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*“Despite its young age, Bruegel can be very proud of the trustworthiness it has acquired as one of the most important institutions in its area both in Europe and around the world.”*

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## MARKING THE 10TH ANNIVERSARY OF BRUEGEL

2015 was the 10th anniversary of Bruegel. To mark the occasion, we have organised 17 events in the capital cities of the European countries that support Bruegel.

Our members selected the topics they wanted to discuss, and the choices were telling: governments are deeply interested in how to achieve sustained growth, finance the recovery, resolve the banking crisis, make our welfare models more sustainable and improve the economic and monetary union.

There was also considerable interest in how to govern a European Union with different levels of integration. The United Kingdom's decision to put its future in the EU to a referendum triggered numerous discussions, in particular in Sweden and in Denmark. Our events brought together politicians, civil servants, business leaders, civil society stakeholders, academics and politicians to debate, and search for new solutions.

In an era of intense reflection on national and European policies in all member countries, it was all the more important for Bruegel to organise these debates in European capitals. In this way Bruegel played its role as an evidence-based contributor to national debates.

Bruegel is ten years old. This is very young for any institution and, particularly, for a think tank which has had to establish its credibility and build its reputation from scratch. Despite its young age, Bruegel can be very proud of the trustworthiness it has acquired as one of the most important institutions in its area both in Europe and around the world.

I would like to warmly thank all the members of the Bruegel community for their contribution to this year's work. I particularly thank those who finance Bruegel through the membership programme or through another organisation with whom we collaborate. Thank you also to all those who have spoken at our events, and those who have promoted Bruegel scholars' papers by all means, traditional and digital.

All advanced economies have had to cope with challenges and difficult problems since the financial crisis erupted eight years ago. Europe, for its part, must face up to the difficulties encountered by all advanced economies, but also to the additional challenges associated with the historical ambition of the European project.

Be assured that the members of Bruegel, its board, its director, its management and the whole team, will continue to work hard to enlighten policy choices in the present demanding circumstances.

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*“More than ever, Bruegel needs to be a trusted, honest, fact-based think tank, which will explain this complexity and narrow it down to the essential choices and potential trade-offs.”*

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## NAVIGATING COMPLEX TIMES IN EUROPE

2015 was a year in which complex problems brought political and policy divisions to the fore. The first half of the year was dominated by a Greek crisis where a major stand-off between creditors and Greece led to capital controls, massive deposit flights, demonstrations and political crises.

Europe was tested by a major refugee crisis. The reaction of citizens in Germany and elsewhere was empathy towards those arriving. But as the numbers increased, doubts grew about how and whether Europe would cope.

The UK government triggered a process leading to a referendum on the UK's membership of the EU. UK citizens are asked to decide to remain or leave in June 2016. The outcome of the referendum is uncertain.

The year saw major debates on social and economic inequality. As many middle-class voters felt behind, new and sometimes populist parties and politicians gained strength in the polls.

The year was also fraught with major conflicts in our neighbourhood. Military conflicts in Ukraine, sanctions against Russia, the continuing wars in Syria, Iraq, Libya, all continue to shape our discussions.

It was a year of doubt about the strength of emerging economies, speculation against the Chinese currency and a year of general worry that global growth is stagnating.

A common theme running through all of these discussions is their extraordinary degree of complexity – technical complexity, economic complexity, policy complexity. And all of the issues raise questions on the narrative for Europe.

This calls for Bruegel to play a clear role. More than ever, Bruegel needs to be a trusted, honest, fact-based think tank, which will explain this complexity and narrow it down to the essential choices and potential trade-

offs. More than ever, Bruegel needs to provide forward-looking thinking and lay out possible narratives and their implications. More than ever, Bruegel has to think about the broad uncertainty in which economic policy choices are made.

Your preferences regarding our work have been telling: the most-read research piece was a factual one explaining complex details of the ECB's quantitative easing programme. You read and cited our numerous fact-based blog entries concerning the Greek economic debate. Our membership has asked us to write two pieces for the informal deliberations of EU finance ministers on how to develop capital markets union and how to address financial aspects of climate change. Our work on economic inequality was widely read and cited, as were our analyses and reflections on refugees. Our papers on Russia's and Ukraine's economies were also in high demand.

Going forward, a cross-cutting theme for our work in 2016 is governance. All of the above issues involve, at some level, the ways in which different national and international polities, authorities and bodies interact. Improving governance is about improving this interplay. The EU, of course, is an attempt to structure the relationships between its member states. And while one may criticise the EU, the need to structure the relations of countries in Europe, both inside and outside of the EU, is unavoidable. Similarly, the G20 can be criticised for its set-up, but a structured dialogue among the leading global economies is necessary.

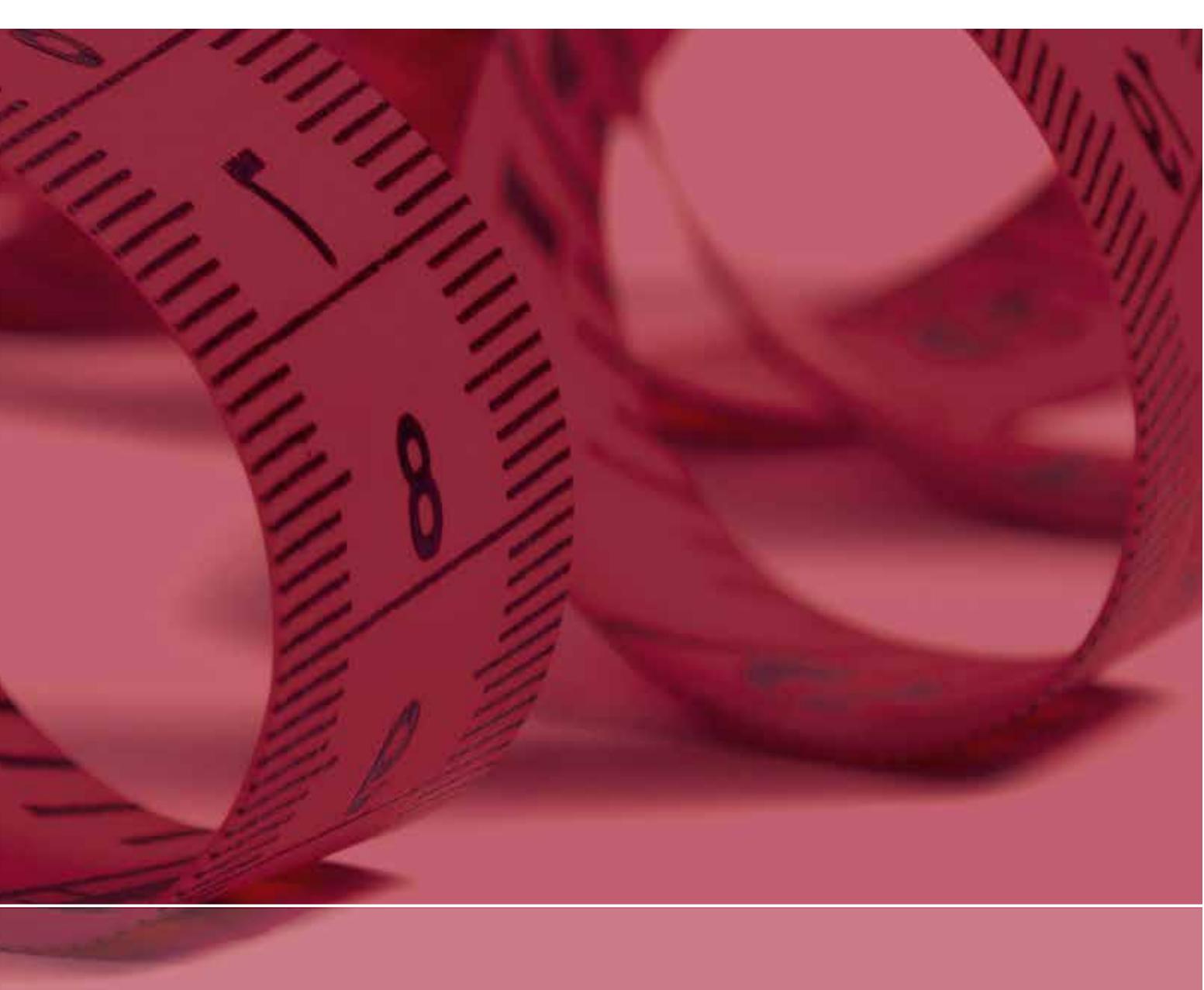
Let me conclude by thanking you for the many interactions and much support you have given us throughout 2015. Let me assure you that the entire Bruegel team is more committed than ever to producing cutting-edge, forward-looking and evidence-based policy research and debate. We hope that we can bring clarity to the extraordinarily complex decisions that policy makers, and the public, have to take. Above all, we hope that this will improve economic policy and governance in Europe and the world to the benefit of citizens.



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# 10 YEARS

*improving economic policy*



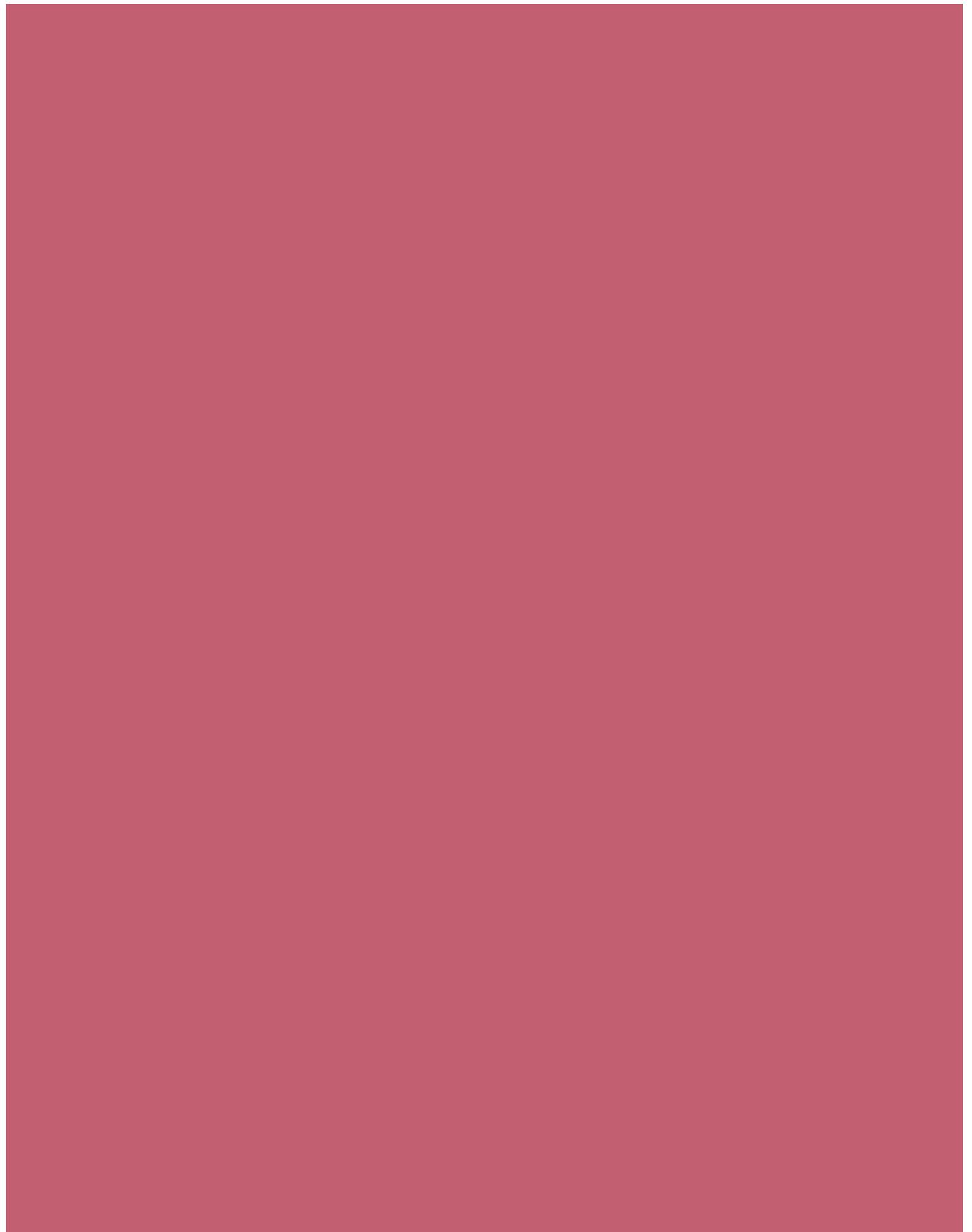
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The idea to set up an independent European think tank devoted to international economics arose from discussions involving economists, policy-makers and stakeholders from countries across Europe.

