

lunchtalk@bruegel

Senior Economists Meeting

12 November 2009, Bruegel

On 12 November 2009, a Senior Economist Meeting discussed Bruegel's research agenda.

A first set of questions dealt with the evaluation of the impact of the crisis. How did it affect potential output? What is the impact of the crisis and of measures taken to respond to it on industrial structure and on competitiveness? There are also concerns about the preservation of the single market and the next moves toward greater integration. There is a need for a complete reassessment of the role of the financial sector, and a comparison between the American and the European financial frameworks.

The changes in the labour market are a short term as well as a long term concern. How to avoid the destruction of human capital associated with long term unemployment? Barbara Böttcher (Deutsche Bank) emphasized the difference in the adjustment in labour after the crisis in the US and in the EU. Research needs to be done to assess the importance of informal economy in Europe.

How to combine the public and the private sector as efficiently as possible? The boundaries of the state are changing as a consequence of the crisis. In the short term, a crucial issue is the design, timing and pace of exit strategies.

For what regards long term issues, André Sapir (Bruegel) discussed the evolution of the role of Europe in the world and its relationship with its neighbours. At the global level, the crisis has increased previous trends, such as the decoupling between emerging countries and developed countries, where the debt grows more rapidly and the GDP less rapidly. The crisis has fostered a long overdue change in global governance, with the growing importance of the G20, which role in ordinary times is still to be defined. For Europe, its regional role is as important as its global role, particularly for issues like energy.

One of the major long term issue is the link between economic growth and climate objectives. The distributional effects of decisions to tackle climate change and the energy security are important to examine. Other long term concerns include food availability and natural resources. One of the priorities for Europe should be innovation, particularly in responding and adapting to climate change. Europe is also a major player in setting international norms, and research should be done on what will be the evolution of standardisation. On all these topics, there is a debate on how to make European policies inclusive, and how to take into account the diversity of the member states.

Bruegel should also contribute to the definition of the post Lisbon agenda and debates over the EU budget. Carlo Monticelli (Italian Treasury and Ministry of Economy and Finance) suggested that research on the role of the euro should focus on the role of exchange rate regimes in the adjustment of global imbalances.

For what should be Bruegel contribution, Jean Pisani-Ferry proposed a twin peak model: be reactive to what's going on, and long term issues, with less focus on medium term issues. Helen Wallace (Board) argued that Bruegel should not be in the business of discussing everyday themes. It is crucial to define priorities and to concentrate on new ideas that nobody else raised rather than participating to all ongoing debates. Bruegel's publications try to assess the economic first best; they should also aim at defining the second best taking into account political constraints.