



# 2014-15 Research Programme



## 2014-15 Research Programme

### Introduction

In bringing together the various elements of Bruegel's planned work for 2014-2015 it is evident that the various hangovers from the crises in Europe are still affecting economic performance and policy. And we are also aware that another economic crisis with new financial stress can re-emerge and that the best way to prevent this is to get policies right – both the structural and the macroeconomic ones. Reflecting this post-crisis phase, Bruegel's planned work emphasises economic growth and performance, but also the broader governance and institutional questions. For example, while there may be intellectual consensus on banking union, we are only at the beginning of a discussion on a capital markets union. Appropriate fiscal governance and structural reform are often cited, but the devil is in the details and the debate on appropriate implementation is in full swing. Part of our work will therefore focus on monitoring and making suggestions on how to improve the implementation of what has in principle been agreed on. But we will also continue to reflect and make proposals on the deeper and still unresolved institutional questions, including the question of a fiscal capacity.

As in previous years, we have designed a programme with the aim of maintaining current valuable work streams whilst adding appropriate new elements. We have, hopefully, struck the right balance between planned work and the ability to respond to policy developments that will inevitably affect us all over the research year. Bruegel's ability to respond quickly to these developments has helped us build our reputation and it will be an important part of our output during the next research year.

Specific to this new programme, increased work on Europe's neighbourhood has been added as recent events have once again reminded Europe and Europeans that we exist in a global community. We have published on Ukraine and plan to continue with this work. In the 25 years since the fall of the Berlin wall Europe has completely changed. We plan to reflect on these changes and their effect on the people and economies of central and Eastern Europe. As regards the global economy, the appointment of a non-Resident Fellow with expertise on China will contribute to Bruegel's work on analysing Asia's policies and their impact on Europe.

Perhaps the best cure for Europe's post-crisis hangover is a stronger focus on how developments in competition, innovation and entrepreneurship can contribute to growth in Europe. Over recent years we have strengthened the breadth of this work, and this will be continued in the coming research year. Besides entrepreneurship, the digital economy and the contribution of universities to growth, we will work on drivers of secular stagnation, the role of the single market and on the positive role competition policy can play. Energy union is another topic of central importance for our continent.

We received much wise help from Bruegel's members in making these decisions and together we have built another strong research agenda. We have also been mindful of the discussions we have had within the team, with members, the Board and other stakeholders on where we would like Bruegel's work to be in three years' time. I hope you can agree with me that the new Research Programme reflects Bruegel's values, builds on its strengths and will be a valuable contribution to improving Economic policy in Europe.

*Guntram Wolff, September 2014*

## **A. Research Area: European macroeconomics and governance**

Participants:

- *Resident scholars: Grégory Claeys, Zsolt Darvas, Silvia Merler, André Sapir, Nicolas Véron, Guntram Wolff*
- *Non-resident and visiting scholars: Alan Ahearne, Mark Hallerberg, Yukihiro Matsuyama, Ashoka Mody, Rainer Münz, Shahin Vallée*

The acute pressure on euro-area financial markets has eased considerably and there are several benign developments in Europe, such as a gradual economic recovery, progress with structural reforms and fiscal adjustment, the correction of pre-crisis current account deficits and eased financial fragmentation. However, there are major underlying problems throughout the EU, which pose threats to economic and financial stability. Production is still well below potential while unemployment is unacceptably high in a number of EU states; major fiscal adjustment lies ahead in several countries as well as the design and implementation of structural reforms; high public, private and external debts prefigure protracted deleveraging, constraining the growth of highly indebted sectors and countries; inflation throughout the EU, and in particular in the euro area, is on a downward trend; and it is far from certain that bank lending will be restored, while the development of non-bank financing is slow.

At the same time, major institutional reforms in the EU have led to a complicated and incomplete economic governance framework, whose effectiveness is still to be tested. Mistrust between countries and between citizens and the EU will make it more difficult to revise the current institutional framework and design new instruments. The banking union deserves more analysis and discussion. The economic performance of non-euro-area countries and the implications of the new euro area institutional framework to them is a major issue that we will also consider.

As in previous years, Bruegel would like to keep a fair degree of flexibility in order to be able to react to new developments and policy responses. But as a baseline, we plan to continue our research themes followed in the past years, focusing on addressing medium- and longer-term issues too, such as macroeconomic policy and adjustment and the emerging European economic governance. We also wish to work on the EU budget and the achievements and challenges in central and Eastern Europe 25 years after the fall of the Berlin Wall.

There are also a number of projects which cover other research areas beyond European macroeconomics and are introduced in the next sections of this research programme. We will continue a project from the 2013/14 research programme on growth and secular stagnation, which is at the intersection of research areas A and D and is detailed under research area D. Bruegel will prepare two papers for the ASEM finance ministers meeting in Milan (September 2014), focusing on lessons from European economic and financial integration for Asia. We will continue working on the design and implementation of banking union, including the governance relation between the euro area and the non-euro area countries, the project is detailed under research area C. A new project on the assessment of the macro-prudential frameworks in Europe is also detailed under research area C.

### **1. Macroeconomic policies and adjustments in EMU**

This research theme has been at the core of our European macroeconomic research during the past few years, and will continue with a renewed focus in 2014/15. While progress with budget and current account deficits was made, high public, private and external debts pose serious threats in a number of EU countries. Too-low inflation throughout the EU, and in particular in the euro area, is making debt sustainability and intra-euro competitiveness adjustment more difficult.

- We will analyse the causes and consequences of too-low inflation, as well as monetary and other policy measures to combat too-low inflation. Their effectiveness will be a major issue to analyse.
- We will prepare a progress report on price- and wage-competitiveness adjustments, as well as adjustment of employment. Similarly, an overview of the progress of structural reforms is timely.
- We will also assess in detail capital flows and stocks in the EU with a global perspective and set up a unique database on bilateral financial flows and stocks. We will also work on migration flows in the EU and their connection to adjustment.
- Last but not least, we will continue our work on the fiscal policy stance, fiscal adjustment, the composition of fiscal adjustment and the impact on growth, social effects and well-being of the sometimes substantial cuts in youth and family spending, health spending and the like.

## **2. Governance of the euro area and the EU**

It remains to be seen how the new EU leadership, and governments of those countries where EU-sceptic political parties have received significant popular support, will pursue new institutional reforms. While Bruegel has made a number of proposals on how to improve economic institutions as well as having assessed some elements of the new economic governance framework, the main emphasis in 2014/15 will be on assessing the new framework on the one hand, while further driving the debate on how the EU's governance system could be improved both within the remits of the current treaty as well as with potential treaty changes, on the other. In particular, we plan a detailed assessment of the new fiscal framework. The 6-Pack and 2-Pack include a review clause according to which the legislation will have to be reviewed for the first time at the end of 2014 and amended if necessary. This offers a major opportunity to assess the conceptual underpinnings, procedural complexity and implementation to date. We will also assess the macroeconomic imbalances procedure, by focusing on the adequacy of suggestions and success in implementing the suggestions. Moreover, we will reflect on how the current fiscal framework, the ESM and the EU budget can be further developed and how and when a system of own resources can be established. Questions of legitimacy, transparency and political accountability will also feature prominently. A further central topic for research is how a further deepening of the euro area will affect relations with non-euro area countries and in particular the UK. Research related to the banking union, capital markets union and macro-prudential policies are introduced in research area C but obviously there are numerous connections.

## **3. EU budget review**

The multiannual EU budget before the start of a new multiannual financial framework is always the result of a complicated negotiation procedure, which has historically kept the structure of the budget rather similar to the preceding one. However, there are major concerns with the appropriateness of the budget, and in particular, with the two largest spending items, the structural and cohesion funds and the common agricultural policy. This research aims to assess, using an extensive literature survey and our own analysis, the appropriateness of expenditure categories and will propose reforms for the 2016 review of the EU budget, as well as longer term reforms. It will also be linked to the more institutional discussion on how and whether the EU budget should eventually be transformed to give it a fiscal capacity.

## **4. 25 years after the fall of the Berlin wall**

On the occasion of the 25<sup>th</sup> anniversary of the fall of the wall, we will review three dimensions of transition in central and Eastern Europe: (1) institutions, to assess how democratic and market institutions have developed in these countries and how has EU membership helped institutional development; (2) economics, to analyse the drivers of catching-up and various inequalities that

emerged with the transition, and (3) people, to evaluate the change in the quality of life and opportunities for people in central and eastern European (CEE) countries. The research will focus on EU countries, as well as the former East Germany, and other CEE countries with an EU perspective, in comparison with other countries of the world with similar levels of development.

#### **5. Financial assistance to banks and the role of different EU institutions**

Many countries in the EU have provided state aid and other forms of financial assistance in the last years to banks. EU institutions play an important role in supervising this assistance, setting common standards and also coordinating the approach. Work for this study has already started as it was part of the 2013-14 research programme and will be carried over to the next research year.

## **B. Research Area: Global economics and global governance**

Participants:

- *Resident scholars: Zsolt Darvas, André Sapir, Nicolas Véron, Karen Wilson, Guntram Wolff*
- *Non-resident and visiting scholars: Alan Ahearne, Suparna Karmakar, Guonan Ma, Ashoka Mody, Jim O'Neil, Shahin Vallée*

The interactions between Europe and the international economy are manifold. The crisis of the euro area has been an opportunity for the world to discover the importance of interdependence in the same way the financial crisis of 2007-2008 highlighted the magnitude of spill overs from the US to the rest of the world. This interdependence is a structural feature of the world economy that needs to be analysed as such, rather than simply in its short-term manifestations. The main structural feature of the world economy in its current historical phase is the shifting of economic dynamics from the Atlantic to the Pacific Ocean and from the developed to the emerging economies.