The initiative found support from 12 EU governments and 17 corporations, who committed to funding the project, and helped elect the first Bruegel board in December 2004. Operations started in 2005 and today Bruegel counts 18 EU governments, 30 corporations and 11 institutions among its members.

# 18 *events*

We are marking our  
10th Anniversary  
with a series of  
events and initiatives  
across Europe.

**Impact of regulatory  
and supervisory reform  
on the banking sector**  
28 January 2016  
Brussels, Belgium

**TBC**  
TBC  
Dublin, Ireland

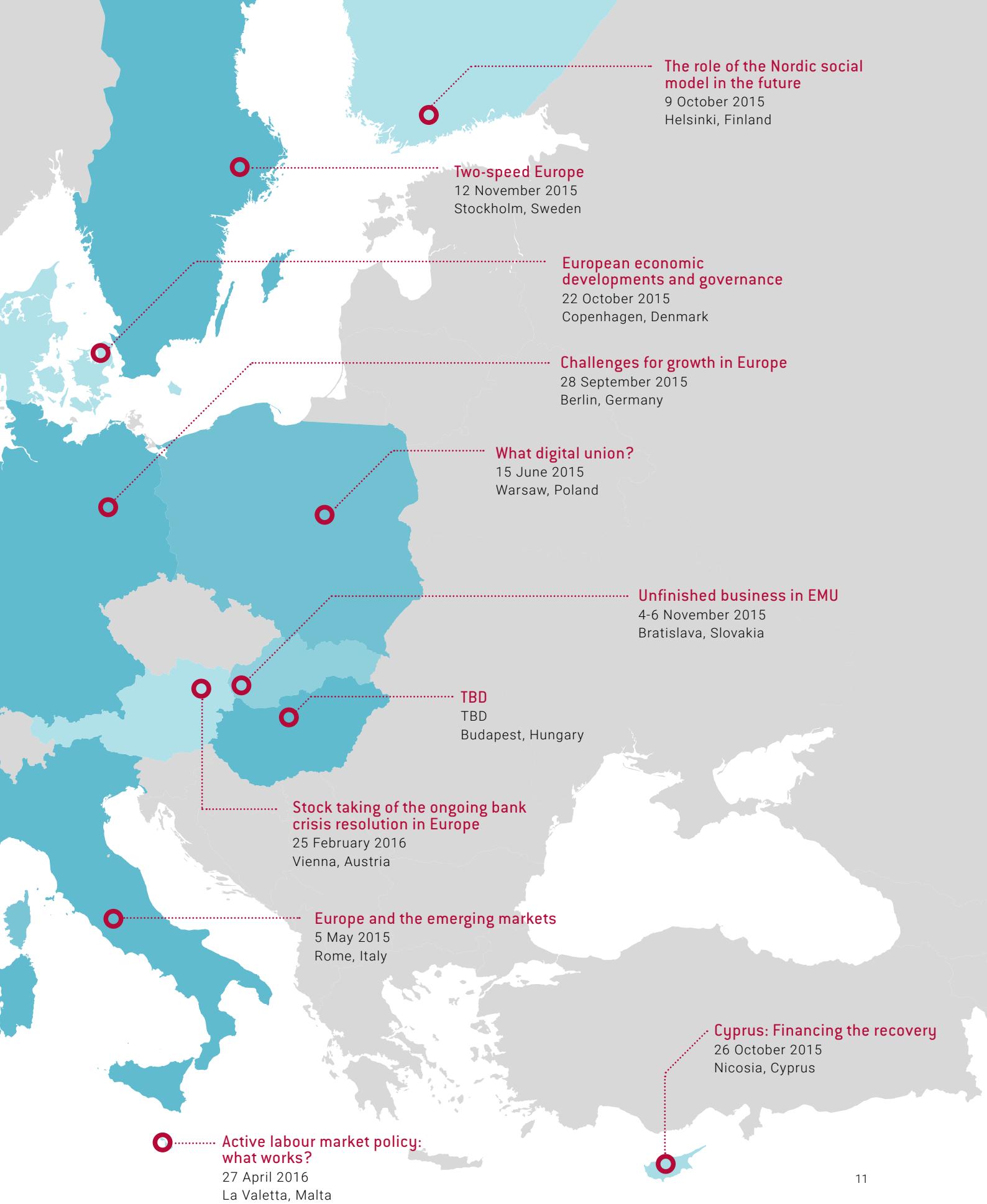
**Capital Markets Union: what's the vision  
for European debt capital markets?**  
21 October 2015  
London, United Kingdom

**How to complete monetary union**  
18 June 2015  
Paris, France

**Competitive gains in the  
Economic and Monetary  
Union**  
21 July 2015  
Madrid, Spain

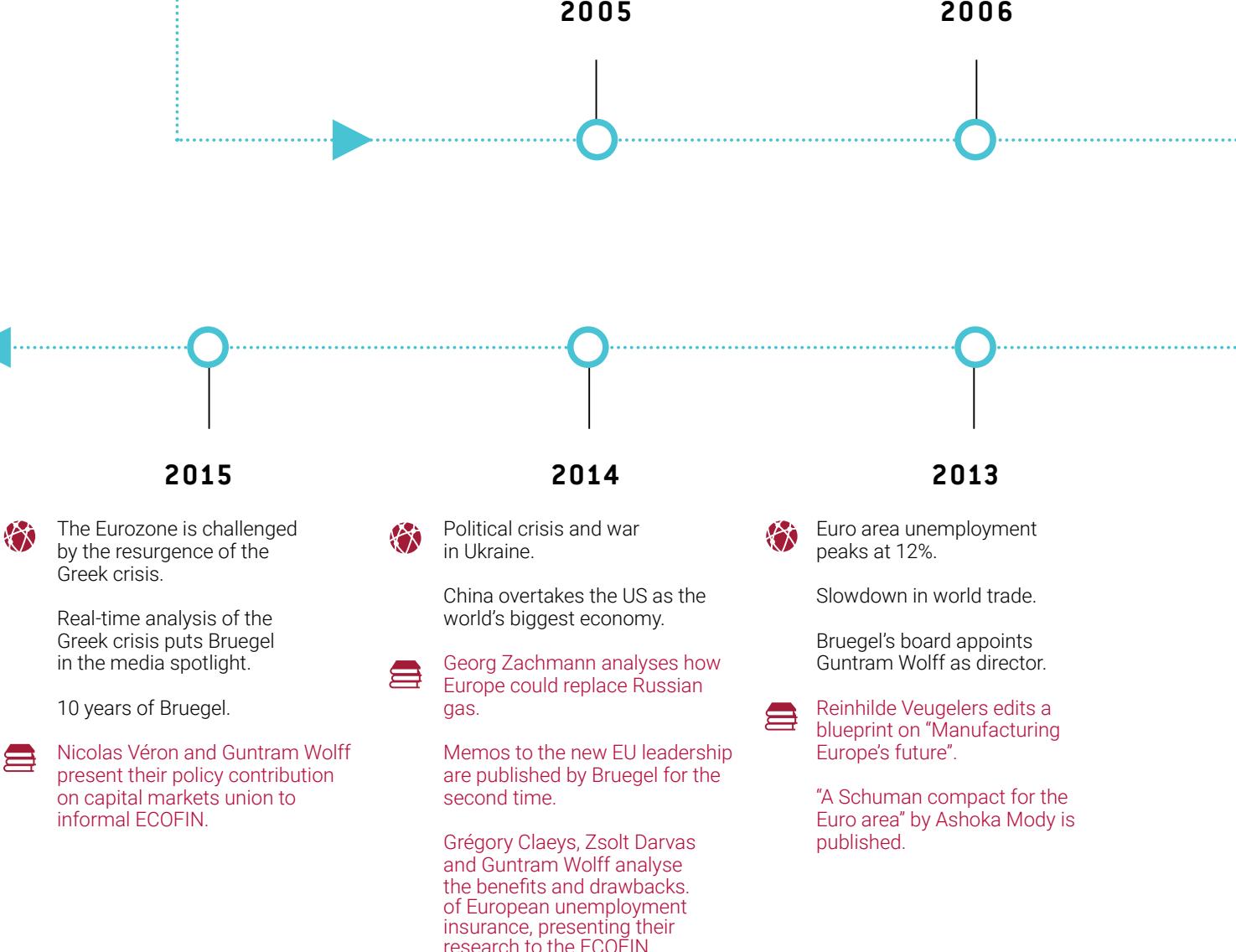
**The future of the single  
market**  
2 September  
The Hague, The Netherlands

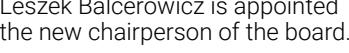
**Taking competitive-  
ness seriously**  
26 November 2015  
Luxembourg



# BRUEGEL

## *over the years*

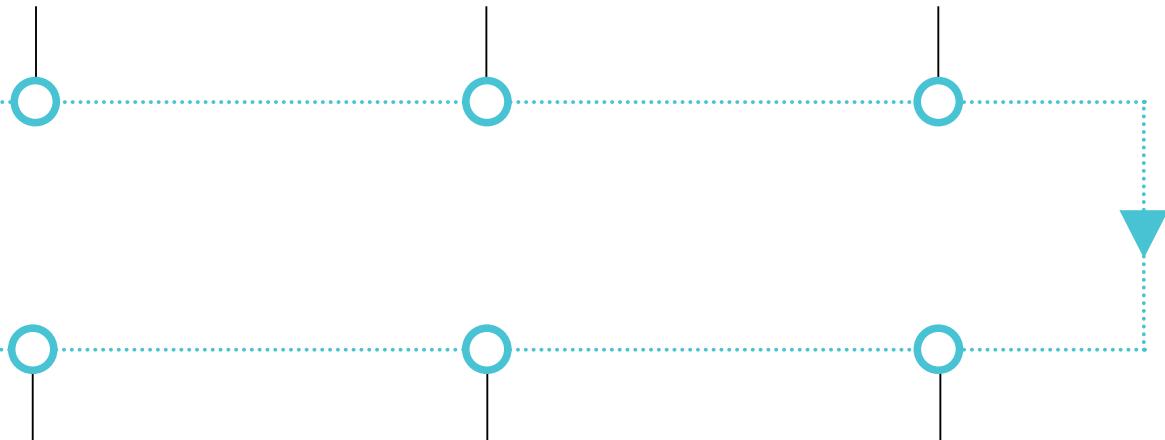


- |   |  |   |
|---|--|---|
|  The global economic crisis begins in the United States.<br> "Fragmented power: Europe and the global economy" published.<br> Bruegel blueprint on energy choices for Europe.<br> Nicolas Véron considers whether Europe is ready for a major banking crisis. |  In September Lehman Brothers collapses.<br> Cyprus and Malta join the euro.<br> Leszek Balcerowicz is appointed the new chairperson of the board. |  The United Nations Climate Change Conference in Copenhagen ends in disarray.<br> "Beyond Copenhagen: a climate policymaker's handbook" published.<br> Bruegel memos to the new European Commission are published. |
|---|--|---|

**2007**

**2008**

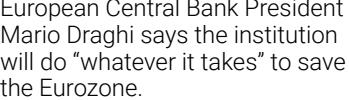
**2009**



**2012**

**2011**

**2010**

- |   |
|---|
|  Rating agencies downgrade 9 euro area sovereigns.<br> European Central Bank President Mario Draghi says the institution will do "whatever it takes" to save the Eurozone.<br> Zsolt Darvas publishes "The Greek debt trap: an escape plan". |
|---|

 European Stability Mechanism (ESM) treaty is signed.

