ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA
DEPARTMENT OF ECONOMICS

prometeia
ASSOCIAZIONE

PROMETEIA *TALKS* 2019

The Department of Economics is pleased to announce the launch of a new cycle of seminars: "PROMETEIA TALKS" jointly organized by the Master in Economics LMEC and Prometeia Associazione.

During each meeting, Lorenzo Forni, head, and staff of Prometeia Associazione will present a Discussion Note addressing a hot economic topic (by looking at most recent data, using economic models and drawing policy implications). Students are invited to read the Discussion Note before the seminar takes place and to actively participate in the discussion.

Seminars are addressed to students enrolled in the Second Cycle Degree Programs of the Department of Economics EPELM and LMEC and will be held in English.

A great opportunity for students to learn about policy issues and engage in the current economic debate!

MARCH 7 - THU

17.00 - 18.00

Assessing the long-run impact of immigration in Europe

Room 2 - Piazza Scaravilli 2

The recent increase in migration flows to Europe has become a major concern of destination countries in terms of the socio-economic and fiscal costs associated with supporting migrants. However, immigration also offers economic opportunities, both in the short and long term, by compensating for labour market shortages in certain economic sectors and by supporting social security contributions, especially in countries with a rapidly ageing population. To assess the long-term economic implications of migration in Europe, we use a multi-country overlapping generation (OLG) model that provides long-term projections of the main macroeconomic variables for Germany, France and Italy, under different population growth scenarios. We find that immigration will likely only partially compensate for population ageing while, given their low level of human capital on average, immigrants are unlikely to contribute to increasing productivity. However, with a relatively low average age than that of the destination countries, immigrants can make a positive contribution to the sustainability of pension systems.

MARCH 28 - THU

17.00 - 18.00

Inflation and Monetary Policy in the US

Room 1 - Piazza Scaravilli 2

The Federal Reserve (Fed) sets U.S. monetary policy in accordance with its mandate from Congress: to promote maximum employment, stable prices, and moderate long-term interest rates in the U.S. economy. Stable prices are associated with an inflation target of 2 per cent, and the Fed intervenes in the money market in order to steer inflation close the target. As monetary policy requires some time to be effective, the Fed intervenes pre-emptily, according to the expectations on inflation. Future inflation can be read in financial markets, in surveys of households or firms, in forecasts of private and public institutes. Prometeia regularly produces forecasts of the US inflation with PRIAMO, Prometeia International model, and with a Phillips curve based on the external environment and the U.S. labour market conditions. Our Phillips curve estimations show that the inflation elasticity to labour market conditions has eased in recent years. In March 2018, we forecasted inflation temporarily above Fed target during the year, as it effectively has been. More recently, our Phillips curve suggests that any further improvement in the labor market would exert limited effects on inflation, in an environment of decreasing oil price and decelerating economic growth.

MAY 16 - THU

17.00 - 18.00

External imbalances in the Euro Area and their implication for growth and stability

Room 1 - Piazza Scaravilli 2

Since its inception, the euro area has been characterized by external imbalances in the form of current account deficits and surpluses. These imbalances were very significant for some member countries (i.e. Spain, Portugal, Greece, Ireland) in the run-up to the global financial crisis of 2008 and have been one of the main reasons these countries had to resort to financial support. More recently, it has been argued that the significant German current account surplus is mainly due to the relative weakness of the euro exchange rate, made possible by the weaker external position of the other member countries. Moreover, The German surplus hinders the growth prospects of the whole euro area because it's linked to weak internal demand, while at the same time the corresponding capital outflows migrate outside the euro area. The note will review these issues and propose an interpretation of the most recent data and of the policy options most suitable to address the imbalances.