In 2014/15, Bruegel will continue to devote a fair share of its resources to analysing developments in the world economy, with special attention to the interactions between, on the one side, European (or European-based) actors and, on the other side, global actors and actors located in the EU's neighbourhood. The three main lines of research will be Asia, global governance and relations between the EU and major regional players.

### **1. Asia initiatives**

From its very beginning, Bruegel has been keen on developing contacts in Asia and collaborating with economists from various parts of Asia. Together with European and Asian partners, Bruegel established in 2006 the Asia Europe Economic Forum (AEEF) to serve as a high level forum, giving Asian and European policy experts an occasion for in-depth research-based exchanges on global issues of mutual interest. This important forum will continue its activities in 2014/15. After the last successful conference in Berlin, the next conference is scheduled to take place in Tokyo.

Bruegel has advanced its leadership in this area and intends to become a globally recognised hub for Asia-Europe economic discussions and exchanges. Bruegel has recently hosted and will continue to host visiting scholars from China and Japan. Bruegel has co-organised a conference in Beijing and in Seoul in the fall of 2013 and in Beijing in the late spring of 2014. Similar conferences are planned for 2014/15. Bruegel has managed to attract an eminent scholar and expert on the Chinese economy to join its team of non-resident scholars. The scholar is very committed and the intention is to gradually build a research profile on China.

Moreover, a conference comparing Japan and the EU on macro and structural features will be held in October 2014 at Bruegel together with Kobe University.

### **2. Global economy and governance**

In spite of the apparent weakness of the global trading system, WTO rules resisted the recent economic and financial crisis with relatively little increase in protectionism. Yet, trade protectionist calls have become more vocal recently, in particular in relation to China. Moreover, more bilateral trade agreements have been struck and numerous new negotiations have started. Bruegel will continue work on the global trading system and on the current TTIP negotiations mostly in the form of events and blogs.

Bruegel is also working on G7/G20 governance issues and will contribute to the topic with comments and other contributions. We plan a comparative study on deleveraging in the financial and non-financial corporate sector, household and government sectors in several major areas around the world.

Lessons will be drawn from economic and financial integration in Europe for Asia. A further important topic concerns monetary policy across the World and this is covered in research area A.

### **3. Major regional players**

Bruegel has devoted increasing resources to the EU neighbourhood and has had, with limited resources, a significant impact on the economic debate on Ukraine. At the moment, Bruegel lacks resources to be able to contribute significantly to research on the EU neighbourhood but we have attracted a non-resident scholar to work on Ukraine and Russia. There is little doubt that this is an important, perhaps even vital, issue for the EU both economically (linked to energy and migration issues) and politically (linked to the potential volatility of the region). As a result, Bruegel has decided to invest some effort in keeping abreast of developments in the non-EU Mediterranean region, covering not only the Southern Mediterranean Countries but also other Mediterranean countries, in particular Turkey. We will again organise a workshop on Turkey and non-EU Mediterranean countries with a Turkish think-tank. Fund raising activities in this area will be stepped up.

### **C. Research Area: Finance and financial regulation**

#### *Participants:*

- *Resident scholars: Zsolt Darvas, Silvia Merler, André Sapir, Nicolas Véron, Karen Wilson, Guntram Wolff*
- *Nonresident and visiting scholars: Michiel Bijlsma, Elliot Posner*

The proposals made here are in the continuity of Bruegel's research. In parallel to the research endeavours described below, the successful Finance Focus Breakfast series of about-monthly events at Bruegel will be continued and help shed light on specific challenges for EU financial policy.

#### **1. The European Banking Union and capital markets union**

The European banking union agenda is expected to be a continuously visible item on the European reform agenda. Building on substantive contributions to this debate since 2007, upcoming policy challenges will be analysed and recommendations formulated. The focus will shift increasingly to implementation and application of the existing banking union. A special focus will be on bank restructuring and resolution in the wake of the stress tests. The timeliness of contributions will continue to be central.

Bruegel has been advocating for the further development of the financial system to create additional financial intermediation channels that could reduce the credit gap and contribute to risk-absorption channels (for example Sapir and Wolff, "The neglected side of banking union", Bruegel policy contribution to informal ECOFIN September 2013). In this project, we will drive the debate on a "capital markets union" which has received new impetus with the speech by Commission president Juncker.

#### **2. The transformation of the financial system**

The financial crisis since 2007 has redefined the terms of the policy debate on European financial integration, with contradictory trends of accelerated EU integration of financial policy, on the one hand, and partial renationalisation of credit conditions, on the other hand.

At an analytical level, Bruegel will continue work on mapping the European financial landscape and identifying evidence of recent trends affecting it; and providing insight on the underlying factors, including political and institutional drivers. The work will focus on different aspects of the financial system in a comparative manner. This includes studying transnational financial firms and global financial centres, systemic risk in the insurance industry, as well as capital flows in the EU and their implications for macro- and micro-prudential policy. A further important topic will be the way SMEs and early-stage innovative firms can be financed.

#### **3. Corporate financial transparency in a global economy**

Building on more than a decade of recognised research in this area, Bruegel wishes to clarify developments in financial reporting policy and practices with a view to explaining the wider implications for financial stability and developments. Bruegel scholars have been appointed to an independent expert group on IAS regulation advising the European Commission's DG Markt. The work will result in a number of blog entries.

## **D. Research Area: Competition, Innovation and Sustainable Growth**

Participants:

- *Resident scholars: Reinhilde Veugelers, Georg Zachmann, Mario Mariniello, Zsolt Darvas, Karen Wilson*
- *Non-resident and visiting scholars: Carlo Altomonte*
- *External contributors: SIMPATIC project team*

Bruegel's work in this research area is guided by one leitmotif: how to improve economic growth and competitiveness. The weak growth performance in Europe – both before and during the crisis – calls for a re-think of Europe's growth strategy and more rigorous implementation and monitoring of available tools. This requires analysing, on the one hand, the macro-economic obstacles to growth and on the other hand the microeconomic and structural impediments to competitiveness in all of their various dimensions. The increase in resources in this research area has strengthened the work on market structure and competition policy as well as on network effects. Also, more work on entrepreneurship and conditions for business entry has been started. More specifically, the team's multiple skills allow addressing various dimensions of the structural impediments to economic performance: innovation policy, competition policy, entrepreneurialism, energy policy.

### **1. Long term economic growth, secular stagnation and Europe's competitiveness map**

With the crisis, the level of potential output has shifted downward in many advanced countries and in most of them the potential growth rate is also reduced. Bruegel will contribute to the topic of long term drivers of growth and secular stagnation. A further research project, MAPCOMPETE, funded by FP7 resources, will produce a European competitiveness map. A further project will investigate the determinants and obstacles to long term investment as a critical factor for network industries with large financing needs in particular. We will also study the drivers of sectorial competitive advantages.

### **2. Entrepreneurial ecosystems, the role of R&D policies, patents and the digital economy**

A further important research strand is on entrepreneurship and innovation. The different projects look into the reasons for Europe's weak innovation performance, into the missing funding for innovation and young firms and into the regulatory and administrative barriers holding back entrepreneurship in Europe. One larger project, called SIMPATIC, is funded by the European Commission and develops a comprehensive and operational tool box allowing for a better assessment of the impact of research and innovation policies in Europe. Finally, we plan to publish a paper on the unitary patent.

### **3. Education and the role of universities for innovation and growth**

As Europe begins to show signs of a recovery, the lack of jobs remains a central issue. Youth unemployment remains high and there is therefore a need to explore skill gaps and the role the education system can play in reducing youth unemployment. More generally, the role of the education system in the debate on Europe's structural reforms has probably been underestimated. The way universities contribute to growth and innovation is explored in a further project.

### **4. Energy union**

In this project, Bruegel wants to analyse the degree to which a Europeanization of energy policy would make economic sense. Building on many years of recognised research in the area, this topic has become particularly relevant in the context of the Ukrainian crisis.

### **5. Competition policy, European network industries and national fragmentation**

A third research focus is on competition policy, market structure and growth. A number of projects are planned. One project continues the work of this year on comparing competition policy across the EU and China. In the current project, it is planned to assess cross-border takeovers of firms and offer a cross-jurisdictional comparison with particular attention to the EU, US and Chinese frameworks. A

second project will explore to what extent and how to include “out of market” efficiencies in network industries in merger and antitrust control. A third project will explore ex-post assessments of merger and antitrust remedies. We will also work on an assessment of the single market and the different channels through which integration can benefit Europe’s economy. Finally, in view of completing the single market, a last project will explore differences in national competition policies.