Guntram Wolff is appointed deputy director by the board.  
 Bruegel elects a new board with Jean-Claude Trichet as chairperson.

 The crisis deepens in Europe; Greece and Ireland get financial assistance.

 Jakob von Weizsäcker and Jacques Delpla propose "Blue Bonds".

 Reinhilde Veugelers argues that EU greenhouse gas emissions should be reduced.

Zsolt Darvas, André Sapir and Jean Pisani-Ferry propose a comprehensive solution to the European crisis.

"What kind of fiscal union?" by Benedicta Marzinotto, André Sapir & Guntram Wolff is published.

# CELEBRATING *Bruegel's anniversary*



by  
Jean-Claude Trichet,  
chairman  
of Bruegel

10 years is a very young age. If you are a human being, you're still a young child and not even a teenager. For a think tank, which has to gain credibility and authority progressively, by repeatedly proving the wisdom of its analysis and demonstrating the pertinence of its policy recommendations over time, ten years represents even more extreme youth.

The paradox of Bruegel is that we are simultaneously celebrating a very early anniversary, and our extraordinary success in terms of global and European excellence. According to the 2014 report Global go to think tanks, published by the University of Pennsylvania, Bruegel ranked as the 2nd non-US think tank in the world; the 5th think tank in the world (US included);

and the think tank with the 3rd most significant impact on public policy worldwide.

To explain such success one has to take into account many factors.

First is the lucidity of the people, including Jean Pisani-Ferry, who launched the initial idea in late 2002. They were joined by policy makers, business leaders and individuals who demonstrated their enthusiasm for this project. They gradually gained the support of Germany and France, and

*"We are simultaneously celebrating a very early anniversary, and our extraordinary success in terms of global and European excellence".*

then of 12 European governments and 17 leading European corporations, in order to found the think tank.

Secondly, let us note the professional excellence and intellectual boldness of Bruegel's first team. Mario Monti, the first Chairman of the Board and Jean Pisani-Ferry, Project Manager and first Director, set up a core of researchers of remarkable quality. May I mention just a few: Alan Ahearne, Juan Delgado, André Sapir, Nicolas Véron, Jacob Von Weizsäcker.

Thirdly, the focus of Bruegel's research has been on issues of great policy relevance at both European and global levels. I remember how impressed I was by the pertinence of the research programme every year from 2005 to 2011, and the quality of the papers produced by such a small team of researchers. I was not always in agreement with all the analysis and all the policy recommendations of Bruegel's scholars. But it was precisely the intellectual independence of the scholars which I considered priceless. We were embarking on a period of unprecedented crisis, both global and European. In such periods, thinking out of the box is of the essence.

I would underline two issues where Bruegel's work was of great relevance. One is the economic governance of the euro area. From 2005 onwards, the ECB considered

increasing gaps in national competitiveness and persistent national divergences on economic, budgetary and financial matters major threats to the cohesion of the euro area. From that standpoint Bruegel's works were vital, particularly research by André Sapir and Guntram Wolff. Another issue was commercial banks and the financial vulnerability of the European Union and the euro area. Again Bruegel's papers were visionary, particularly research by Nicolas Véron.

Finally I would say that the ultimate explanation for Bruegel's extraordinary success is probably the moment and location of its birth. Bruegel was born in 2005, only two years before the start of the worst global financial crisis since World War II; Bruegel was born in Europe, and it is

precisely in Europe that one of the boldest historical economic and monetary endeavours ever started in human history is taking place. The encounter between the worst global financial crisis and this extraordinary European ambition has since 2009-2010 presented Bruegel with a set of unheard issues and problems which may be particularly acute and grave, but are also highly stimulating. Bruegel has proved that it is up to those intellectual challenges.

*"Bruegel was born in Europe, and it is precisely in Europe that one of the boldest historical economic and monetary endeavours ever started in human history is taking place."*

It has been a great honour for Mario Monti, Leszek Balcerowicz and, since 2012, myself to chair the Board of Bruegel. The Board reflects the diversity of the institution, with Board Members coming from government, business, academia and civil society. It has been a great privilege for me to work with Jean Pisani-Ferry and, since 2013, very closely with Guntram Wolff. The two successive Directors of Bruegel have been remarkable team leaders.

Jean's tenure at Bruegel was characterised by its response to the myriad facets of the acute European crisis. Guntram's Directorship was and will continue to be characterised by Europe's particular situation in a global economy marked by multiple crises. I am proud to report that the conditions for meeting these new challenges have been put in place, with increased resources, a bigger research team, dedicated analysis on how developments in Asia and emerging markets will affect Europe's future, and vigorous debates on the role that competition policy, innovation and developments in digital technology might play in helping Europe to significantly elevate its growth potential. Bruegel also continues to focus on European macroeconomics. The challenges are certainly no less than the ones we have faced in the recent past.

Long live our vigorous ten-year-old Bruegel!



Kerstin Bernoth (Hertie School), Luc Frieden (Deutsche Bank Group), and Guntram Wolff (Bruegel) at Bruegel's anniversary event "Challenges for growth in Europe" held in Berlin. — 28 September.



Alicia García-Herrero (Bruegel), Guntram Wolff (Bruegel), Christian Kastrop (OECD), Carlo Favero (Bocconi university), and Guonan Ma (Bruegel) at Bruegel's anniversary event "Europe and the emerging markets" held in Rome. — 5 May.



Harriet Baldwin (Economic Secretary to the H.M. Treasury UK) at Bruegel's anniversary event on the capital markets union organised in London. — 21 October.



Luis de Guindos (Spanish Minister of Economy and Competitiveness) with Zsolt Darvas (Bruegel) discussing competitive gains in the economic and monetary union at Bruegel's anniversary event in Madrid. — 21 July.

# 10 YEARS of Bruegel



by  
Guntram Wolff,  
Director of Bruegel

*"Messages not only need to be heard, they also need to be credible. Credibility comes from a track-record of honest and fact-based research. Bruegel carries out its work independently; but it is important that everyone can see this."*

In 2005, when I first came across Bruegel in a newspaper interview, I was immediately fascinated. Here was a truly European think tank that intended to achieve something with its economic research: to apply rigorous analysis to the most important topics of our time and effectively communicate conclusions to improve policy. I had just published research on fiscal accounting tricks in Greece and experts were discussing this – but as the basic political consensus was that we were living in stable times, and therefore debates on economic policy mistakes would never be front-page news, a wider discussion would not take place. Six years later, when I joined the Bruegel team, things had changed.

Joining a think tank in times of economic crisis was daunting. My new colleagues were a team of excellent scholars and we were not afraid to ponder the tough questions of our time and set the agenda in these discussions. Does the euro need a fiscal union and what should it look like? Should we restructure public debt? How can we shape a banking union and resolve banking fragilities? How should the EU deal with tensions between euro and non-euro area countries and with tensions in the Troika? How do we

deal with low inflation and which reforms trigger growth? Working on all of these issues with Jean Pisani-Ferry, André Sapir, Nicolas Véron, Zsolt Darvas, Reinhilde Veugelers and others was very rewarding. I was engaged in intellectual pursuits that had real-world impact.

After 4 years in a management position at Bruegel, first as Deputy and then as Director, I have learned that Bruegel's success is not just down to its research. Good research is key to any think tank's success, but if it is never taken up in policy circles it can become a pointless exercise. Effective communication has been essential in delivering messages to key stakeholders and in helping to set the policy agenda and Bruegel's communication team has been crucial to Bruegel's achievements in this area. They are also responsible for generating lively debate in the 80 or so events organised every year.

Messages not only need to be heard, they also need to be credible. Credibility comes from a track record of honest and fact-based research. Bruegel carries out its work independently; but it is important that everyone can see this. We are ranked as a think tank with the highest transparency standards, documenting every euro raised and spent in our annual reports. We have also introduced public disclosure of all financial and non-financial interests of

our core scholars. Thanks go to our Secretary General and his entire team for the steady work regarding this and many other issues that maintain Bruegel's reputation as a think tank of the highest standards.

*"Bruegel's voice of reasonable, pragmatic, rigorous and fact-based analysis, together with its credibility and independence, will be needed more than ever."*

Our membership - both public and private – is also central to our success. Without our membership Bruegel would not only lack the necessary resources, we would also lack partners that ask pertinent research questions, raise relevant topics and interact with us in many forms, while of course respecting our independence.

Last but not least, our Board, under the chairmanship of Jean-Claude Trichet, is an indispensable source of inspiration, guidance and support. I want to thank all Board Members for their dedicated work. Back in 2005 I was excited by a think tank carrying out research to improve economic policy. Little did I understand then just how many people and organisations contribute to all the many elements needed for Bruegel to be a success.

Celebrating 10 years also means reflecting on the next 10 years. Judging from today, these years will be characterised by increasing uncertainty, new economic difficulties around the world, rising tensions in Europe's neighbourhood, uncertain transformations in our labour markets and industries, climate change, energy transition and slowing growth. It is essential we offer solutions that are not based on reactionary populism, which is already a danger. Political tensions as a result of economic difficulties in the EU will continue to dominate the front pages. In such times, Bruegel's voice of reasonable, pragmatic, rigorous and fact-based analysis, together with its credibility and independence, will be needed more than ever. We will continue to develop visions, arguing for radical changes in policy direction whilst also promoting technical improvements to existing policies.

I am confident that with the support of our members and stakeholders, Bruegel's team will continue to improve economic policies. Let me thank all those who have supported us in the past and who support us now for sharing in our mission to contribute to better economic policies.



Günther Oettinger, Commissioner for the Digital Economy and Society, delivered the closing speech at Bruegel's 10th anniversary event on the digital economy. The event took place in Warsaw on 15 June 2015.

# PUTTING BRUEGEL

## *on the map*



by  
*Mario Monti,  
first Chairperson  
of Bruegel*

In summer 2004 I was about to leave the European Commission. The prospect of returning to the world of academia had a mixed flavour. For sure, it had been quite hard, ten years earlier, to abandon economic research and Bocconi University to become a commissioner, so a return to my origins had considerable appeal.

However, losing contact with the EU institutions and concrete policymaking would not have made me happy at all. Precisely when I was in that state of mind, Jean Pisani-Ferry came to my office with an idea. Of course I had known Jean, the reputed economist, for a long time. But on that occasion I discovered Jean,

the psychologist, the gentle persuader.

I mention this because I am convinced that a part of Bruegel's astonishingly rapid success is due to the affable, yet steely, way in which its first director approached prospective members, be they state or corporate members, scholars he intended to hire, the European institutions, national governments – or, indeed, the person he had decided should become the founding chairman of Bruegel.

As we spoke, Jean capitalised – with grace – on my ambivalent mood. Were I to accept

the proposal – which, he vaguely hinted, was seen with favour by the German and French governments – I would keep my roots in Brussels and maintain proximity to the EU institutions, whilst being able to explore my interest in policy-relevant economic research.

He even flattered me by saying that there were some concerns the project might be influenced too heavily by its initial Franco-German inspiration, so that the ideal chairman would be somebody who, as a commissioner, had shown visible independence vis-à-vis governments, including those of these two member states.

In autumn 2004, as soon as my mandate at the Commission was over, I accepted Jean's proposal and started working with him, with Caio Koch-Weser – with whom I had earlier had long and tough discussions in order to bring German public banks into line with EU state-aid rules – and with Nicolas Véron.

Our tasks ranged from the choice of a name for the new think-tank (I am not sure that everybody found sane my insistence on Bruegel, although I am confident that nobody now regrets that decision), through the subtleties of the institutional rules (crucial to enshrine a somewhat unnatural harmony between state and corporate members), to the initial research

***"I am convinced that a part of Bruegel's astonishingly rapid success is due to the affable, yet steely, way in which its first director approached prospective members"***

agenda and numerous other more and less exciting tasks.

