



## **Italy's challenges in the midst of the euro-crisis**

Joint workshop of Bruegel and Dipartimento del Tesoro - Ministero dell'Economia e delle Finanze

Rome, 8 May 2013

**9:00-9:30 Welcome/keynote speech:** Vincenzo La Via (Ministero dell'Economia e delle Finanze, *confirmed*)

### **9:30-11:00 Session 1. Italy - short/medium run issues: fiscal adjustment and internal devaluation**

Italy implemented a major fiscal adjustment in 2012, at a time when the growth outlook worsened. At the same time, inflation, even when disregarding tax increases, was one of the fastest in the euro-area, which hindered the correction of the pre-crisis intra-euro divergences of real exchange rates. Were the speed and the composition of fiscal adjustment correct? What is the desired fiscal policy going forward? How serious is the competitiveness problem of Italy and what should be the right strategy for internal devaluation?

Chair: Daniele Franco (Bank of Italy)

Speakers: Paolo Manasse (Università Di Bologna), Zsolt Darvas (Bruegel)

Discussant: Jean Pisani-Ferry (Bruegel)

### **11:00-11:15 Coffee break**

### **11:15-12:45 Session 2. Italy - long run issues: The long-term outlook for the Italian economy/structural reforms**

Since the early 1990ies, Italy had one of the weakest growth rates in the EU. GDP/capita has been falling behind and the crisis made this trend even worse. What are the deeper roots of the poor economic performance of Italy? Did the reforms implemented in the past few years target the most pressing weaknesses of the economy? What kind of reforms could foster the growth potential of the country?

Chair: Jean Pisani-Ferry (Bruegel)

Speakers: Francesco Daveri (Università degli Studi di Parma), Fabiano Schivardi (Luiss University)

Discussant: Lorenzo Codogno (Ministero dell'Economia e delle Finanze)



**12:45-13:45 Lunch break**

**13:45-15:15 Session 3. European banking union and Italy: design issues, financial fragmentation, impact on the Italian banking sector**

The European banking union initiative was launched as a response to the recognition of the vicious circle between banks and sovereign in the euro-area. It aims to break this vicious circle, to reverse the fragmentation of the banking markets along national borders, which started with the intensification of the euro-crisis, to improve the banking oversight, in particular, of cross-border banks, and to reduce the probability of bank failures the ensuing costs to taxpayers. Are the current contours of the banking union adequate? What are the desired features of the next major planks, resolution, burden sharing and perhaps deposit guarantee? What is the current state of the Italian banking sector and how has the banking union initiative impacted banks in Italy?

Chair: Alessandro Rivera (Ministero dell'Economia e delle Finanze)

Speakers: Guntram B. Wolff (Bruegel), Rainer Masera (European Investment Bank)

Discussant: Marcello Messori (Università di Roma 'Tor Vergata')

**15:15-15:25 Close**