# Appendix:

## Project descriptions

<b>Name of project</b>	<b>A1: Macroeconomic policy and adjustments in EMU</b>
<i>Coordination</i>	<i>Zsolt Darvas</i>
<i>Participants:</i>	
<ul style="list-style-type: none"> <li><i>Resident scholars</i></li> </ul>	<i>Grégory Claeys, Zsolt Darvas, Silvia Merler, André Sapir, Guntram Wolff</i>
<ul style="list-style-type: none"> <li><i>Non-resident scholars and external contributors</i></li> </ul>	<i>Ashoka Mody, Rainer Münz</i>
<i>Description of project and policy relevance</i>	
<p>This umbrella project will assess several aspects of economic policy making, economic adjustment the economic governance framework of the EU and will result in numerous outputs.</p> <p>Debt overhang: high public, private and external debts pose serious threats in a number of EU countries. A project will assess the relevance of debt overhang and options for reducing it, including the debate on growth, inflation, primary surpluses and the literature on insolvency and bankruptcy legislation, reflecting also on different distributional consequences as well as potential two-way causality.</p> <p>Too-low inflation: low inflation is making debt sustainability and intra-euro competitiveness adjustment more difficult. Therefore the causes, consequences of too-low inflation, as well as monetary and other policy measures to combat too-low inflation will be a major issue to analyse.</p> <p>Impact of unconventional monetary policies: due to low inflation in the euro area, the European Central Bank has adopted a number of measures which are considered unconventional and it may deploy large-scale asset purchases, should the current measures fail to increase inflation and inflation expectations sufficiently. Empirical research on the impact of unconventional monetary policies on output, inflation and financial stability is not abundant and sometimes contradictory. We will assess the impact of different kinds of unconventional policies on output and inflation in the United States, United Kingdom, Japan and the euro area. We will also assess the exit strategies and their impacts.</p> <p>What kind of fiscal stance in the euro area is another important topic, which Bruegel researchers will investigate with a number of different contributions.</p> <p>Price- and wage-competitiveness adjustments: a factual report will assess the progress that has been made with price- and wage-competitiveness adjustments across, as well as employment adjustment, throughout the EU, by separating public sector, and the private tradable and non-tradable sectors. We will also look into the migration flows in the EU, the importance of the free movement of labour and how they contribute to adjustment. Structural reforms: all EU countries have introduced various structural reforms. An overview paper will assess these reforms, using available indicators, and formulate policy conclusions. One issue that could be of relevance is the question to what extent agglomeration effects are driving the current pattern of trade and current accounts, which would lead to different policy recommendations.</p> <p>Capital flows and stocks in the EU will be analysed and are discussed in section C</p>	
<i>Deliverables</i>	
<i>A number of research and policy papers, events, blog posts</i>	
<i>Value for members</i>	
<i>Highly valuable for all members</i>	
<i>External cooperation</i>	
No	
<i>Timetable</i>	
<i>Throughout 2014/15</i>	
<i>External financing</i>	

<b><i>Name of project</i></b>	<b>A2: The composition of fiscal adjustment, pensions, social system, health and implications on growth</b>
<i>Coordination</i>	Zsolt Darvas
<i>Participants:</i>	
<ul style="list-style-type: none"> <li><i>Resident scholars</i></li> </ul>	Grégory Claeys, Zsolt Darvas, Karen Wilson
<ul style="list-style-type: none"> <li><i>Non-resident scholars and external contributors</i></li> </ul>	Yukihiro Matsuyama
<i>Description of project and policy relevance</i>	
<p>Bruegel published important work on fiscal policy, the aggregate fiscal stance and the composition of fiscal adjustment and how to make the composition more growth friendly. One of the findings in the recent research (Darvas and Wolff (2014), Europe's social problem and its implications for economic growth, Bruegel Policy Brief for informal ECOFIN council in Athens) was, for example, that spending on youth, education and R&amp;D was cut overproportionally. Spending on health was also overproportionally cut, in particular in countries with important fiscal adjustment needs. This raises important questions as regards the long term effects on the sustainability of the social welfare systems, the impact on growth, on demography as well as on health. The social questions also interconnect with questions of the design of monetary union. Does a monetary union require a common social dimension? We discuss this also in the project A3, in which a European unemployment insurance is explored. We also held a number of events on these topics, including on pension system reforms</p> <p>We will continue to work in this area including with blogs and events. A visiting fellow from Japan intends to write a paper on "Japan's social system problem and its implications for economic growth."</p>	
<i>Deliverables</i>	
<i>Events, blog posts</i>	
<i>Value for members</i>	
<i>Highly valuable for all members</i>	
<i>External cooperation</i>	
Potentially CPB, Netherlands	
<i>Timetable</i>	
<i>Throughout 2014/15</i>	
<i>External financing</i>	
None	

<b>Name of project</b>	<b>A3: Governance of the euro area and the EU</b>
<i>Coordination</i>	<i>Guntram Wolff</i>
<i>Participants:</i>	
<ul style="list-style-type: none"> <li><i>Resident scholars</i></li> </ul>	<i>Grégory Claeys, Zsolt Darvas, Silvia Merler, André Sapir, Nicolas Véron, Guntram Wolff</i>
<ul style="list-style-type: none"> <li><i>Non-resident scholars and external contributors</i></li> </ul>	<i>Mark Hallerberg, Ashoka Mody</i>
<i>Description of project and policy relevance</i>	
<p>This umbrella project will assess several aspects of the economic governance framework of the EU and will result in numerous outputs. An overarching issue as regards governance questions is the importance of potentially different effects on euro area countries and countries outside the euro area.</p> <p>Detailed assessment of the new fiscal framework: the 6-Pack, 2-Pack, euro-plus pact and fiscal compact have reformed the fiscal governance, including national fiscal frameworks and has led to a complicated system of fiscal rule. The 6-Pack and 2-Pack include a review clause according to which the legislation will have to be reviewed for the first time at the end of 2014 and amended if needed. This offers a major opportunity to assess the conceptual underpinnings of the fiscal framework, its procedural complexity and its implementation to date, also as regards the question of anti-cyclical policy and debt sustainability.</p> <p>Assessment of the macroeconomic imbalances procedure (MIP): this new procedure was an addition to the economic governance framework of the EU and is embodied in the annual cycle of economic policy coordination under the European Semester. Our earlier assessment suggested that the effectiveness of the European Semester has been weak. In a new project we will focus on the adequacy of suggestions under the MIP and the success in implementing the suggestions.</p> <p>There is a need to reflect on the further development of all the different fiscal mechanisms that currently exist, namely the EU budget, the ESM, the single resolution fund, the EU's fiscal rules as well as the fiscal compact. Reflections have intensified on more tax harmonisation, on creating own resources for the EU as well as on creating more broadly an EU treasury. An important part of the reflection will have to be about the role of the UK and pre-in countries in a revised setting.</p> <p>A euro area unemployment insurance has recently been advocated and we will write a piece on it for the upcoming informal ECOFIN. This is part of the broader debate on a potential euro area fiscal capacity, which is a complex debate involving difficult steady state as well as transition questions. The overall debate also links to the debate on how to establish more political legitimacy and accountability. We will contribute to this process in various forms, including with blogs and comments.</p> <p>Note: the banking union, capital markets union and macroprudential research questions are detailed under research area C.</p>	
<i>Deliverables</i>	
A number of policy papers, events, blog posts, comments	
<i>Value for members</i>	
Highly valuable for all members, in particular state members; the assessment of the fiscal framework should be ready by October 2014	
<i>External cooperation</i>	
No	
<i>Timetable</i>	
Throughout 2014/15	
<i>External financing</i>	

<b>Name of project</b>	<b>A4: The EU budget: path for reform</b>
<i>Coordination</i>	<i>Grégory Claeys</i>
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	<i>Grégory Claeys</i>
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project and policy relevance</i>	
<p>The multiannual EU budget before the start of a new multiannual financial framework always results from a complicated negotiation procedure, which used to keep the structure of the budget rather similar to the preceding one. However, there are major concerns with the appropriateness of the budget, and in particular, with the two largest spending items, the structural and cohesion funds and the common agricultural policy. This research aims to assess, using an extensive literature survey and our own analysis, the appropriateness of expenditure category and will propose reforms for the 2016 review of the EU budget, as well as longer term reforms.</p>	
<i>Deliverables</i>	
A policy brief and possibly a working paper	
<i>Value for members</i>	
An assessment of the EU budget is crucial for all state members and relevant for corporate members too.	
<i>External cooperation</i>	
No	
<i>Timetable</i>	
Q1 2015	
<i>External financing</i>	
No	

<b>Name of project</b>	<b>A5: 25 years after the fall of the Berlin wall: Institutions, economy and people</b>
<i>Coordination</i>	Zsolt Darvas
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Zsolt Darvas, Guntram Wolff
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	Rainer Münz
<i>Description of project and policy relevance</i>	
<p>Since the fall of communism, new democracies supported by market institutions have developed in central and eastern Europe (CEE). Such institutional development was strengthened by the adoption of EU laws during the EU accession process. How have democratic and market institutions developed in these countries? How has EU membership helped institutional development? In some cases, reforms stalled and there were even institutional reform setbacks: why?</p> <p>Following the deep contractions after the collapse of former socialist economies, CEE countries embarked on a process of catching-up with Western Europe. However, inequality within CEE countries has increased and is now greater than in some parts of western Europe. The recent global financial crisis impacted some CEE countries harder than western Europe, but most continued to converge with western Europe, despite a major deleveraging in cross-border banking. What were the drivers of catching-up? What role did the EU play in convergence? What is the role of agglomeration and should it be fostered, or should rural areas instead be developed? What are the special lessons from East Germany? Is there a middle income trap and if so how to avoid it?</p> <p>The quality of life and opportunities for of people in CEE countries have changed enormously since the transition. There was mass emigration out of these countries even before they entered the EU. The former socialist educational systems have been upgraded to benefit the young. Development of the market economy has led to increases in income and wealth inequality. A generational divide has emerged between the young (with good opportunities) and the old (low-skilled working age and pensioners). Ethnic issues (Roma) are pressing in a number of countries. Who has left these countries? How many of them returned? How has education (both quality and quantity) evolved? How have poverty and income inequality changed? What are the prospects for the poor?</p>	
<i>Deliverables</i>	
Blueprint and possibly a short policy contribution	
<i>Value for members</i>	
Assessment of the transition from communism to democracies and policy lessons going forward	
<i>External cooperation</i>	
No	
<i>Timetable</i>	
To be published by October 2014	
<i>External financing</i>	
No	