Let me mention just two aspects – one de maximis and one de minimis – which demanded our total persistence and patience. Actually, both were decisive as we sought to put Bruegel quickly on the map: firstly on the map of top EU policy think tanks.

This was achieved through an abominable campaign of "collective abuse of dominant position", as I would have chastised just a few months earlier. The alleged perpetrators of the abuse – which was committed in a torrid night of June 2005, were the members of the Board of Directors of Bruegel, including Jim O'Neill, Caio Koch-Weser, Jean Pisani-Ferry – graceful as ever – and the undersigned distinguishing themselves for the cruelty of their behaviour.

The victim of the collective abuse was a senior fellow whom we were all very proud to have engaged in Bruegel, André Sapir. The aim of the abuse was to obtain from André a commitment to prepare, almost instantly, what we saw, probably rightly, as a make-or-break opportunity for the newly-born think-tank: a policy paper on globalisation and the reform of European social models.

At the invitation of the UK presidency, this was to be presented as the only external contribution to the forthcoming informal ECOFIN Council in Manchester. André did indeed give us that commitment. Whether it was voluntary, convinced and

enthusiastic has yet to be determined. Yet what matters is that the commitment was honoured in the way in which André does things, brilliantly.

Bruegel was placed, firmly, on the map of EU policy thinking. Historians might wonder where such a productive abuse took place, in that torrid night. The place was a private dining room of a Brussels restaurant, near Notre Dame du Sablon. Neither the name of the restaurant (Chez Marius), nor its subsequent fate (the restaurant was closed some months afterwards), should be construed as having any link whatsoever with the dubious activities of that night.

At the de minimis level, at least apparently, I vividly remember when Jean, Nicolas and I were looking for appropriate premises for Bruegel, in spring 2005. The offices that we finally selected proved very apt, in particular in terms of location and of symbolism. The building had, and has, among its many strengths, a rare but critical advantage: it is neither too far from the EU institutions, nor too close to them.

This is ideal for a team of people who want to see the policy issues of the EU with a well-developed sense of realism, but who value very highly their own full independence. As for the symbolism, being located on rue de la Charité probably amounts to a permanent subliminal reminder of the value of modesty.

It is thanks to its unique characteristics – of which I have highlighted just a few – that the success of Bruegel has been so rapid in comparison with its peers. According to the Think Tanks and Civil Society Program

*"The success of Bruegel has been so rapid in comparison with its peers. According to the Think Tanks and Civil Society Program at the University of Pennsylvania, Bruegel, now 10 years old, ranked in 2014 2nd among the Top Think Tanks Worldwide (non U.S.)."*

at the University of Pennsylvania, Bruegel, now 10 years old, ranked in 2014 2nd among the Top Think Tanks Worldwide

(non U.S.); the only one, which does better, is 95 years old. It ranks 3rd worldwide (1st outside the U.S.) among the Think Tanks with the Most Significant Impact on Public Policy ; the 1st and 2nd worldwide have the venerable age of 102, on average.

In conclusion, I am really grateful to Jean both for his outstanding work to establish quickly a high reputation for

Bruegel and for having the idea of involving me in this uniquely innovative experiment. I also praise Guntram Wolff for carrying the

torch as director with high distinction and success.

I am particularly proud to have been succeeded in the chair of the Board of Directors by two extraordinary leaders in economic thinking and policy making, Leszek Balcerowicz and Jean-Claude Trichet.

Perhaps never before was European integration confronted by so many fundamental challenges – or indeed real threats to its very survival. At least to some degree it is reassuring to know that, at Bruegel, some of the best minds are at work, in an environment of integrity and independence, to provide Europe with new ideas that may keep old ideals alive and strong.



France's Economy Minister Emmanuel Macron with Laurence Boone [Palais de l'Élysée], Jean Pisani-Ferry [France Stratégie], Guntram Wolff [Bruegel], and Selma Mahfouz [France Stratégie] at Bruegel's 10th anniversary event in Paris, held on 18 June 2015.



Valdis Dombrovskis [European Commission], Peter Kažimír [Finance Minister, Slovak Republic], Hans Jörg Schelling [Finance Minister, Austria], Edward Scicluna [Finance Minister, Malta] and Guntram Wolff [Bruegel] at the Tatra summit held in Bratislava on 5 November 2015.

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# BRUEGEL

## *An unlikely start-up*

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by  
Jean Pisani-Ferry,  
first Director  
of Bruegel

Bruegel was born out of an unusual openness to new ideas and an extraordinary coincidence of minds in the French and German Treasuries. The story of its birth is worth telling.

In October 2002 I had lunch with Nicolas Véron. He and I had separately developed an interest in the role of economic think tanks. I had just ended my term as Executive President of the French Prime Minister's Council of Economic Analysis and had joined the Treasury on a temporary basis to contribute to the preparation of the French G-7 presidency. I was planning to later join the IMF. Nicolas had started a financial consultancy after having worked in government and in an internet start-up.

We had both learned in government that good ideas are the rarest of all policy ingredients, and we had both observed that in Europe, the dialogue between researchers, practitioners and policymakers lacked intensity and relevance. For these reasons we were both keen on finding ways to promote evidence-based policy thinking in Europe and together we came up with the idea of an economic policy research organisation that would emulate the best US think tanks. We concluded from our exchange that this was an idea worth turning into a real project. Most likely, it would not succeed. But we felt that it had to be tried.

I started discussing the idea with colleagues within the French Treasury. I spoke

first to those in charge of European policies: Claire Waysand, Odile Renaud-Basso and Stéphane Pallez. I should have been discouraged, because from a bureaucratic standpoint the idea of creating a policy-devoted body outside the government machinery was a very odd one. But they did not discourage me, and instead expressed interest. I then spoke to Jean-Pierre Jouyet, the State Secretary (Directeur du Trésor), and he was equally supportive. Emboldened by these unexpected reactions I went to see Francis Mer, the Minister, whom I had known in his previous incarnation as a private-sector CEO while I directed and he chaired CEPII, the research institute. He was not a risk-adverse man and responded with encouragements.

On the German side the state secretary was Caio Koch-Weser, who had been recruited from the World Bank and had brought with him the Washington policy culture. He was nostalgic of the brown-bag seminars held at the Bank and the stimulating intellectual atmosphere of Washington-based international financial institutions. So when he heard about the project he was immediately keen on developing it. He wanted the new centre to be a lively forum for interaction and a birthplace for new ideas. With Jean-Pierre's support he became an essential driving force for it.

After the official blessing was given in January 2003 by president Chirac and chancellor Schröder on the occasion of the

40th anniversary of the Élysée treaty, serious discussions began between France and Germany. I was put in charge of the project for the French side and soon went to Berlin to meet my counterpart Christian Kastrop. Christian was also an untraditional bureaucrat: instead of the standard attitude of defiance vis-à-vis something that had not been invented at the ministry, he quickly developed ownership in the project. Together with his colleagues Norbert Hoekstra and Rita Schutt he formed a strong, opinionated but ultimately fervent crew.

*"Three things were needed before we could launch Bruegel: first, private members; second, a proper structure; third, a chairman and a director."*

Christian and I decided to task a team composed of Lionel Fontagné, the director of CEP II, and Willi Leibfritz of the OECD with the preparation of the scientific project. We assigned the crucial responsibility of preparing the statute to Reiner König, a former Bundesbank director, and Nicolas. Reiner and Nicolas were as different from each other as conceivable, but they worked wonderfully together and skilfully solved many of the problems raised by the creation of what would become Bruegel. The upfront investment we made in its design and governance turned out to be an extraordinarily profitable one.

Chancellor Schröder and President Chirac had wisely agreed that the future think tank would be located in Brussels rather than in France or Germany. Time therefore had come to approach Belgium. I went to see Peter Praet, whom I had known as Chief Economist of a major bank. He had been Chief of Staff of Finance Minister Didier Reynders before becoming a director with the central bank. Peter, who would later join Bruegel as a board member, was immediately enthusiastic. He introduced me to the minister, who committed support. He also

took the apparently more mundane decision to assign responsibility for the project to a young advisor, Stéphane Rottier. Stéphane proved extraordinarily effective in the next phase of the project, the discussions between states that actually led to the launch of Bruegel.

The discussions opened in October 2003 after ministers Hans Eichel and Francis Mer had expressed agreement on the outline prepared by our team. The Chirac-Schröder declaration had made clear that Bruegel could not remain Franco-German. So we invited all EU member states, the Commission and the ECB. It took a few months to move from a Franco-German outline to a shared project. A few individuals played a defining role in the process, especially Jan Donders of the Netherlands, Alicia García Herrero of Spain, Eduard Hochreiter of Austria, Carlo Monticelli of Italy, Sigurd Naess-Schmidt of Denmark, and Paul Rankin of the UK.

By March 2004 agreement was reached. Twelve states committed to supporting what was still known as the European Centre for International Economics, conditional on our ability to attract private members. We were thrilled that Hungary, Poland and Slovenia decided to take part from the outset, despite the fact that they were not yet members of the EU. Securing UK membership was particularly rewarding – as Jon Cunliffe, then at the Treasury, quipped in one of the meetings: "We are not very good at joining." The quid pro quo for UK membership was that states committed support to Bruegel for a 2-year period only and that they would continue financing it only if it were effective and able to attract private support. What initially looked like a limitation proved in fact to be a blessing: the only way to survive was to succeed – fast. Three things were needed before we

could launch Bruegel: first, private members; second, a proper structure; third, a chairman and a director.

Recruiting private members was essential to Bruegel's identity. But it was also a challenge. We had decided to set the membership fee at a relatively high level because our preference was for a few committed partners rather than a large number of indifferent members. Nicolas and I began to chase CEOs and to try to convince them to join. It was difficult, because we were offering neither direct service nor a way to indirect lobbying. I remember long discussions with a major and wealthy investment bank that resulted in their suggestion that they could discharge of the membership fee in kind, through engagement of their first-rate economists in our debates – we welcomed this, but also insisted on the cash component. Caio Koch-Weser helped to reach out to German companies, but as far as other countries were concerned, we had to do it all on our own. Given these hurdles, the fact that we were able to sign up 17 corporate members from 8 different countries (including the US) by late 2004 is testimony to the strong appeal of Bruegel's initial concept. Individuals such as Klaus Mangold at Daimler-Benz, Jim O'Neill at Goldman Sachs, and Louis Schweitzer at Renault were instrumental in this result.

To build the legal structure and make preparation for recruitment and operations, the state members appointed a Steering Group chaired by Sigurd Naess-Schmidt who had served as representative for the Danish finance ministry. Sigurd was very committed to the project and he helped considerably in the setting up of the initial structure.

Lastly, we needed a Chairperson. The dream chair existed in the person of Mario Monti,

then European Commissioner for Competition. He would bring academic background, intellectual authority, undisputable independence, and European commitment. But his availability was uncertain. Having been approached through his head of staff Marc Van Hoof and through fellow commissioner Pascal Lamy, an early supporter of the project, he had indicated sympathy for the idea. But other things could happen.

Fortunately (for us at least), things clarified and Mario's commitment materialised. His involvement quickly became very active. One detail preoccupied us: we did not have a proper name yet. We all wanted to avoid the four-letter acronyms so common in Brussels that they provide a guarantee of anonymity, but in spite of creative sessions with our communication guru Soizick Bévan and others, we had been unable to come up with a proper name. When told about the problem, Mario paused and asked: do you give me 24 hours? The next day, he came back with an idea – a pun on "BRUssels European and Global Economic Laboratory". Bruegel had found its name.

In December 2004 the first board was elected. It convened in January 2005. Mario was chosen as Chairman and I was appointed director. On 18 January 2005 we held the first press briefing, which Mario opened by saying that, not having been an enthusiastic supporter of each and every French, German, or Franco-German initiative when he was Commissioner, he could confess that the one that eventually led to the creation of Bruegel had been an excellent one. What followed is told by Nicolas in another article: the early days, the early staff, the first conference, the first paper. The start of an extraordinary journey that I am proud to have been part of.

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# BRUEGEL

## *a successful transition*

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by  
Leszek Balcerowicz,  
chairman of Bruegel  
from 2008 to 2012.

