU economies?

Chair and presentation:
Francesco Saraceno, Sciences Po and RAstaNEWS

Panellists:
Anne Bucher, Director for growth, competitiveness and structural reforms, DG ECFIN
Davide Furceri, Economist, IMF
Ronald Janssen, Chief Economist, European Trade Unions Confederation
Corrado Macchiarelli, Lecturer, Brunel University London
Pierre Monnin, Fellow, Council on Economic Policies