<b><i>Name of project</i></b>	<b>A6 – Financial assistance to banks and the role of different EU institutions</b>
<i>Coordination</i>	Gregory Claeys
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Nicolas Véron, Guntram Wolff
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	Ashoka Mody
<i>Description of project</i>	
<p>Bruegel has undertaken a major study on the functioning of the Troika and the successes and failures of the programmes in Greece, Ireland and Portugal. The study did not at all analyze the programmes in Spain and Cyprus – mostly due to the fact that programmes only started recently.</p> <p>The focus of the study will be on the role the different EU and international institutions played in the financial sector part of the assistance programmes. And it will also study selected state aid cases in other countries. It will analyse the role of DG Comp, ECB, ESM, potentially IMF in exercising banking conditionality, performing bank restructuring and exercising state aid control. The study is expected to lead to important policy lessons for the future shape of Europe’s banking landscape as well as for the SRM.</p>	
<i>Policy relevance</i>	
Highly relevant	
<i>Deliverables</i>	
One working paper or blueprint	
<i>Value for members</i>	
Highly valuable for all members	
<i>External cooperation</i>	
<i>Timetable</i>	
Work has started and publication in 2014Q3/Q4 is envisaged	
<i>External financing</i>	

<b>Name of project</b>	<b>B1 - Asia-Europe Economic Forum</b>
<i>Coordination</i>	Guntram Wolff
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Depends on topics
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	AEEF network, Guonan Ma, Jean Pisani-Ferry
<i>Description of project</i>	
Together with European and Asian partners, Bruegel in 2006 established an <i>Asia Europe Economic Forum (AEEF)</i> to serve as a <i>high level forum</i> , giving Asian and European policy experts an occasion for in-depth research-based exchanges on global issues of mutual interest.	
<i>Policy relevance</i>	
AEEF in recent times has focused on responses to the crisis in Europe and in Asia, and on the International Monetary System.	
<i>Deliverables</i>	
Conferences and policy papers	
<i>Value for members</i>	
Opportunity to strengthen links with Asian partners and increase Bruegel's visibility in Asia. Opportunities to gain insights from Asian participants.	
<i>External cooperation</i>	
<ul style="list-style-type: none"> <li>• Asian Development Bank Institute (ADBI), Japan</li> <li>• Centre d'études prospectives et d'information internationale (CEPII), France</li> <li>• The Chinese Academy of Social Sciences (CASS), China</li> <li>• Bertelsmann Stiftung, Germany</li> <li>• Korea University</li> </ul>	
<i>Timetable</i>	
<ul style="list-style-type: none"> <li>• Conference in Tokyo (December 2014)</li> <li>• Conference in Europe (late spring 2015)</li> </ul>	
<i>External financing</i>	
Bertelsmann foundation, ASEF, additional funding is being sought	

<b>Name of project</b>	<b>B2 - China initiatives</b>
<i>Coordination</i>	Guonan Ma, Guntram Wolff
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Zsolt Darvas, Guntram Wolff, Andre Sapir
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	Guonan Ma, Shahin Vallée
<i>Description of project</i>	
<p>The <b>China initiative</b> aims at establishing closer links with senior Chinese researchers and policy makers. Our cooperation with the Chinese Academy for Macroeconomic Research is now well established having organised numerous conferences together and also hosted many visiting fellows. We have also co-organised a conference with cf40 and PIIE in Beijing and plan a similar conference next year.</p> <p>Our new non-resident fellow Guonan Ma aims to develop a coherent research output on China for Bruegel consisting of a monthly blog on a topic of high policy relevance as well as occasional research papers, always keeping in mind the implications for Europe.</p>	
<i>Policy relevance</i>	
<p>China's increasing importance in global policy making and its rising economic weight have strong implications for the European policy making process. A better understanding of China therefore has strong policy implications.</p>	
<i>Deliverables</i>	
Conferences, blogs and policy paper	
<i>Value for members</i>	
<p>Opportunity to strengthen links with Asian partners and increase Bruegel's visibility in Asia. Opportunities to gain insights from Asian participants.</p>	
<i>External cooperation</i>	
<ul style="list-style-type: none"> <li>• Chinese Academy of Social Sciences</li> <li>• Cf40</li> </ul>	
<i>Timetable</i>	
<i>External financing</i>	
To be found	

<b>Name of project</b>	<b>B3 - Japan initiatives</b>
<i>Coordination</i>	Guntram Wolff
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Gregory Claeys, Zsolt Darvas, Guntram Wolff
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	Ashoka Mody
<i>Description of project</i>	
<p>The <b>Japan initiative</b> aims at establishing closer links with senior Japanese researchers and policy makers. Our cooperation with Kobe University is now well established having organised a conference together and also having hosted a visiting fellow and links are also strong to NIRA, ADBI and Cannon institute. A visitor from Cannon institute is scheduled for this fall. A similar conference is planned with Kobe for the fall.</p> <p>Research will mostly be on a comparative basis drawing on Japanese experiences with monetary policy and debt deleveraging for the European context.</p>	
<i>Policy relevance</i>	
High relevance for European policy makers and corporations.	
<i>Deliverables</i>	
Conference, blogs	
<i>Value for members</i>	
Opportunity to strengthen links with Asian partners and increase Bruegel's visibility in Asia. Opportunities to gain insights from Asian participants.	
<i>External cooperation</i>	
<ul style="list-style-type: none"> <li>• Kobe university</li> <li>• ADBI, Cannon institute, NIRA</li> </ul>	
<i>Timetable</i>	
<i>External financing</i>	
Cannon institute, others to be found	

<b>Name of project</b>	<b>B4 External financing constraints of surplus and deficit emerging market economies</b>
<i>Coordination</i>	Guonan Ma
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• Resident scholars</li> </ul>	Carlos de Sousa
<ul style="list-style-type: none"> <li>• Non-resident scholars and external contributors</li> </ul>	
<i>Description of project and policy relevance</i>	
<p>The talk of US tapering in 2013 triggered large capital flight away from emerging markets after several years of heavy capital inflows, punishing deficit emerging market more severely and potentially welfare destructing for these economies. On the other hand, downhill capital flows into emerging market economies have funded their current account deficits and are supposedly welfare enhancing, by permitting consumption smoothing and faster capital accumulation.</p> <p>One way to reconcile the tension between these considerations is that deficit emerging markets face harder external funding constraints than their surplus peers. Global finance is far from being symmetric. “Adjustment is mandatory for the debtor but voluntary for the creditor” (Keynes, 1941).</p> <p>The classical framework of Feldstein/Horioka saving/investment coefficient may help identify whether external financing constraints are indeed more binding for deficit emerging markets. Under perfect capital mobility, saving and investment relate little to each other. Yet if deficit economies face more binding external constraint, their investment and investment will systematically be more correlated, other things being equal.</p> <p>Policy implications are hard to be overstated. The likely spillovers of highly accommodative unconventional monetary policies of major central banks and their unwinding accentuate the tension discussed above, as they add procyclical volatility of capital flows to and from emerging markets, whose central banks may be forced to respond over time by cutting down current account deficits and building up reserves (Ranjan, 2014). This also raises the need for coordination and cooperation among central banks, including an international financial safety through central bank currency swaps.</p>	
<i>Deliverables</i>	
One research paper	
<i>Value for members</i>	
<i>External cooperation</i>	
<i>Timetable</i>	
Winter 2014	
<i>External financing</i>	
none	

<b>Name of project</b>	<b>B5 - Economic and Financial Integration in Europe and lessons for Asian integration</b>
<i>Coordination</i>	Guntram Wolff
<i>Participants:</i>	Zsolt Darvas, Silvia Merler, Guntram Wolff
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project and policy relevance</i>	
<p>The project is sponsored by ADB and will be presented to the ASEM finance ministers meeting in Milan (September 2014). The papers would look into different theories of integration and why they matter for monetary union and then study the European experience with economic and financial integration. A policy paper would draw lessons from Europe for Asian financial integration.</p>	
<i>Deliverables</i>	
A number of policy papers	
<i>Value for members</i>	
High value for members, especially state members	
<i>External cooperation</i>	
<i>Timetable</i>	
September 2014	
<i>External financing</i>	
ADB	