I was very proud to have been elected as successor to Mario Monti.

My time as a Chairman of Bruegel (2008-2011) overlapped with the global financial crisis.

This situation had increased the need for fact-based, high quality policy research, which would be widely communicated to the public and policy makers. I think that Bruegel successfully met this challenge.

For example, the number of media mentions about Bruegel's work increased from 400 in 2007 to 3,548 in 2011. Bruegel has also expanded in presence in the EU member states, especially in Central and Eastern Europe.

Of course, these successes were due, first of all, to the staff of Bruegel, ably directed by Jean Pisani-Ferry. It was a pleasure for me to work with them, and especially with Jean.



Jens Spahn, Parliamentary State Secretary of the German Federal Ministry of Finance, discussing stability and growth in Europe at Bruegel's 10th anniversary event in Berlin on 28 September 2015.



Andrus Ansip (European Commission), Karen E. Wilson (Bruegel), Robert Atkinson (Information Technology and Innovation Foundation), Eduardo Navarro de Carvalho (Telefónica), and Scott Marcus (Bruegel) at Bruegel's Annual Meetings on 7 September 2015.

# BRUEGEL'S *multiple births*



by  
Nicolas Véron,  
Senior Fellow

Almost exactly ten years ago, on 9 September 2005, Bruegel issued its first publication: André Sapir's study on "Globalisation and the Reform of European Social Models". This paper had been prepared at the suggestion of Bruegel's Board during the summer, and was discussed at the informal ECOFIN council meeting in Manchester (under the UK presidency) the same day. It quickly became a much-cited reference in the European economic debate and played a powerful role in establishing Bruegel's policy influence from the outset.

At that time, Bruegel had a fledgling team of eleven, of which eight had just joined in the previous few months. The initial core

of the research team, namely Alan Ahearne, now a senior Irish financial and monetary policymaker, Juan Delgado, who later became Chief Economist of the Spanish Competition Authority, Jakob von Weizsäcker, now a Member of the European Parliament, and André Sapir; two talented research assistants, Narcissa Balta, now at the European Commission, and Fulvio

Mulatero, also contributed. They were joined by Claire Delpeuch, a highly effective trainee who now works at the OECD and Sona Patel Amin, then administrative assistant and now Bruegel's operations manager. The "old-timers", so to say, were

Yvonne Hilario, office coordinator; Jean Pisani-Ferry, who had been appointed Bruegel's first Director back in January; and myself.

That year 2005 was effectively when Bruegel started. There were many milestones, all of them important. On 17 January, the board had its first meeting, at Brussels's timeworn University Foundation near the Royal Palace. Under Chairman Mario Monti's leadership, it adopted the name Bruegel – which Monti had himself suggested, playing on the idea of a "Brussels European and Global Economic Laboratory" – and marked the start of Bruegel actual operations. The day after, Monti and Pisani-Ferry held a press briefing in which the newborn was announced to the world, and received promising initial coverage.

*"2005 was effectively when Bruegel started. There were many milestones, all of them important. On 17 January, the board had its first meeting."*

Die Zeit emphasized the project's Gemütlichkeit, calling it "Bruegels Denkstube"; Libération noted approvingly that it might help Europe find a voice to match "les influents think tanks américains"; the Italian press understandably focused on what the Bruegel chairmanship suggested about Monti's future moves; and the Financial Times wrote "Monti recalled that Bruegel (the Elder, of course) was also known for his depiction of the Tower of Babel, which the think-tank would not resemble in the slightest." A few days later, columnist Brian Groom noted in the

same newspaper that "Initial fears at the European Commission that [Bruegel] would be another French-German manoeuvre to seize back the political initiative have turned out to be wide of the mark."

In April, graphic designer Jean-Yves Verdu created Bruegel's logo. At the same time, Bruegel moved to the offices it still occupies on the third floor of rue de la Charité 33/Liefdadigheidstraat 33 in Brussels. It held its first workshop there, on 13 May, on "Europe's productivity drift and how to reverse it". On 27-28 June it held its first high-level conference on the challenge to multilateralism from regional trade agreements, a theme that also resonates these days, in the historic Erasmus House in Anderlecht. After the September publication of the "Sapir Paper", a policy brief version was published on 24 October, in the now-familiar eight-page format designed by Verdu which effectively initiated Bruegel's publication series.

*"Even though the events of 2005 felt like a series of beginnings, they were also the culmination of a process of gestation that had started three years earlier. Both Jean Pisani-Ferry and I had been thinking about the possibility of a new European think tank."*

Even though the events of 2005 felt like a series of beginnings, they were also the culmination of a process of gestation that had started three years earlier. Both Jean Pisani-Ferry and I had been thinking about the possibility of a new European think tank, first on separate tracks and then jointly after a lunchtime conversation in Paris on 18 October 2002. The project was launched on 22 January 2003, by Jacques Chirac and Gerhard Schröder as part of the joint French-German declaration on the 40th anniversary of the

de Gaulle-Adenauer Elysée Treaty. After some delays, it was then further elaborated by a French-German working group that brought it to discussion within the European Economic and Financial Committee, initially introduced by Jean-Pierre Jouyet and Caio Koch-Weser on behalf of their respective finance ministries.

On 9 March 2004, eleven EU member states (Belgium, Denmark, France, Germany, Hungary, Ireland, Italy, the Netherlands, Poland, Spain, and – last but never least – the UK) announced their initial agreement to support Bruegel's launch, conditional on successful fundraising from the private sector that was secured later in 2004. Pisani-Ferry was appointed project manager on 1 April 2004, and the legal entity that is Bruegel was formally created on 10 August 2004. This paved the way for the formation of Bruegel's first board, which Monti accepted to chair shortly after leaving the European Commission in late October 2004. During that period, Bruegel also received invaluable pro-bono support from Soizick Bévan, a strategy consultant who helped create a strong and clear identity from the outset.

All these dates were, each in its own way, birthdates of the new think tank. Since then Bruegel has gained recognition and reputation, indeed more quickly than its founders initially thought possible. May it experience many more decades of success, expansion, and hard work.

*This text was adapted by the author from a blog post that was published on 20 April 2015.*



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**BRUEGEL**  
*at a glance*



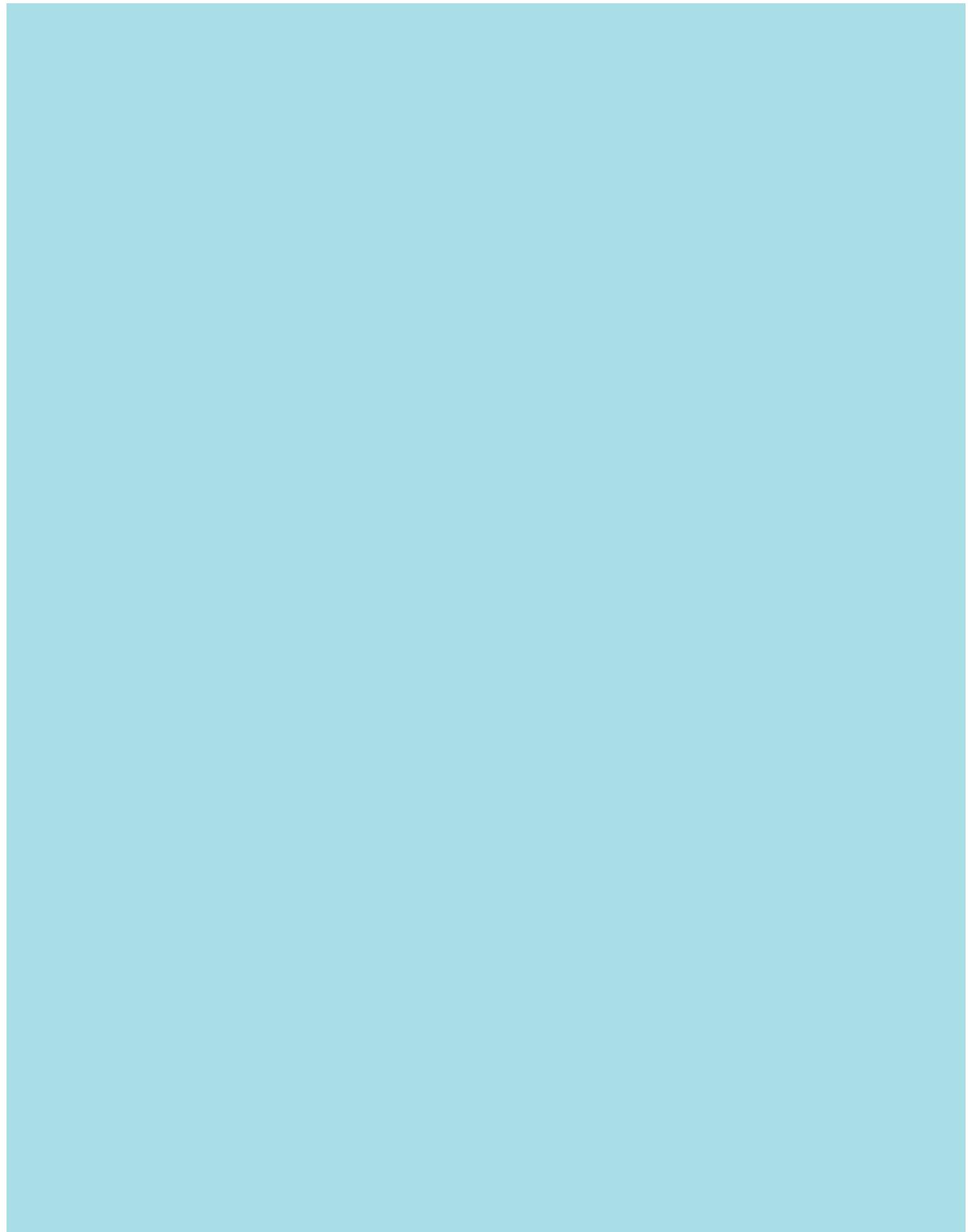
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**B**ruegel is a European think tank specialising in economics. Established in 2005, Bruegel is independent and non-doctrinal.

Its mission is to improve the quality of economic policy with open and fact-based research, analysis and debate. Bruegel's membership includes EU member state governments, international corporations and institutions.

Thanks to our dual focus on analysis and impact, and our dynamic relationships with policymakers at every level of governance, we have established ourselves as a vibrant laboratory for economic policy.

Bruegel contributes at various stages of policy making: setting the agenda, shaping fast-moving policy debates in real time and evaluating policies to propose improvements.

# THE BUILDING BLOCKS *of Bruegel*

## EVIDENCE-BASED POLICY RECOMMENDATIONS

Bruegel fellows draw on analysis to assess economic transformations, discuss policy options and propose recommendations, while always keeping an eye on their practical feasibility. Bruegel does not stand for any particular policy doctrine.

## LINKING GOVERNMENT, RESEARCH, BUSINESS AND CIVIL SOCIETY

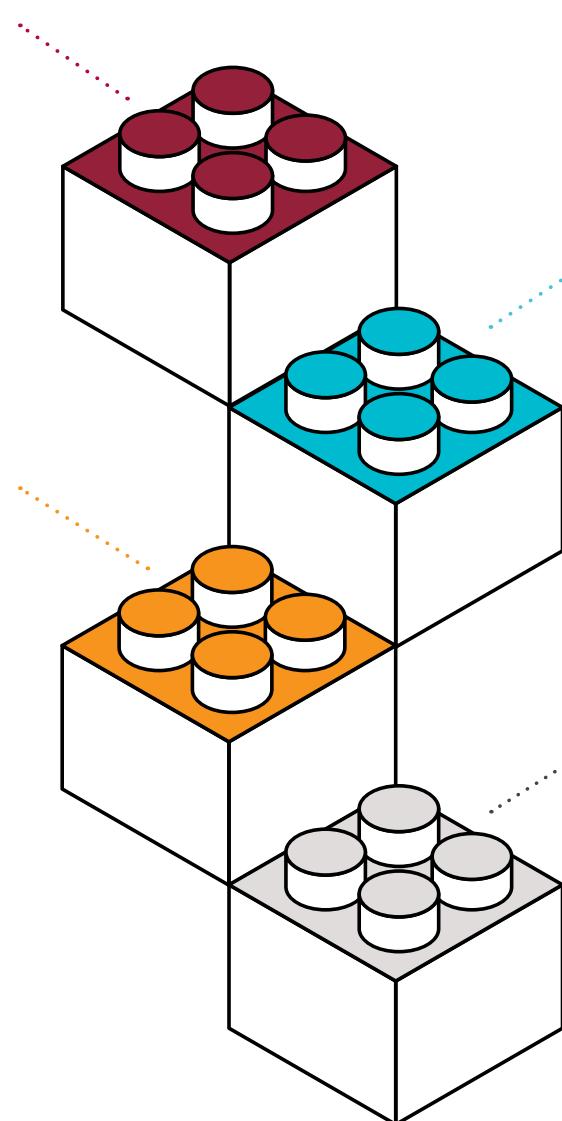
Bruegel provides a forum for informed policy discussions between individuals from diverse backgrounds and sectors through publications, events, social media and its blog. Bruegel also cooperates with leading European and international research institutions on specific research projects or exchange programmes.

