“Risk-Sharing Mechanisms for the European Union”

European University Institute, 20-21 May 2016

Badia Fiesolana, Teatro

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.

Organisers:
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

Programme

Friday, 20th May

8.45-9.00  Registration and welcome coffee

SESSION 1

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

9.10-10.15 MARKET VS. FISCAL RISK-SHARING
Chair: Richard Portes | London Business School, European University Institute and CEPR

“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?”
Nicolas Carnot | European Commission. DG ECFIN
Phil Evans | Bank of England
Serena Fatica | European Commission. DG ECFIN
Gilles Mourre* | European Commission. DG ECFIN

Discussant:
Chima Simpson-Bell | European University Institute

10.15-10.30 Coffee Break

SESSION 2

10.30-13.00 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
Eva Cárcceles-Poveda | SUNY at Stony Brook
Yan Liu | Wuhan University
Ramon Marimon* | European University Institute and UPF-Barcelona GSE

Discussant:
Charles Brendon | Cambridge University

“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
Bent E. Sørensen | University of Houston and CEPR

Discussant:
Kari Korhonen | European Stability Mechanism

General Discussion

13.00-14.00 Lunch

*presenting author
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
Ariel Zietlin-Jones | Carnegie Mellon University

Discussant:
Andreja Lenarcic | European Stability Mechanism

“Risk-sharing and contagion in networks”
Antonio Cabrales | University College London
Piero Gottardi* | European University Institute
Fernando Vega-Redondo | Università Bocconi and IGIER

Discussant:
Shengxing Zhang | London School of Economics

“European Government Bond Dynamics and Stability Policies: Taming Contagion Risks”
Martin Hillebrand* | European Stability Mechanism
Thomas Ott | Zurich University of Applied Sciences
Martin Schuele | Zurich University of Applied Sciences
Peter Schwendner | Zurich University of Applied Sciences

Discussant:
Roel Beetsma | University of Amsterdam

General discussion

16.30-16.45  Coffee and Tea Break

PANEL 1

16.45-18.00  RISK-SHARING WITHOUT RISK-SHARING INSTITUTIONS
Chair: Ramon Marimon | European University Institute

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

20.00  Dinner
Saturday, 21st May

8.45-9.10  Morning Coffee

SESSION 4

9.10-10.50  UNEMPLOYMENT INSURANCE SCHEMES 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
Clemens Fuest | CESifo
Dirk Neumann | CORE
Andreas Peichl | 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

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

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

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