<b>Name of project</b>	<b>B6 – Global governance and the global trade agenda</b>
<i>Coordination</i>	Alan Ahearne
<i>Participants:</i>	
<i>Resident scholars</i>	André Sapir, Zsolt Darvas, Nicolas Véron, Guntram Wolff
<i>Non-resident scholars and external contributors</i>	Jim O’Neil, Shahin Vallée, visiting scholars
<i>Description of project</i>	
<p>Questions on the global governance developments have been an important part of Bruegel’s research. Besides analysing and monitoring international institutions such as the IMF/Worldbank/FSB/BIS, Bruegel has taken an active interest in governance for such as the G7 and the G20. In this framework, do a comparative study on deleveraging in the financial and non-financial corporate sector, household and government sectors around several major areas around the world. Bruegel has also analysed the multilateral trade agenda and how it interacts with the newer TTIP/TPP super-regional trade agreements. The output will take the form of blog posts/papers as well as events.</p>	
<i>Policy relevance</i>	
High	
<i>Deliverables</i>	
Events, occasional blogs, contributions to think tank volumes	
<i>Value for members</i>	
Both, private and public.	
<i>External cooperation</i>	
TBD	
<i>Timetable</i>	
Ongoing	
<i>External financing</i>	

<b><i>Name of project</i></b>	<b>B7 - Neighbourhood Initiatives</b>
<i>Coordination</i>	Guntram Wolff
<i>Participants:</i>	
<i>Resident scholars</i>	André Sapir, Karen Wilson, Guntram Wolff, Georg Zachmann
<i>Non-resident scholars and external contributors</i>	Marek Dabrowski, Jim O'Neil, Shahin Vallée
<i>Description of project</i>	
<p>The EU's neighbourhood is increasingly becoming a point of attention. Economic and political stability is endangered with multiple implications including in the energy area. The EU has started a number of financial assistance programmes, including most prominently in Ukraine. At the same time, the EU's approach to its neighbourhood, including to Turkey, is still very much based on the idea of eventual EU membership, even though political interest in both, the EU and the potential accession countries has come down. The Southern Mediterranean continues to be unstable and migration flows are significant.</p> <p>In this project, we will continue to monitor the developments and produce blogs, hold a number of events, including in Turkey with a local partner but also in Brussels. We also intend to write a policy contribution on Ukraine's financial assistance programme – a policy brief on the neighbourhood policy more generally could follow depending on resources and developments.</p>	
<i>Policy relevance</i>	
High relevance for state and corporate members.	
<i>Deliverables</i>	
One paper, occasional blogs, events	
<i>Value for members</i>	
<i>External cooperation</i>	
TBD	
<i>Timetable</i>	
Ongoing	
<i>External financing</i>	

<b>Name of project</b>	<b>C1 Implementing Europe’s Banking Union</b>
<i>Coordination</i>	Nicolas Véron
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• Resident scholars</li> </ul>	Silvia Merler, André Sapir, Guntram Wolff
<ul style="list-style-type: none"> <li>• Non-resident scholars and external contributors</li> </ul>	
<i>Description of project and policy relevance</i>	
<p>Buffeted by banking fragility and sovereign debt crises, the European Union made far-reaching decisions in 2012 to integrate its banking policy framework, including the creation of a Single Supervisory Mechanism within the European Central Bank. Bruegel has advocated such European “banking union” in a series of papers since 2007, and has contributed to the corresponding EU policy debate on each of the key steps of decision-making. Banking union forms part of a wider agenda that also includes further fiscal, economic and political union as necessary complements of Europe’s unfinished monetary union. In the medium term, banking union should also include a centralized resolution regime and supranational deposit insurance system. In the short term, the European Union faces a challenge in re-establishing trust in its banking sector while correcting the perception that public money will be available to protect creditors of failing banks.</p> <p>This project will continue providing timely and constructive recommendations on the steps needed to construct Europe’s banking union. It will also examine lessons for policy debates on cross-border financial integration and crisis management beyond Europe, framing them in a broader global context. In particular, it will investigate the further development of Europe’s financial system in light of the changes of the supervisory landscape. One important aspect in the discussion will be about the implications of the banking union for countries and banks outside the mechanism, both in the EU as well as around the world.</p>	
<i>Deliverables</i>	
Blogs, commentaries, and depending on further agenda research papers	
<i>Value for members</i>	
Obvious relevance and Bruegel franchise based on past contributions	
<i>External cooperation</i>	
<i>Timetable</i>	
Throughout the research year	
<i>External financing</i>	

<b>Name of project</b>	<b>C2 What kind of capital markets union?</b>
<i>Coordination</i>	Nicolas Véron, Guntram Wolff
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Silvia Merler, André Sapir,
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project and policy relevance</i>	
<p>Buffeted by banking fragility and sovereign debt crises, the European Union made far-reaching decisions in 2012 to integrate its banking policy framework. However, work to improve the functioning of capital markets is still in its infancy. Bruegel has emphasized the importance of developing deeper and better functioning capital markets given the credit gap left by the crisis in the banking system and the importance to develop other channels able to absorb country specific risk. The topic has again been put on the agenda by Commission President Juncker.</p> <p>This project will continue providing timely and constructive recommendations on the steps needed to construct Europe's capital markets union.</p>	
<i>Deliverables</i>	
Workshop and depending on further developments a policy brief, blogs, commentaries	
<i>Value for members</i>	
Obvious relevance and Bruegel franchise based on past contributions	
<i>External cooperation</i>	
<i>Timetable</i>	
Throughout the research year	
<i>External financing</i>	

<b><i>Name of project</i></b>	<b>C3 Transnational Financial Firms, Global Financial Centers, and Cross-Border Financial Integration</b>
<i>Coordination</i>	Nicolas Véron
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Silvia Merler
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project and policy relevance</i>	
<p>Transnational financial firms and financial centres play a unique role in channelling credit and investment internationally. As more hands-on oversight and regulation has been made inescapable by the global financial crisis, new risks of financial fragmentation and regulatory arbitrage are emerging. Examples include forced subsidiarization of activities formerly carried out through branches (as with the US Federal Reserve’s Foreign Banking Organizations rules); tensions between different national regimes of separation of activities within banking groups; and new regulatory regimes for derivatives transactions, credit rating agencies, investment funds, and audit firms. The experience of the euro area has also highlighted the risks created by the coexistence of an enforceable legal framework of financial market openness on the one hand, and of supervisory structures that remain fragmented across jurisdictions on the other hand.</p> <p>This project will assess possible policy approaches to address the challenges posed by transnational financial firms and international financial centres in the post-crisis environment. These includes the strengthening of global standards and their monitoring by global bodies; the scope for mutual recognition regimes; and the possibility of introducing elements of supranational supervision in specific market segments. The research will put specific emphasis on the economic trade-offs of cross-border financial integration vs fragmentation, including how they depend on a specific jurisdiction’s level of financial development.</p>	
<i>Deliverables</i>	
Policy paper and blogs	
<i>Value for members</i>	
Highly relevant policy challenge	
<i>External cooperation</i>	
<i>Timetable</i>	
To be discussed	
<i>External financing</i>	

<b>Name of project</b>	<b>C 4 Systemic Risk in the Insurance Industry</b>
<i>Coordination</i>	Nicolas Véron
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• Resident scholars</li> </ul>	
<ul style="list-style-type: none"> <li>• Non-resident scholars and external contributors</li> </ul>	Adam Posen (PIIE)
<i>Description of project and policy relevance</i>	
<p>The insurance industry plays an important role in financial systems, because of the large pools of financial assets it needs to manage to cover its insurance liabilities. The related asymmetries of information have been addressed by insurance regulators for a long time to protect policyholders. A more recent concern is the associated systemic risk, or the possibility that insurers' financial weakness could trigger contagion to other financial participants in a disruptive scenario. This risk, which connects to the broader policy debate about the prudential oversight of non-bank systemically important financial institutions, is not covered by the traditional insurance regulatory framework.</p> <p>The rescue of AIG by the US government in mid-September 2008 highlighted the case for a broader prudential framework to cover systemically important insurers, which has subsequently been suggested by the G-20 and discussed in international venues including the International Association of Insurance Supervisors and the Financial Stability Board (FSB). As banking supervisors are dominant in the prudential regulatory community, the FSB has tended to take bank capital accords as a reference point for this effort, as have legislators in the European Union. However, the economics and liability patterns of insurance companies are different from those of banks, suggesting the need for a less bank-centric approach. The project will further explore these differences and aim at providing adequate recommendations to global financial policymakers.</p>	
<i>Deliverables</i>	
A policy paper and blog and potentially a more in-depth study	
<i>Value for members</i>	
An important segment of the financial system that has been neglected by Bruegel until now	
<i>External cooperation</i>	
Also on PIIE research agenda	
<i>Timetable</i>	
Mid 2015	
<i>External financing</i>	
To be discussed	