## DEMAND-DRIVEN QUESTIONS, INDEPENDENT ANSWERS

Bruegel's diverse stakeholders, including members, design the research programme collaboratively. The board takes the final decision on the research programme. Once a research topic is chosen, however, research is carried out independently. All publications are released under the signature of their authors. Bruegel takes no institutional standpoint. The director exercises editorial oversight and quality control.

## EUROPEAN IDENTITY, OUTWARD-ORIENTED FOCUS

Bruegel's scholars address policy areas relevant to individual countries, the European Union, global governance groups and international organisations. Interactions with decision-makers take place at every governance level and in many parts of the world.



# *A word on*

## TRANSPARENCY

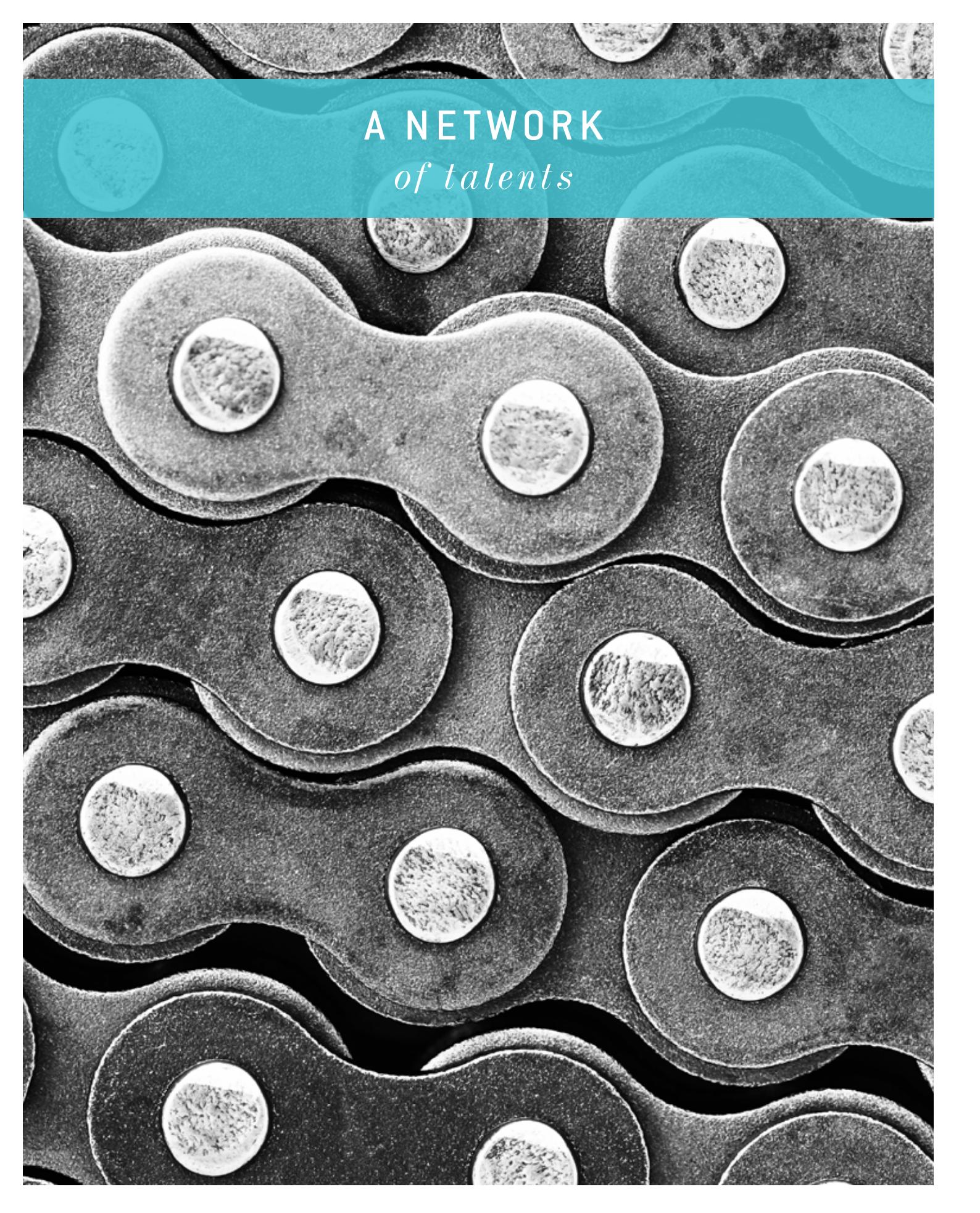
Independence and integrity are essential for the credibility of any think tank. Transparify, an independent NGO, has repeatedly awarded Bruegel five stars out of five for transparency, recognising its openness about financing and governance. However, transparency is about more than just money.

Bruegel's statement on research integrity, adopted by the board in May 2006, is available on our website. The statement sets out rules for the avoidance of political, national or commercial conflicts of interest which could harm the integrity of Bruegel's research. Bruegel researchers and senior staff promise to abide by this statement when they sign contracts with Bruegel.

Scholars and managers also make an annual declaration of outside interests, which is available on the Bruegel website. These interests are not just financial: it is important for readers to be aware of other potential influences on a scholar's work. These public declarations are extensive in the areas they cover and represent a new standard in public transparency for think tanks.

Every three years the scientific council delivers an evaluation report. This report informs the research strategy and serves as a basis for the work of the review task force, a diverse and independent group appointed by members every three years to evaluate all aspects of Bruegel's work, from research to management.

Finally, Bruegel's commitment to transparency means that we publish detailed financial statements every year in our Annual Report (see page 100). Our accounts are independently audited. We detail where every cent of the budget comes from, and we also report spending along nine spending lines. The financial statements clearly show what every member contributed in any one year, a level of transparency that is rare in our sector. State members of Bruegel also have the right to audit Bruegel at any time.



A NETWORK  
*of talents*

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*Bruegel relies on a team that is both international and diverse in its expertise.*

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**Resident scholars** are part of the core team in Brussels. The team includes senior fellows, research fellows and affiliate fellows.

**Non-resident scholars** are active contributors based outside Brussels.

**Fellows-at-large** are former fellows whose current positions prevent them from commenting directly on the policy-making process, but who still wish to engage internally or to contribute.

Bruegel strives for a geographically diverse team. **Visiting fellows** add to this diversity, coming from internationally recognised institutes (NIRA, CASS, ICRIER, Canon Institute for Global Studies, Sabanci University, University of Glasgow, etc). Through this programme, research scholars and policymakers stay at Bruegel temporarily to conduct research work. They interact with other fellows, members and a wider audience by speaking at events.

All fellows rely on a team of **research assistants and research interns** whose skills and commitment are gratefully acknowledged.

A dedicated **non-research team** is responsible for the daily management, outreach and development of the organisation.

## CARLO ALTMONTE

*Non-resident fellow*



Carlo's research focuses on international trade and investment, the political economy of globalisation and the process of European integration. He is associate professor of economics of European integration at Bocconi University, and professor of macroeconomics and the international business environment at SDA Bocconi School of Management. He received his PhD in applied economics from the Catholic University of Leuven.

## MICHIEL BIJLSMA

*Non-resident fellow*



Michiel focuses on the added value of the financial sector and structural differences between the financial sector in Europe and in the USA. He is programme leader for financial markets at the Netherlands Bureau for Economic Policy Analysis (CPB). After a PhD in theoretical physics at the University of Utrecht, he was a consultant at Ernst & Young and senior economist at The Netherlands' Competition Authority.

## GRÉGORY CLAEYS

*Research fellow*



Grégory's research interests include international macroeconomics and finance, central banking and European governance. From 2006 to 2009 Grégory worked as an economist in the Research Department of the French bank Crédit Agricole. Prior to joining Bruegel he also conducted research in several capacities. Grégory is also an Associate Professor at the Conservatoire National des Arts et Métiers in Paris where he teaches macroeconomics. He previously taught undergraduate macroeconomics at Sciences Po in Paris. He holds a PhD in economics from the European University Institute (Florence), an MSc in economics from Paris X University and an MSc in management from HEC (Paris).

## JÉRÉMIE COHEN-SETTON

*Non-resident affiliate fellow*



Jérémie produces a weekly review of economic blogs for the Bruegel website, summarising online debate and opinion about key topical issues. He is a PhD candidate in economics at UC Berkeley. He was previously an economist at the UK Treasury.

## MAREK DABROWSKI

*Non-resident fellow*



Marek focuses on economic reforms and prospects in Russia, Ukraine and central Europe. He is a professor at the Higher School of Economics in Moscow and was a fellow under the 2014-2015 fellowship initiative of the European Commission. He was previously first deputy minister of finance of Poland, a member of the Polish Parliament and a member of the Monetary Policy Council of the National Bank of Poland.

## ZSOLT DARVAS

*Senior fellow*



Zsolt's research interests include macroeconomics, international economics, central banking and time-series analysis. He is also research fellow at the Institute of Economics of the Hungarian Academy of Sciences and associate professor at the Corvinus University of Budapest. From 2005 to 2008, he was research adviser to the Argenta Financial Research Group in Budapest. Zsolt holds a PhD in economics from Corvinus University of Budapest.

## A PHENOMENAL LEARNING EXPERIENCE

*"During my summer traineeship I learned a lot about what research should look like, and how it can be used to improve and develop policy. But what I appreciated most about Bruegel was its exceptional working environment. Everyone in the office treated us with much acceptance and flexibility, despite our inexperience and our distinct background."*

Grace Choi,  
Intern, summer 2015

## ALICIA GARCÍA-HERRERO

*Senior fellow*



Alicia García-Herrero is a senior fellow at Bruegel and a non-resident research fellow at Real Instituto El Cano. She is also chief economist for the Asia Pacific at NATIXIS. Alicia is currently adjunct professor at City University of Hong Kong and Hong Kong University of Science and Technology (HKUST) and visiting faculty at China-Europe International Business School (CEIBS). Alicia holds a PhD in economics from George Washington University and has published extensively in journals and books.

## MARK HALLERBERG

*Non-resident fellow*



Mark researches political economy, fiscal policy and fiscal institutions and banking supervision. He is professor of public management and political economy at the Hertie School of Governance and is director of Hertie's Fiscal Governance Centre. He has held professorships at Emory University, the University of Pittsburgh, and the Georgia Institute of Technology and holds a PhD from the University of California in Los Angeles.

## PIA HÜTTL

*Affiliate fellow*



Pia's research interests include macroeconomics, international economics and European political economy. She holds a bachelor's degree in European economics and a master's degree in international economics from the University of Rome Tor Vergata. She also holds a master's degree in European political economy from the London School of Economics.

## GUONAN MA

*Non-resident fellow*



Guonan's research focuses on Chinese monetary policy. He was a senior economist at the Representative Office for Asia and the Pacific at the Bank for International Settlements (BIS). Before joining the BIS in 2001, he worked as a chief North Asia economist at various investment banks, including Merrill Lynch, Salomon Smith Barney and Bankers Trust. Guonan was also a lecturer and research fellow at the Australian National University and holds a PhD.

