



ISPI



# **In Search of a New Normal: Macroeconomic Policies and Macro-Prudential Regulation in Unconventional Times**

**3 December 2015**

CEPS, Brussels

**Concept:** The standard framework that has guided monetary policy for the last two decades is in disarray. First, dangerous macroeconomic imbalances can grow even under low inflation and stable output gaps. Second, even long-term price stability today seems insufficient to secure financial stability. The crisis showed that ensuring – via micro-prudential policies – the soundness of individual financial institutions is not sufficient to maintain the stability of the whole financial system. This is why macro-prudential policies are more than ever necessary. Financial stability – largely neglected as a monetary policy goal in the pre-Lehman consensus – should become an explicit goal of monetary policy. Finally, EMU policymakers are confronted with the daunting task of both reducing accumulated debt and promoting efficiency-enhancing but politically controversial reforms.

As scholars and experts debate these issues, last May the EU Commission released the Five Presidents' Report, "Completing Europe's Economic and Monetary Union". Currently, the EU Commission is in the process of fleshing out its own proposals on the immediate and concrete steps to be undertaken by the EU Institutions between end-2015 and mid-2017, tackling "Stage 1" of the Roadmap included within the Five Presidents' Report.

This Executive Briefing aims at encouraging an open and informed discussion between experts, scholars, policymakers, and stakeholders in general, about the optimal and feasible policies and tools, both at national and EMU level, that may reduce the risks of future crises, foster convergence between Eurozone Member States, and increase coherence between scientific findings and the EU Institutions' policy action in the short-to-medium term.

**This project has received funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under grant agreement no. 320278.**



9.30-11.00

**INTERNAL RASTANEWS MEETING (STEERING COMMITTEE)**

11.00-13.00

**SESSION 1 – MONETARY POLICY AND MACRO-PRUDENTIAL REGULATION:  
IN SEARCH OF A NEW NORMAL**

This session will be devoted to the presentation and discussion of the position paper produced by the [RAstaNEWS](#) research team. On the basis of the lessons of the Global Financial Crisis, the paper advocates a key role for financial stability in a new multiple mandate for central banks. In order to pursue financial stability, as well as monetary stability, macro-prudential regulation should be brought to the fore and the coordination with monetary policy explored in detail. The paper calls for bolder monetary and macro-prudential policies, with a view to supporting a broader and shared economic recovery in EMU countries, and to facilitating the structural reform process in peripheral countries.

Chair: Patrizio Tirelli, Professor, University of Milan-Bicocca and RASTANEWS Coordinator

Presentation (15 min.): Domenico Delli Gatti, Professor, Catholic University of the Sacred Heart and RASTANEWS

Speakers (10 min. each):

Andreas Beyer, Coordinator monetary policy, ECB

Fabio Colasanti, Director-General, DG “Information Society”, European Commission

Gilles Mourre, Head of Unit, Fiscal policies and surveillance, DG ECFIN, European Commission

Florence Pisani, CANDRIAM Asset Management

Debate (45 min.)

13.00-14.00

*Lunch*

14.00-15.30

**SESSION 2 – STRENGTHENING THE BANKING UNION: THE ARCHITECTURE  
OF MACRO-SUPERVISION IN EUROPE**

This session will delve deeper into a preliminary evaluation of the first steps of the Banking Union, outlining remaining challenges and policy opportunities. In particular, this session will discuss the current arrangement in the assignment of macro-prudential supervision tasks to and within different authorities/institutions, and feasible options to improve the current system.



Chair: Franco Bruni, Vice President, ISPI and Chair of the RAstaNEWS International Advisory Board

Presentation (15 min): Angelo Baglioni, Professor, Catholic University of the Sacred Heart and RAstaNEWS

Speakers (10 min. each):

Paolo Angelini, Vice Head, Department of Banking and financial surveillance, Bankitalia

Laurent Lascols, Head of Group Public Affairs, Société Générale

Thilo Liebig, Head of Division, Bundesbank

Alienor Margerit, Deputy Head of Unit E3, DG FISMA, European Commission

Francesco Mazzaferro, Head of the Secretariat, ESRB

Debate (25 min.)

15.30-15.45

*Coffee break*

15.45-18.15

### **SESSION 3 – TOWARDS A CLOSER UNION? NEXT STEPS TO FOSTER REAL ECONOMIC CONVERGENCE**

This Session will start with a brief presentation of some RAstaNEWS findings on the causes of the slowdown in EMU growth during the sovereign debt crisis, pointing at the importance of faltering productivity growth in the periphery and at the limited role played by fiscal policies. The Session aims at debating in practical terms current policy issues regarding the reform of the EMU economic governance, especially discussing what is present and what is missing in the Five Presidents' Report and in the Commission's "Stage 1" proposals.

Chair: Daniel Gros, Director, CEPS

Presentation (10 min.): Patrizio Tirelli, University of Milan-Bicocca and RAstaNEWS Coordinator

Speakers (10 min. each):

Clemens Fuest, President and Academic Director, ZEW

Stefano Micossi, General Director, Assonime

Agnès Benassy-Quéré, Professor, Paris School of Economics (TBC)

Debate (25 min.)

Closing remarks: Giuliano Amato, Judge of the Constitutional Court of Italy and former Italian Prime Minister