<b>Name of project</b>	<b>C5 Capital Flows – geography and determinants of capital flows in Europe (2014)</b>
<i>Coordination</i>	Zsolt Darvas
<i>Participants:</i>	Zsolt Darvas, Silvia Merler, Nicolas Véron
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	Ashoka Mody
<i>Description of project and policy relevance</i>	
<p>Bruegel has been awarded a tender project by DG Markt, on the study of capital flows in the EU. The project includes a regular data-monitoring product to be delivered to DG Markt and two in-depth studies on topics relevant for the studies of capital flows. The topic for the first in-depth study is going to be <b>the geography and determinants of capital flows in Europe</b> and the project will feature the following parts.</p> <ol style="list-style-type: none"> <li>1. Preliminary: There are limited statistics available on cross-border capital flows and stocks on a bilateral basis. Following the work of Waysand et al. (2010) and Chen et al. (2012), we will reconstruct (from different sources) the Gross and Net International Investment Position on a bilateral basis, both before and during the crisis.</li> <li>2. The first part of the work will show for each country/group of countries, the geographical breakdown of their International Investment Position vis-à-vis countries/groups of countries. The construction of the complete dataset encompassing the years of the crisis – which were not included in the original version – will provide a useful analytical tool to better understand the capital flows dynamics during the crisis in Europe.</li> <li>3. The second part of the work will analyze the determinants of bilateral flows and stocks. To this end, we plan to use gravity models. The academic literature on gravity models applied to foreign trade is voluminous and we are carefully analyzing the major methodological issues emerged for trade applications before design our approach for capital flows and stocks</li> </ol>	
<i>Deliverables</i>	
1 paper + Monitoring statistical report	
<i>Value for members</i>	
<i>High value to corporate and state members</i>	
<i>External cooperation</i>	
<i>Timetable</i>	
First monitoring report to be delivered in the summer 2014 and first in-depth study to be delivered before the end of the year	
<i>External financing</i>	
DG Markt	

<b>Name of project</b>	<b>C6 Capital Flows – macroprudential policy and microprudential supervision (2015)</b>
<i>Coordination</i>	Zsolt Darvas
<i>Participants:</i>	Zsolt Darvas, Silvia Merler, Nicolas Véron,
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project and policy relevance</i>	
<p>The topic for the second in-depth study, proposed by Bruegel, would be <b><u>Capital Flow, macroprudential policy and microprudential supervision.</u></b></p> <p>The crisis has shown that financial stability is essential and easily endangered. It has prompted a renewed wave of global interest in macro prudential tools. Various instruments are discussed that could tamper those financial flows that can potentially lead to vulnerable structures. Yet, the debate is mainly held in a global context somewhat neglecting the specific circumstances of the EU. The specificity relates to both the institutional set-up as well as the economic differences due to the integrated nature of the EU and the euro area in particular. For example, the EU has equipped itself with a new governance tool, the Macroeconomic Imbalances Procedure, which aims, among others, at the prevention and correction of imbalances resulting from excessive capital flows. Yet, the articulation of the procedure relative to other macroprudential instruments such as the European Systemic Risk Board or the SSM macroprudential competences remains to be fully tested in practice.</p> <p>The in-depth analysis could therefore investigate <b>what would be the optimal macroprudential set-up for the EMU, and how to ensure that national microprudential measures do not prohibit the free movement of capital.</b> The definition of the optimal set-up would not just focus in instruments but also on the governance of the system given the different procedures and institutions (MIP, ESRB, ECB, SSM, member states etc) that are potentially operating in the field of macroprudential policies. One of the key issues is to render the actions of the different institutions consistent with each other.</p> <p>The study would also look at the interactions (and the spillovers) between macroprudential policy and monetary policy in a currency union in which countries have proven to react differently to shocks, as well as to the interactions (and the spillovers) between macroprudential policy and microprudential supervision.</p>	
<i>Deliverables</i>	
1 paper	
<i>Value for members</i>	
<i>High value for state and corporate members</i>	
<i>External cooperation</i>	
<i>Timetable</i>	
<i>External financing</i>	
DG Markt	

<b>Name of project</b>	<b>C7 Financing Seed and Early Stage Innovative Firms</b>
<b>Coordination</b>	<b>Karen Wilson</b>
<b>Participants:</b>	
<ul style="list-style-type: none"> <li>• <b>Resident scholars</b></li> </ul>	
<ul style="list-style-type: none"> <li>• <b>Non-resident scholars and external contributors</b></li> </ul>	
<b>Description of project and policy relevance</b>	
<p>Financing seed and early stage innovative firms is important for generating economic growth in Europe. Research has shown that it is young firms that create the bulk of new jobs.</p> <p>Work on “financing innovation” started in 2013-2014 with research and a series of events focused on different aspects of financing (venture capital, angel investment, crowdfunding, IPOs/M&amp;A, etc.). A number of these events were part of the re-launched Finance Focus Breakfast Series (now co-chaired by Nicolas Veron and Karen Wilson), adding a micro element to the series.</p> <p>The work on seed and early stage finance (crowdfunding, angel investment and venture capital) would continue with a focus on the policies that European and other governments have put in place. This project would include one or two workshops on seed and early stage financing policies (including grants, loans and guarantee schemes, tax incentives and equity fund models, including co-investment and fund-of-fund models). One workshop might be focused on high growth firms and another on the financing issues facing the broader set of SMEs, who have been hard hit by the recent financial crisis. The project would extend beyond Europe to look into developments in other regions such as North America and Asia (as part of Bruegel’s EU-Asia programme).</p> <p>The project would help policy makers better understand the financing needs of young innovative firms and the effectiveness of policies to address those gaps. It would also address the issues of fragmentation in Europe, which is particularly prevalent in the entrepreneurial finance markets.</p>	
<b>Deliverables</b>	
<p>A series of events as well as a policy brief and/or policy contribution focused on different aspects of seed and early stage finance, including angel investment, venture capital and exit markets (IPO markets and mergers and acquisitions).</p>	
<b>Value for members</b>	
<p>Many Bruegel members have expressed a continued interest in the topic of financing innovation and SMEs. This work would examine both issues and identify steps that can be taken to improve Europe’s ability to finance innovation.</p>	
<b>External cooperation</b>	
<p>TBC but could include Nesta, EVCA, EBAN, BAE, EIF, etc.</p>	
<b>Timetable</b>	
<p>September 2014-June 2015</p>	
<b>External financing</b>	
<p>TBC</p>	

<b>Name of project</b>	<b>C8 Corporate Financial Transparency in a Global Economy</b>
<i>Coordination</i>	Nicolas Véron
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Silvia Merler, Nicolas Véron
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project and policy relevance</i>	
<p>Corporate financial accounting, auditing, and disclosure are being transformed by global financial integration, the regulatory fallout from the recent financial crisis, and technological change. The quality of financial information and the reliability of audit processes have been challenged and have suffered a loss of trust, at least from some market participants and in some market segments. The financial and regulatory disclosures of complex financial institutions have come under increasing scrutiny in both Europe and the United States. G-20 leaders and others have repeatedly supported the objective of achieving global consistency and comparability of information to support a well-functioning global financial market. Nevertheless, regulatory initiatives in this area have led to conflicts among countries, most notably between the US and China over oversight of auditors. Despite repeated G-20 commitments, progress on the adoption of a single set of accounting standards has stalled.</p> <p>Building on more than a decade of recognized research in this area, this project aims to clarify developments in financial reporting policy and practices beyond the specialized accounting community, with a view to explaining the wider implications for financial stability, financial and economic development, and the evolving structures of financial systems around the world. Specific areas of focus are the governance, establishment, adoption, and implementation of International Financial Reporting Standards (IFRS); the economics, wider role, and public regulation of financial auditors; and the policy framework regarding disclosures of financial risks, particularly by complex financial institutions, and the assessment of such risks by credit rating agencies and other financial market participants.</p>	
<i>Deliverables</i>	
Participation in DG Markt's expert group on IAS regulation, blog pieces	
<i>Value for members</i>	
Topical for both (most) state members and (most) corporate members	
<i>External cooperation</i>	
Also on PIIE research agenda	
<i>Timetable</i>	
To be discussed	
<i>External financing</i>	
To be discussed	

<b><i>Name of project</i></b>	<b>D1 – Secular stagnation and long-term economic growth</b>
<i>Coordination</i>	Zsolt Darvas
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Grégory Claeys, Zsolt Darvas, Reinhilde Veugelers
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project</i>	
<p>With the crisis, the level of potential output has shifted downward in many advanced countries and in most of them the potential growth rate is also reduced. Has the world economy entered a period of secular stagnation? Is Europe in particular affected by secular stagnation? This project aims to shed light on this issue.</p>	
<i>Policy relevance</i>	
<p>Understating the potential for long-term economic growth is a crucial issue for policymakers and businessmen alike.</p>	
<i>Deliverables</i>	
<p>Blog or if research is promising a working paper and/or policy contribution</p>	
<i>Value for members</i>	
<p>high.</p>	
<i>External cooperation</i>	
<p>No</p>	
<i>Timetable</i>	
<p>Delayed from 2013-14 research programme</p>	
<i>External financing</i>	
<p>No</p>	

<b>Name of project</b>	<b>D2 Long-term Investment</b>
<i>Coordination</i>	Grégory Claeys
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Karen Wilson, Georg Zachmann
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project and policy relevance</i>	
<p>This project would look at long-term investment in Europe. At a time when government budgets are tight, other sources of financing necessary for long-term projects, such as infrastructure and energy, need to be identified. Institutional investors, such as pension funds, insurance companies and sovereign wealth funds, can play an important role. Multilateral finance institutions also play a key role.</p> <p>This project would look at the trends and decision-making processes in long-term investment, as well as the opportunities and barriers, and highlight the role that the policy can play in providing the appropriate conditions and/or incentives for long-term investment.</p> <p>Long-term capital is critical for sustainable growth and innovation as well as financial stability. Many countries are concerned by the lack of willingness of the private sector to commit to long-term investments following the increased uncertainty created by the financial crisis. A number of high-level international initiatives have been launched and the G20 also has it on their agenda.</p>	
<i>Deliverables</i>	
<p>A first event related to the topic will take place on July 8, 2014, looking at trends. Another event would be held later in the year looking at the view from an institutional investor point of view and potentially another event would focus on the financing of energy infrastructure. Following these events, a policy contribution would be written which would link the findings from these discussions with previous related Bruegel work to drive the agenda forward further.</p>	
<i>Value for members</i>	
<p>Many Bruegel members, both government and corporate, would like to address the challenge of encouraging effective long-term investment. This project would also link Bruegel macro and micro work.</p>	
<i>External cooperation</i>	
<p>For events: OECD, EIB, EU, various member companies</p>	
<i>Timetable</i>	
<p>January 2015- June 2015</p>	
<i>External financing</i>	
<p>TBC</p>	