## DALIA MARIN

*Non-resident fellow*



Dalia's research interests are in the area of international economics, corporate finance and the organisation of the firm, and emerging market economies. She holds the chair in international economics at the University of Munich. Dalia is a fellow of the Centre for Economic Policy Research (CEPR), London, and member of the International Trade and Organization Working Group of the National Bureau of Economic Research (NBER) in Cambridge. She has been team leader at the Russian European Center for Economic Policy in Moscow and has acted as a consultant for international organizations.

## SILVIA MERLER

*Affiliate fellow*



Silvia's research focuses on international macro and financial economics, central banking and EU institutions and policymaking. She has written on various aspects of the sovereign banking crisis, on monetary policy, macroeconomic imbalances and adjustment and the dynamics of capital flows in the euro area. Silvia was an economic analyst at the European Commission (DG ECFIN), providing supportive analysis for the policy negotiations around the European Stability Mechanism. Silvia holds an MSc in economics and social sciences at Bocconi University in Milan.

## MARIO MARINIELLO

*Fellow-at-large (research fellow until August 2015)*



Mario's work focuses on European competition policy and regulation issues. He holds a PhD in industrial organisation from the European University Institute of Fiesole (Florence) and an MSc in economics from CORIPE (Turin). He also participated in the drafting of new European Guidelines for the application of Article 101 of the TFEU to Horizontal Cooperation Agreements. He is currently working at the European Strategic Policy Centre.

## ASHOKA MODY

*Non-resident fellow*



Ashoka Mody researches financial institutions and governance, and works especially on the euro-area crisis. He is visiting professor in international economic policy at the Woodrow Wilson School, Princeton University. Previously, at the IMF, he was responsible for Article IV consultations, and for the design of Ireland's financial rescue programme. He has held management positions at the World Bank and advised governments worldwide on development and financial policies.

## JIM O'NEILL

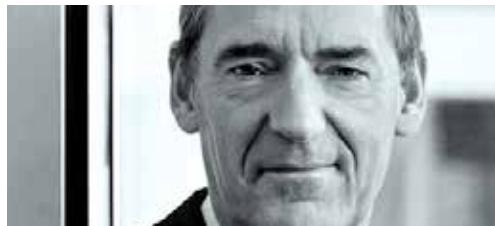
*Fellow-at-large (non-resident fellow until May 2015)*



### RIGOROUS ANALYTICS, A CULTURE OF LEARNING AND A SPIRIT OF COLLEGIALITY

*"I was drawn to Bruegel by its thoughtful environment and academic rigour. My experience has included a good mix of opportunities to meet and learn from top-notch senior researchers, as well as talented young researchers from different fields. During my time at Bruegel I was continuously pushed intellectually in my own field. The deep expertise at Bruegel has helped me to develop creative approaches to my research projects."*

Jun Zhou, visiting fellow,  
Zhejiang Wanli University



Jim was appointed commercial secretary to the UK Treasury in May 2015. Prior to his appointment, his research for Bruegel focused on changing global trade patterns, emerging markets and how to get higher sustainable economic growth. He served on the Bruegel board from its inception until 2013. Jim is the creator of the acronyms BRICs and MINTs. He worked for many years at Goldman Sachs, specialising in currencies and asset management. Jim also does philanthropic work in the field of education.

## ANDRÉ SAPIR

*Senior fellow*



André's research focuses on international trade, European governance, and global and European macroeconomics. He is a professor of economics at the Brussels Free University (ULB) and an economic adviser to the president of the European Commission. He is vice-chair and former chair of the scientific council of the European Systemic Risk Board. In 2004 he published "An Agenda for a Growing Europe", a report for the president of the commission by a group of independent experts that is known as the Sapir report. André holds a PhD in economics from Johns Hopkins University. He is also a research fellow of the Centre for Economic Policy Research (CEPR).

## DIRK SCHOENMAKER

*Senior fellow*



Dirk has published research on central banking, financial supervision and stability, European financial integration and climate change. He is a professor of banking and finance at Rotterdam School of Management, Erasmus University Rotterdam. He is also a member of the Advisory Scientific Committee of the European Systemic Risk Board at the ECB and a research fellow at the Centre for European Policy Research (CEPR). Dirk was dean of the Duisenberg school of finance from 2009 to 2015. From 1998 to 2008, he served at the Netherlands Ministry of Finance.

## ALESSIO TERZI

*Affiliate fellow*



Alessio's research interests include structural reforms, competitiveness, governance of the economic and monetary union (EMU) and the G20. He was a research analyst in the EMU governance division of the European Central Bank and a research assistant at Bruegel. He has also worked for the macroeconomic forecasting unit of DG ECFIN (European Commission), for the Scottish Parliament's Financial Scrutiny Unit and Business Monitor International. Alessio holds an MPA in European public and economic policy from the London School of Economics. He is currently a PhD candidate at the Hertie School of Governance in Berlin.

## SIMONE TAGLIAPIETRA

*Research fellow*



Simone is an expert in international energy and climate issues. Before joining Bruegel he spent a year in Istanbul as a visiting researcher at the Istanbul Policy Center at Sabanci University. He is also senior researcher at the Fondazione Eni Enrico Mattei. He holds a master's degree in international relations from the Faculty of Political and Social Sciences of the Università Cattolica del Sacro Cuore in Milan, where he completed his PhD on European and Mediterranean energy relations at the Department of International Economics, Institutions and Development.

## NICOLAS VÉRON

*Senior fellow*



Nicolas' research is about financial systems and financial reform around the world, including global financial regulatory initiatives and current developments in the European Union. He was a co-founder of Bruegel in 2002. He joined the Peterson Institute as a visiting fellow in 2009 and divides his time between the US and Europe. Nicolas has authored or co-authored numerous policy papers on issues including banking supervision and crisis management, financial reporting, the euro-area policy framework and economic nationalism. He has testified to the European Parliament and US Congress committees.

## **REINHILDE VEUGELERS**

*Senior fellow*



Reinhilde's research focuses on industrial organisation, international economics and strategy, innovation, and science. She is a full professor at the University of Leuven in the Department of Management, Strategy and Innovation. She has been a senior fellow at Bruegel since 2009. She is also a CEPR research fellow and a member of the Royal Flemish Academy of Belgium for Sciences. From 2004-2008, she was an adviser for the European Commission's Bureau of European Policy Analysis (BEPA). She was the president-elect of EARIE (European Association for Research in Industrial Economics). She currently serves on the ERC Scientific Council.

## **GUNTRAM WOLFF**

*Director*



Guntram has been the director of Bruegel since June 2013. He previously served as deputy director. His research focuses on the European economy and governance, fiscal and monetary policy and global finance. He regularly testifies to the European Finance Ministers' ECOFIN meeting, the European Parliament, and national parliaments. He is a member of the French prime minister's economic advisory council. He joined Bruegel from the European Commission, where he worked on the macroeconomics and governance of the euro area. Guntram holds a PhD from the University of Bonn and has taught economics in Pittsburgh and Brussels.

## **KAREN WILSON**

*Senior fellow*



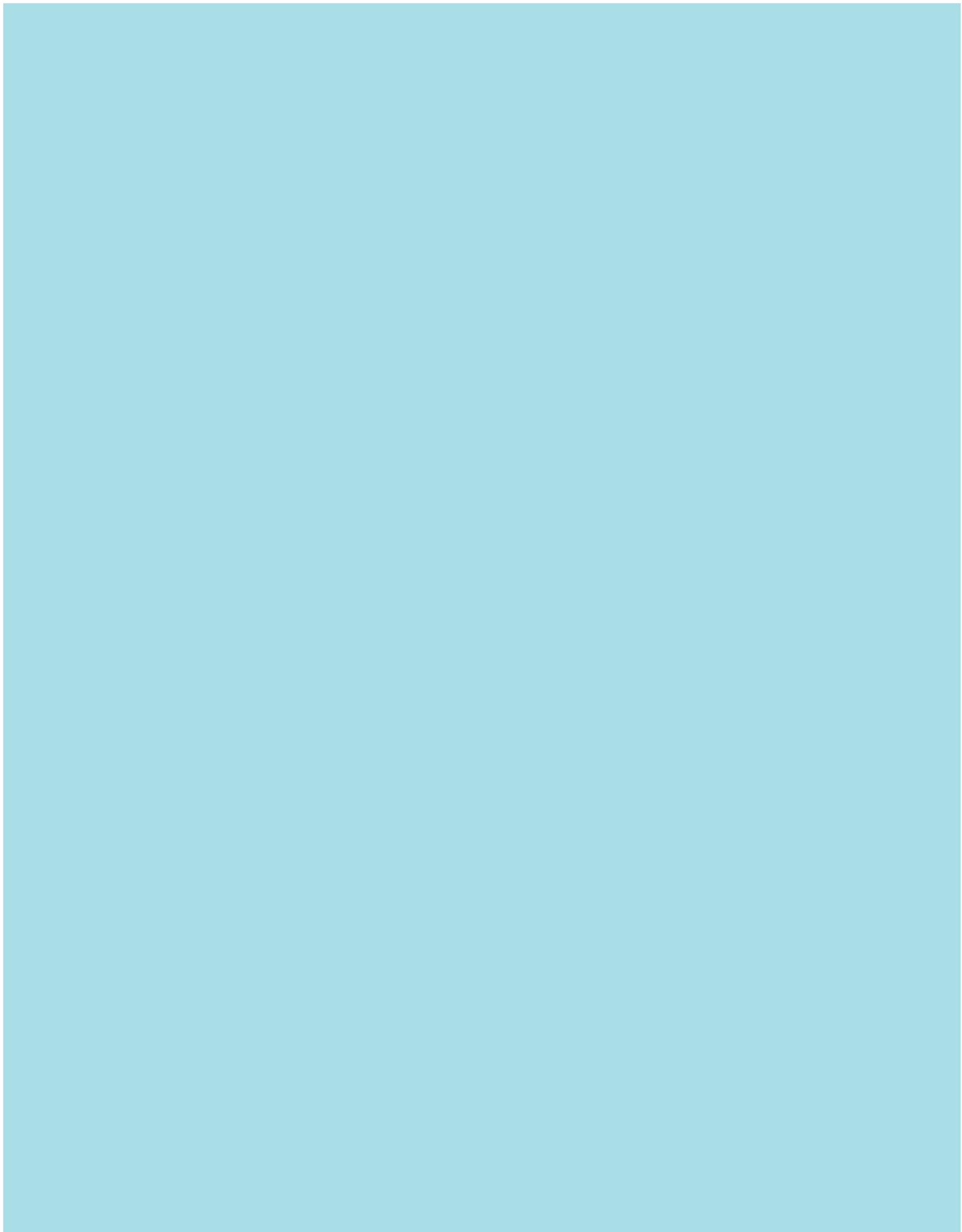
Karen's work at Bruegel focuses on entrepreneurship and innovation. She has worked in the structural policy division of the Science, Technology and Industry Directorate at the OECD since 2009 and served as a senior fellow at the Kauffman Foundation from 2008-2012. She is an associate fellow at the Said Business School at Oxford University and a visiting lecturer at the Stockholm School of Economics in Riga. Karen is the founder of GV Partners, a research and consulting firm created in 2004. She received, with honours, a Bachelor of Science in Mathematics and Management from Carnegie Mellon University and an MBA from Harvard Business School.

## **GEORG ZACHMANN**

*Senior fellow*



Georg's work at Bruegel focuses on energy and climate change issues. He is also an expert on Ukraine. He is a member of the German Advisory Group in Ukraine and the German Economic Team in Belarus and Moldova. Prior to this, he worked at the German Ministry of Finance and the German Institute for Economic Research in Berlin. He has worked on the EU emissions trading system, the European electricity market and European renewables policy. In addition he covers fuel and commodity markets. Georg holds a PhD from the Technical University of Dresden, and a diploma in economics from Humboldt University, Berlin.



