A DEMU WORKSHOP ON

“Risk-Sharing Mechanisms for the European Union”

Organizers:  Ramon Marimon | European University Institute and UPF-Barcelona GSE
Giancarlo Corsetti | University of Cambridge-INET
Juan Rojas | European Stability Mechanism
Christopher Towe | International Monetary Fund

Theatre, Badia Fiesolana
Via dei Roccettini, 9 – San Domenico di Fiesole (Florence)

20-21 May 2016

As it has been recognized in the Four and Five Presidents’ Reports (2012 and 2015), the European Union – and, in particular, the Euro Area – needs mechanisms and institutions capable of absorbing the impact of shocks across states and regions, something which, to a large extent, is automatically accomplished through the central budget in federal states. Similarly, there have been proposals to enhance European risk-sharing in specific domains, such as European Banking Union Deposit Insurance or European Unemployment Insurance. The design, and the possible implementation, of risk-sharing mechanisms in a heterogeneous union without a significant federal budget, raises many questions which only appropriate research can fully and properly answer.

PROGRAMME

Friday, 20th May

8.45-9.00  Registration (Theatre) and welcome coffee (Lower Loggia)

SESSION 1

9.00-9.10  Welcome
Joseph H.H. Weiler | President of the European University Institute
Ramon Marimon | European University Institute and UPF-Barcelona GSE

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MARKET VS. FISCAL RISK-SHARING

Chair: Richard Portes | London Business School, CEPR and EUI

“The Role of Fiscal Transfers in Smoothing Regional Shocks: Evidence from Existing Federations and Implications for the Euro Area”

Tigran Poghosyan | International Monetary Fund

Discussant:
Aitor Erce | European Stability Mechanism

“Income insurance: a theoretical exercise with empirical application for the euro area?”

Gilles Mourre* | European Commission. DG ECFIN
Serena Fatica | European Commission. DG ECFIN

Discussant:
Chima Simpson-Bell | European University Institute

Coffee Break – Lower Loggia

SESSION 2

RISK-SHARING IN THE EUROPEAN UNION AND IN THE EURO AREA

Chair: Juan Rojas | European Stability Mechanism

“On the optimal design of a Financial Stability Fund”

Árpád Ábrahám | European University Institute
Yan Liu | Wuhan University
Ramon Marimon* | European University Institute and UPF-Barcelona GSE

Discussant:
Charles Brendon | University of Cambridge

“Has the Euro increased risk-sharing across Euro Area countries?”

Alessandro Ferrari* | European University Institute
Anna Rogantini Picco | European University Institute

Discussant:
Cinzia Alcidi | Center for European Policy Studies

“Small Firms and Domestic Bank Dependence in Europe’s Great Recession”

Mathias Hoffmann | University of Zurich and CESifo

Discussant:
Kari Korhonen | European Stability Mechanism

* Presenting author
General Discussion

13.00-14.00  Lunch – Lower Loggia

SESSION 3

14.00-16.30  BANK FINANCING, SOVEREIGN DEBT, CONTAGION AND RISK-SHARING

Chair: Milena Wittwer | European University Institute

“Bailouts, Moral Hazard, and Banks’ Home Bias for Sovereign Debt”

Gaetano Gaballo | Banque de France

Discussant:
Andreja Lenarčič | European Stability Mechanism

“Risk-sharing and contagion in networks”

Piero Gottardi | European University Institute

Discussant:
Shengxing Zhang | London School of Economics

“European Government Bond Dynamics and Stability Policies: Taming Contagion Risks”

Martin Hillebrand* | European Stability Mechanism
Peter Schwendner | Zurich University of Applied Sciences

Discussant:
Roel Beetsma | University of Amsterdam

General discussion

16.30-16.45  Coffee and Tea Break – Lower Loggia

PANEL 1

16.45-18.00  RISK-SHARING WITHOUT RISK-SHARING INSTITUTIONS

Chair: Ramon Marimon | European University Institute and UPF-Barcelona GSE

Panel participants:
Angana Banerji | International Monetary Fund
Giancarlo Corsetti | University of Cambridge-INET
Thomas Cooley | New York University

18.00-18.30  Open issues and further questions from the ADEMU Working Group

Anna Rogantini Picco | European University Institute
Johannes Fleck | European University Institute

19.00  Dinner on the Lower Loggia – Badia (by invitation only)

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Saturday, 21st May

8.45-9.10  Morning coffee – Lower Loggia

SESSION 4

9.10-10.50  AN UNEMPLOYMENT INSURANCE FOR THE EU (&EA)
Chair: Giancarlo Corsetti | University of Cambridge-INET

“An Unemployment Insurance Scheme for the Euro Area? A Comparison of Different Alternatives Using Micro Data”

Mathias Dolls | ZEW

“On the Design of an European Unemployment Insurance Mechanism”

Árpád Ábrahám | European University Institute
João Brogueira de Sousa* | European University Institute
Ramon Marimon | European University Institute and UPF-Barcelona GSE
Lukas Mayr | European University Institute

Discussants:
Juan F. Jimeno | Banco de España
Rody Manuelli | Washington University in St. Louis and Federal Reserve Bank of St. Louis

General discussion

10.50-11.00  Coffee Break – Lower Loggia

PANEL 2

11.00-12.00  RISK-SHARING WITHIN THE EMU: THE ESM EXPERIENCE
Chair: Giorgia Giovannetti | University of Florence and European University Institute

Panel Participants:
Aitor Erce | European Stability Mechanism
Päivi Leino-Sandberg | University of Helsinki
Juan Rojas | European Stability Mechanism

PANEL 3

12.00-13.15  NEW RISK-SHARING MECHANISMS FOR THE EMU
Chair: Christopher Towe | International Monetary Fund

Panel Participants:
Klaus Masuch | European Central Bank
Paolo Pasimeni | European Commission
Tuomas Saarenheimo | Finnish Ministry of Finance
Rolf Strauch | European Stability Mechanism

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13.15-13.30  CONCLUDING REMARKS

Ramon Marimon | European University Institute and UPF-Barcelona GSE
Giancarlo Corsetti | University of Cambridge-INET
Juan Rojas | European Stability Mechanism
Christopher Towe | International Monetary Fund

13.30-14.30  Lunch – Lower Loggia

Those wishing to attend should register with margherita.fabbri@eui.eu