<b>Name of project</b>	<b>D3 - MAPCOMPETE – COMPNET</b>
<i>Coordination</i>	Carlo Altomonte
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• Resident scholars</li> </ul>	Reinhilde Veugelers, Mario Mariniello
<ul style="list-style-type: none"> <li>• Non-resident scholars and external contributors</li> </ul>	Carlo Altomonte; Gianmarco Ottaviano
<i>Description of project</i>	
<p>The MAPCOMPETE project is a Supporting Action financed by DG Research within the 7<sup>th</sup> Research Framework Programme. The project aims at identifying gaps in available datasets and key data requirements for constructing better competitiveness indicators at different levels of aggregation. A key aim is to analyze the combined use of three types of resource: census-type quantitative (e.g. national tax authority) data, quantitative survey (e.g. FIGE survey) data, and qualitative (interview-based) information.</p> <p>The data analyzed should cover not only traditional balance sheet figures, but include areas such as:</p> <ul style="list-style-type: none"> <li>• trade statistics, internationalization (outsourcing, direct investment, etc.),</li> <li>• labor statistics (skill composition, remuneration, on the job training, flexibility),</li> <li>• R&amp;D, innovation,</li> <li>• non-tangible assets,</li> <li>• regional and local dimensions,</li> <li>• creation of new firms (entrepreneurship) and attraction of foreign investment (FDI),</li> <li>• stakeholders (entrepreneur/owner characteristics, social capital, state/local government),</li> <li>• customers/suppliers, position in value chains.</li> </ul> <p>Integrating these approaches may allow for a deeper understanding of a wide range of topics related to competitiveness. As such, the project is complementary to the activities carried out within the Competitiveness Research Network (CompNet) of the ECB.</p>	
<i>Policy relevance</i>	
<p>Competitiveness is at the heart of policy making at the Union level and specifically within the Eurogroup. Therefore, the definition of new country-level competitiveness indicators is an essential task. The aim of this project is to provide a thorough assessment of data opportunities and requirements for the analysis of comparative competitiveness in European countries.</p>	
<i>Deliverables</i>	
Two Blueprints, website with competitiveness data for general public	
<i>Value for members</i>	
<i>External cooperation</i>	
IAW (Tuebingen), SciencesPo (Paris), D'Agliano (Milan), IEHAS (Budapest), ECB + NCBs	
<i>Timetable</i>	
Feb 2013 – Jan 2015	
<i>External financing</i>	
7 <sup>th</sup> RFP of the European Community	

<b>Name of project</b>	<b>D4 - Drivers of sectorial competitive advantage</b>
<b>Coordination</b>	<b>Georg Zachmann</b>
<b>Participants:</b>	
<ul style="list-style-type: none"> <li>• <b>Resident scholars</b></li> </ul>	
<ul style="list-style-type: none"> <li>• <b>Non-resident scholars and external contributors</b></li> </ul>	
<i>Description of project</i>	
<p>We want to analyse the drivers of the competitive advantages of countries in certain products. We propose a big-data approach to analyse which factors drive competitiveness of countries in which sectors/products. In particular we seek to identify which policy variables (such as infrastructure, education or energy cost) translate into specialisation in certain sectors. The data should allow us to explore medium to-long-term (5-10 years) effects.</p>	
<i>Policy relevance</i>	
<p>There is increased discussion on 'new industrial policy'. For this it is important to understand whether and which policy measures might shape the sectorial specialisation of a country/region, and how sustainable the impact of corresponding policies is.</p>	
<i>Methodology</i>	
<p>We will collect a significant amount of country-level panel data on product-level bilateral exports, on factor cost (labour, capital), on industry-level patents, on education, on infrastructure, business climate variables etc. We want to use a machine-learning algorithm to identify which of the various factors interact (how and when) with competitiveness in certain industries. We hope that this approach allows us to identify stylised facts which can be used for formulating testable theories, or at least helping to predict how competitiveness in certain countries in certain products might develop.</p>	
<i>Deliverables</i>	
Working Paper	
<i>Value for members</i>	
Identifying the drivers of competitiveness is a key element for economic policy formulation.	
<i>External cooperation</i>	
<i>Timetable</i>	
Seminar in March 2015 Working Paper in June 2015 Policy Brief in July 2015	
<i>External financing</i>	

<b>Name of project</b>	<b>D5 The Evolution of Entrepreneurial Ecosystems</b>
<i>Coordination</i>	Karen Wilson
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project and policy relevance</i>	
<p>This project would look into factors driving high growth entrepreneurship, including the development of entrepreneurial ecosystems (hubs/clusters) and the role of universities. Comparisons would be made as to how entrepreneurship developed in the U.S. and how it is developing in Asia. In particular, the different ways in which ecosystems have evolved will be studied, including the factors that differentiate the Silicon Valley model from other models.</p> <p>Policy makers in Europe are seeking ways to create jobs and spur economic growth. Entrepreneurship, particularly the creation of innovative young firms, is needed in Europe yet many barriers to the creation and growth of firms remain. The project would highlight some of the barriers and how to address them as well as help identify steps that policy makers can take to facilitate the development of entrepreneurial ecosystems in Europe, which in turn can spur more high growth entrepreneurship.</p>	
<i>Deliverables</i>	
An event in Europe and potentially one in Asia followed by a policy brief or policy contribution.	
<i>Value for members</i>	
A number of Bruegel members are interested and involved in various aspects of the entrepreneurial ecosystem. The project would help identify why Europe has not progressed further on high growth entrepreneurship despite many recent initiatives and would help determine some steps forward and the role that various stakeholders might play.	
<i>External cooperation</i>	
TBC: selected universities, EIT, etc.	
<i>Timetable</i>	
September 2014-June 2015	
<i>External financing</i>	

<b>Name of project</b>	<b>D6 – Simpatic</b>
<b>Coordination</b>	Reinhilde Veugelers
<b>Participants:</b>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Reinhilde Veugelers, Georg Zachman
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	KULeuven (BE), UNUMaastricht (NL), SEURECO (FR), Imperial College London (UK), E3MLab (GR), Univ Compl Madrid (ES), Federal Plan Bureau (BE), IER (SI)
<b>Description of project</b>	
<p>The objective of SIMPATIC is to provide policy makers with a comprehensive and operational tool box allowing for a better assessment of the impact of research and innovation policies in Europe. SIMPATIC represents a unique bottom-up project proposal, bringing together micro and macro researchers with expertise on evidence based policy analysis and impact assessment of research, innovation and environmental policies, thus allowing European innovation policy makers to better address the EU2020 challenges.</p> <p>SIMPATIC will develop and use the best possible evidence and methodologies to simulate the impact of a number of research, innovation policy and environmental policy alternatives, especially R&amp;D subsidies, R&amp;D tax credits, carbon pricing, providing new insights into the potential impact of various policy alternatives, thus contributing to advancing impact assessment and evidence based innovation policy design in Europe.</p> <p>In terms of methodology, insights from micro-analysis and micro-evidence, including own, SIMPATIC, frontier pushing ex-post policy impact analysis of R&amp;D subsidies and tax credits, will be used as input in SIMPATIC's sectoral EU macro models, DEMETER and GEM-G3. These models have already served regularly to assess innovation and environmental policies in Europe, thus proven their strength as support tool for ex ante and ex post assessment of EU policies. With the SIMPATIC's proposal, these models, will be upgraded to include the latest insights from micro models and to respond better to new grand challenges of RTD policies, including the environment and social inclusion.</p>	
<b>Policy relevance</b>	
<p>Particularly with constrained public budgets in the years to come, impact assessments on the possible options will need to identify those which can contribute the most to smart, inclusive and sustainable growth in the most efficient manner. Methodologies and evidence need to be available to support the quality of the ex-ante and ex post impact assessment exercise. It is to address this challenge that the SIMPATIC proposal has been put together.</p>	
<b>Deliverables</b>	
<p>A series of deliverables in the form of working papers, policy briefs and policy blue prints will be delivered in the three year framework envisaged for this project</p>	
<b>Value for members</b>	
<p>This directly connects with demand from state members on tools for evaluating innovation policy instruments.</p>	
<b>External cooperation</b>	
<b>Timetable</b>	
3 years (2012-2015)	
<b>External financing</b>	
FP7 funded	

<b><i>Name of project</i></b>	<b>D7 – Digital economy, innovation and patents, regulation and competition</b>
<i>Coordination</i>	Karen Wilson
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Mario Mariniello, Reinhilde Veugelers, Karen Wilson
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	Jeremy Bowles, Bruno van Pottelsberghe
<i>Description of project and policy relevance</i>	
<p>The digital economy is a central part of our economies. Its regulation, the competition policy framework as well as innovation policy impact the digital sector as well as the economy at large. Big data, connectivity, privacy and security issues are some of the important topics for the digital economy. Bruegel will delve into some of these areas to determine the opportunities and policy barriers to building a digital single market in Europe.</p> <p>Another work stream will consist of studying regulatory aspects as regards a common patent. E.g. the unitary patent has been heavily debated and we plan to produce a policy brief on the matter.</p>	
<i>Deliverables</i>	
In this project, we will hold a number of events and we will write a number of blog pieces and potentially a policy contribution	
<i>Value for members</i>	
High value	
<i>External cooperation</i>	
none	
<i>Timetable</i>	
ongoing	
<i>External financing</i>	
none	

<b>Name of project</b>	<b>D8 The contribution of universities to innovation and growth</b>
<i>Coordination</i>	<i>Reinhilde Veugelers</i>
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project and policy relevance</i>	
<p>The main objective of the study is to provide a review on the contributions of higher education to innovation and growth. The economic evidence on the contribution of higher education remains primarily focused on the benefits of R&amp;D activities performed in higher education and their link to innovation (patents, licences etc.). Less evidence is available about the contribution of universities through their human capital formation as well as the role of higher education institutions in the innovation systems of regions. The project will try to redress these gaps.</p> <p>How to improve the contribution of Higher Education to innovation and growth in Europe? Is it through stimulating higher education in its excellence in research? In teaching? Is it through stimulating higher education in transferring to society? Which instruments are most effective? At which level: local, regional, national, EU?</p> <p><u>Methodological approach of the report</u></p> <p>The report will be a review of the academic literature and the available evidence. The empirical evidence includes statistics, the results from statistical (econometric) analysis, but also case studies and best practices.</p> <p>The report will review the analysis and evidence available at the macro/country level, as well as the regional level. The report will also review the analysis and evidence that is available at the micro level comparing across institutions</p>	
<i>Deliverables</i>	
Event and report	
<i>Value for members</i>	
High	
<i>External cooperation</i>	
Partnership in an academic network	
<i>Timetable</i>	
January 2015-June 2015	
<i>External financing</i>	
TBC	

<b>Name of project</b>	<b>D9 - Energy Union</b>
<i>Coordination</i>	Georg Zachmann
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• Resident scholars</li> </ul>	
<ul style="list-style-type: none"> <li>• Non-resident scholars and external contributors</li> </ul>	
<i>Description of project</i>	
<p>In this Project Bruegel wants to analyse to which degree a Europeanization of energy policy would make economic sense. We want to discuss a number of proposals reaching from strengthening the internal market, a closer European coordination of national energy policies, to a joint European gas purchasing agency.</p> <p>The ultimate aim is to propose a consistent set of measures to better achieve the three European energy policy objectives (competitiveness, security and sustainability) by strengthening the European dimension of energy policy making.</p>	
<i>Policy relevance</i>	
<p>With the Ukrainian crisis Europe became much more aware of its sensitivity to energy supply disruptions and that member states alone are unable to deal with this risk. In this context Poland launched the idea of an 'energy union'. Suddenly, many stakeholders jumped on this term and presented proposals what policies an 'energy union' could actually entail. This on the one hand, provided political momentum for a Europeanisation of certain aspects of energy policy. On the other hand there is a risk of establishing policies that are not conducive to the three European energy policy objectives. So a clear understanding on what the 'Energy Union' should and should not be is important.</p>	
<i>Methodology</i>	
<p>Based on the three European energy policy objectives we will analyse in which energy policy areas better coordination, collaboration or even joint policies would make economic sense. Thereby, we want to focus on what might be politically feasible and how corresponding governance structure could look like. This will include issues such as regional scope ('Schengenisation?'), role of existing and potentially new institutions and interaction with other policy areas (foreign policy, climate policy)</p>	
<i>Deliverables</i>	
A Policy Brief	
<i>Value for members</i>	
<i>External cooperation</i>	
Possibly: Energy Policy Chair at College d'Europe at Bruges	
<i>Timetable</i>	
Seminar in November 2014 Policy Brief in May 2015	
<i>External financing</i>	

<b>Name of project</b>	<b>D10 - Comparative “Economic Patriotism”</b>
<i>Coordination</i>	Mario Mariniello
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Mario Mariniello
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project and policy relevance</i>	
This project follows up on a stream of research started in 2014 at Bruegel. The idea is to explore the benefit of openness of markets to international competition. In the context of this project, we will deepen the analysis of the effect of cross-border takeovers and we will offer a cross-jurisdictional comparison with a particular attention to the EU, US and Chinese frameworks.	
<i>Deliverables</i>	
Policy Contribution	
<i>Value for members</i>	
Both institutional and corporate members can find it useful to have a quantitative analysis of such a relevant subject. There is a need to have clear policy recommendations as to whether we should change our approach to market economy to favour the creation of European Champions or not. The experience of other jurisdictions is significant in this respect and should be carefully analysed.	
<i>External cooperation</i>	
none	
<i>Timetable</i>	
Winter 2014-2015	
<i>External financing</i>	

<b>Name of project</b>	<b>D11 - Network / Out-of Market efficiencies</b>
<i>Coordination</i>	Mario Mariniello
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Mario Mariniello
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project and policy relevance</i>	
This project will look at network effects from a competition policy perspective. It will in particular explore the costs and benefits of including so called 'out-of-market' efficiencies (ie efficiencies that accrue to subjects that are not directly affected by the competition concern) in merger and antitrust assessment.	
<i>Deliverables</i>	
Policy Contribution / Working Paper	
<i>Value for members</i>	
This paper will have recommendations to improve the economic analysis of merger and antitrust control. It is particularly valuable to sectors with strong network dimensions (communication, energy, financing etc).	
<i>External cooperation</i>	
None	
<i>Timetable</i>	
Winter/Spring 2015	
<i>External financing</i>	
None	

<b>Name of project</b>	<b>D12 - Merger and Antitrust Remedies Ex-post Assessment</b>
<i>Coordination</i>	Mario Mariniello
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Mario Mariniello
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project and policy relevance</i>	
Remedies play a key role in the outcome of antitrust and merger investigations. For antitrust, Dg-Competition has been often criticized to be too ready to accept remedies in the context of commitment decisions (see Mariniello, M. (2014). Commitments or prohibition? The EU antitrust dilemma. Bruegel Policy Brief 2014/01, 31 January 2014). With this project, we aim at exploring qualitatively and quantitatively whether remedies imposed in the past during antitrust or merger investigations have proved effective in preserving market competition.	
<i>Deliverables</i>	
Policy Contribution	
<i>Value for members</i>	
Antitrust and merger remedies are the key outcome of competition policy decisions. Remedies that exceed what is needed to preserve market competition can be harmful to companies and consumers. Likewise, too weak remedies may render antitrust intervention pointless. The analysis will contribute to improve the impact of competition authorities on markets.	
<i>External cooperation</i>	
None	
<i>Timetable</i>	
Summer 2015	
<i>External financing</i>	
None	

<b><i>Name of project</i></b>	<b>D13 – Single Market: integration effects and channels</b>
<i>Coordination</i>	Andre Sapir, Mario Mariniello
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Andre Sapir, Mario Mariniello, Alessio Terzi, Sergiy Golovin
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project and policy relevance</i>	
<p>The single market aims at boosting European economies through more integration. However, the effects of integration are not always easily observable and are even harder to aggregate. This difficulty is aggravated by the presence of concurring trends (globalization) and other confounding factors (structural changes in the EU economy). As such, numerous studies on the impact of market integration often drew different conclusions and sometimes mixed results. Our research will provide the following contributions: (1) Identification of channels through which integration can benefit the European economy; discussion of short-, medium-, long-term effects; (2) Analysis of a number of studies commissioned by the European Parliament on the effect of integration (or lack thereof) on specific economic sectors (3) Discussion of further challenges to European single market integration.</p>	
<i>Deliverables</i>	
Policy contribution / Essay	
<i>Value for members</i>	
The research will give a broad overview of the current and future challenges for the single market and the channels through which further integration will contribute to the growth of European economies.	
<i>External cooperation</i>	
none	
<i>Timetable</i>	
Fall/Winter 2014	
<i>External financing</i>	
Project on commission from European Parliament	

<b>Name of project</b>	<b>D14 - National Competition Authorities and Regimes in the EU</b>
<i>Coordination</i>	Mario Mariniello
<i>Participants:</i>	
<ul style="list-style-type: none"> <li>• <i>Resident scholars</i></li> </ul>	Mario Mariniello
<ul style="list-style-type: none"> <li>• <i>Non-resident scholars and external contributors</i></li> </ul>	
<i>Description of project and policy relevance</i>	
<p>This project will analyse the antitrust experience of one or more Member States. It will also explore how better inter-jurisdictional coordination within the EU would help antitrust enforcement and merger control. As Mario Monti suggested in his Report, harmonization of competition policy regimes within Europe is of crucial importance in order to achieve a truly integrated Single Market.</p> <p>We will start with a number of events with officials from national and EU competition authorities to discuss differences in approaches across jurisdictions.</p>	
<i>Deliverables</i>	
Events and Policy Brief	
<i>Value for members</i>	
<p>Most of antitrust and merger decisions are taken by national authorities in Europe. A homogeneous antitrust and merger framework can increase certainty and reduce compliance costs for companies. It thereby contributes to completing the single market.</p>	
<i>External cooperation</i>	
none	
<i>Timetable</i>	
Fall/Winter 2014	
<i>External financing</i>	
none	