# STAFF

## *list*



### DIRECTOR

Guntram Wolff

### RESIDENT SCHOLARS

Grégory Claeys	Simone Tagliapietra
Zsolt Darvas	Alessio Terzi
Alicia García-Herrero	Reinhilde Veugelers
Pia Hüttl	Nicolas Véron
Silvia Merler	Karen Wilson
Georgios Petropoulos	Guntram Wolff
André Sapir	Georg Zachmann
Dirk Schoenmaker	

### NON-RESIDENT SCHOLARS

Philippe Aghion	Henrik Horn
Alan Ahearne	Guonan Ma
Carlo Altomonte	Dalia Marin
Tommaso Aquilante	Ashoka Mody
Michiel Bijlsma	Emmanuel Mourlon-Druol
Jérémie Cohen-Setton	Gianmarco Ottaviano
Marek Dabrowski	Francesco Papadia
Michał Grajek	Jörg Rocholl
Jürgen von Hagen	Bruno van Pottelsberghe
Mark Hallerberg	Jürgen von Hagen

### VISITING SCHOLARS IN 2015

Massimo Bordignon	
Scott Marcus	
Jun Zhou	

### FELLOWS-AT-LARGE

Ignazio Angeloni	Rainer Münz
Mario Mariniello	Jim O'Neill
Benedicta Marzinotto	Shahin Vallée

### RESEARCH ASSISTANTS

Uuriintuya Batsaikhan	Domenico Favino
Bennet Berger	Alvaro Leandro
Nuria Boot	Elena Vaccarino

### RESEARCH INTERNS

Jaume Martí Romero	
Luca Nocciola	



#### NON-RESEARCH TEAM

Cristina Bonafé Public funding coordinator	Cécile Lavis HR & payroll officer	Guntram Wolff Director
Stephen Gardner Editor	Amila Madzak Development intern	Matt Dann Secretary general
Zouhir Khelili Junior accountant	Áine Quinn Press officer	Paola Maniga Development manager
Katja Knezevic Operations coordinator	Matilda Sevón Events manager	Giuseppe Porcaro Head of communications and events
Michel Krmek Online communications officer	Scarlett Varga Partnerships coordinator	
Alma Kurtovic Management assistant	Bryn Watkins Events and communications officer	

#### MANAGEMENT TEAM

Bruegel is also grateful all those who worked at Bruegel during 2015:

**Non-research staff:** Sona Patel-Amin, Isabella Rota Baldini.

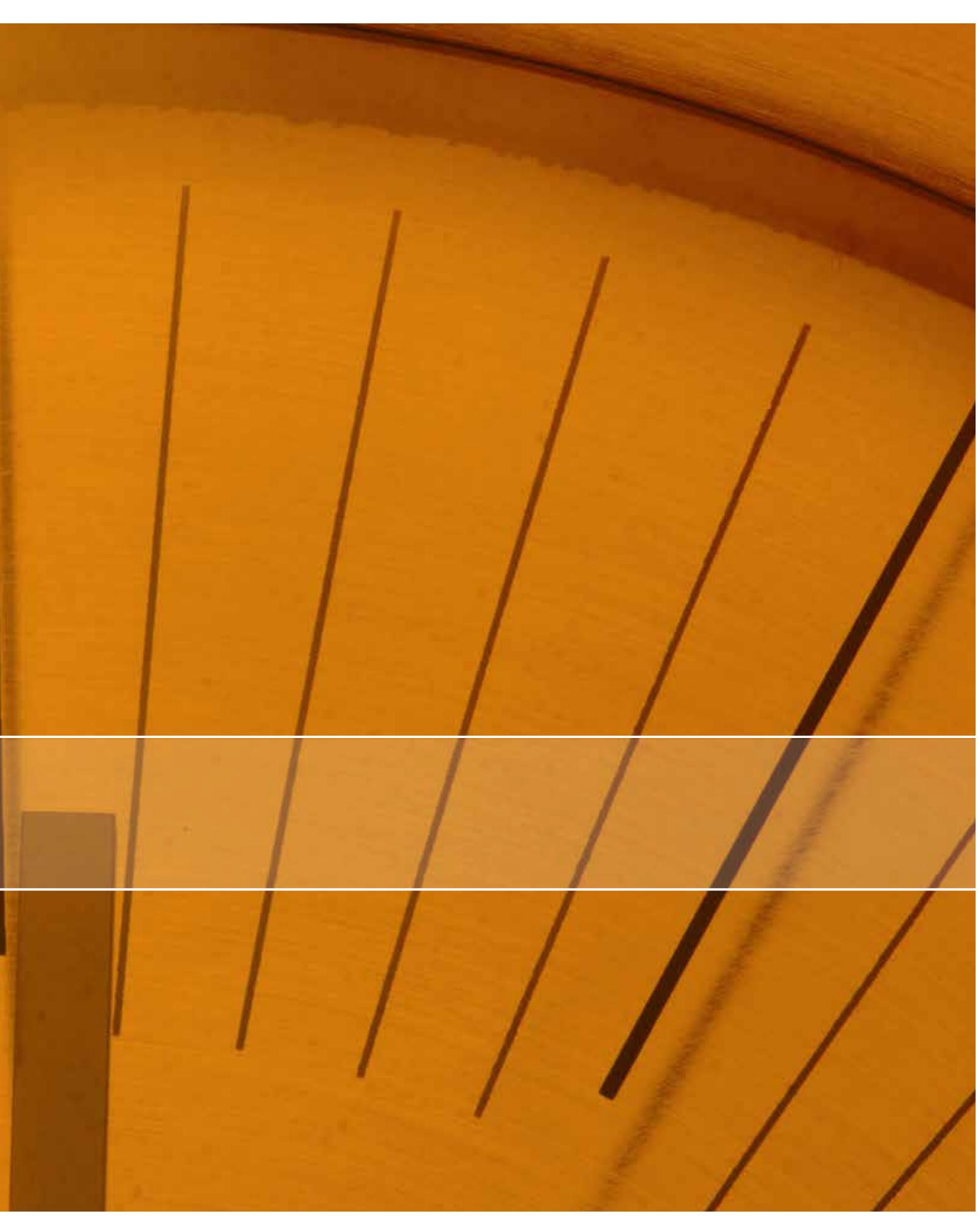
**Non-research interns:** Jeremy Apert, Amanda Peiris, Ava Rahbari, Ryan Walsh.

**Research assistants:** Diogo Machado, Afrola Plaku, Francesco Salemi, Burak Turkoglu, Thomas Walsh.

**Research interns:** Grace Choi, Augustin Lagarde, Allison Mandra, Hallie Saunders, Hope Sheils, Ameena Tawakol.

3

POLICY  
*impact*



Improving and developing public debate is a cornerstone of our strategy to persuade policymakers to take the recommendations of Bruegel scholars on board. Through our publications, social media, our blog and press outreach, Bruegel has carved out a discussion space for those interested in improving economic policy and those who make it.

## WE RELEASED 46 PUBLICATIONS

Our diverse editorial output is tailored to reach different audiences.

**Policy briefs** are aimed primarily at a policy audience and provide concise analysis of current issues plus concrete policy recommendations. They are designed to have an impact ahead of policy development or in the evaluation of existing policy frameworks.

**Policy contributions** are focused and concise analytical papers, which contribute to ongoing policy debates while measures are being drafted. They also include testimonies at hearings or responses to political consultation papers during earlier stages of policy making.

**Working papers** aim to foster academic debate.

**Blueprints** are longer reports that explore a particular policy area in depth. They are technical studies, with a wider time horizon, leading to policy conclusions.

We also publish **essays and lectures** on topical questions that may be relevant to or arise from Bruegel events.

3904

MEDIA MENTIONS ACROSS  
THE WORLD



*I very much value Bruegel's contribution both to the European public debate, and through non-public brainstorming sessions. Bruegel's independent analyses and ideas are more than ever in need today, in order to strengthen the European project.*

— Michel Sapin,  
French Minister of Finance

## WE LAUNCHED OUR NEW WEBSITE

In August 2015 we launched a completely revamped website with a fresh and mobile-friendly design. Visitors can easily access the latest content and see what is trending on our website. We simplified the structure of the website and put the spotlight on our publications, blog, and events.



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WE INCREASED OUR TWITTER FOLLOWERS FROM 24,000 TO **34,000** IN 2015.



WE WERE RETWEETED & LIKED **58,000 TIMES**.

WE TWEETED **5,289 TIMES**

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## WE PUBLISHED 263 BLOG POSTS

The Bruegel blog has grown as a source of timely analysis on the latest developments in economic policy. It has become a reference for policymakers, influencers and journalists.

During the Greek crisis in 2015, the frequency of posts peaked, with more than three analyses posted daily during the most critical periods.

The blog is also a tool to disseminate our work to a wider audience, by providing information about ongoing research or less technical summaries of working papers and academic debates.

## WE ORGANISED 84 EVENTS IN MORE THAN 20 CITIES

Bruegel's ability to bring together political influencers means that our events achieve a number of strategic goals: helping to set the policy agenda, exploring pragmatic solutions to political impasses, and analysing the policy relevance of current economic research.

Different formats address different needs. Smaller meetings help inform our research, while larger conferences offer space for debate and hold officials to account. Many events bring together parties that would not ordinarily have chance to exchange ideas.

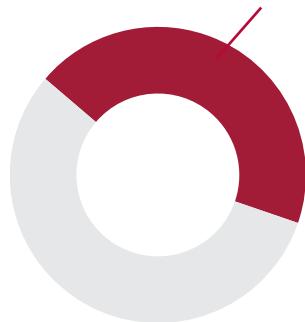
In 2015 we organised a special series of events in each of our member states to mark the 10th Anniversary of Bruegel. Most of our public events were livestreamed and video recordings were made available to watch on our website.

We constantly strive to make our events more accessible and increase their impact. We introduced an automated electronic check-in system, which improves the experience for the participants.

In July 2015, Bruegel launched an initiative to improve gender balance and diversity at Bruegel's events. Since the initiative was launched, the percentage of female speakers at Bruegel events has increased considerably.

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44% of event participants reside outside Brussels.



.....  
Thank you @bruegel\_org for hosting us  
last night. Great crowd. Inspiring words by  
@eucopresident #bruegel10

Kornelios Korneliou @kkorneliou — 8 September  
RETWEETS LIKES  
4 4



Bruegel's Annual Meetings. — 7 September 2015.

On September 7 and 8 we held our Annual Meetings, a series of public and restricted events covering crucial topics for the European and global economy. Over 300 participants from policy making, business and academia joined us to discuss these topics.



Tito Boeri (Italian National Social Security Institute), Ylva Johansson (Swedish Minister for Employment), and Guntram Wolff (Bruegel) discussing the future of Europe's social models.



Sayuri Shirai (Bank of Japan) presenting a comparison of the unconventional monetary policies of the Bank of Japan and the European Central Bank.



Jean-Claude Trichet (Chairman of Bruegel) and Donald Tusk (President of the European Council) at Bruegel's Annual Dinner.





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# TESTIMONIES

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Bruegel scholars spoke at the European Parliament and at numerous national parliaments during the year. They also gave testimonies at informal meetings of finance ministers.

## The financial stability risks of ultra-loose monetary policy

Grégoiry Claeys, Zsolt Darvas.

Policy contribution prepared for the European Parliament Committee on Economic and Monetary Affairs, 26 March.

## Capital Markets Union: A vision for the long term

Nicolas Véron, Guntram B. Wolff.

Policy contribution presented at the Informal Meeting of Ministers for Economic and Financial Affairs (ECOFIN) in Latvia, 24-25 April.

## The role and activities of the European Central Bank during the crisis

Grégoiry Claeys.

Hearing at the French Senate European Affairs Committee, 5 May.

## The effects of ultra-loose monetary policies on inequality

Grégoiry Claeys, Zsolt Darvas, Alvaro Leandro, Thomas Walsh.

Policy contribution prepared for the European Parliament Committee on Economic and Monetary Affairs, 24 June.

## European climate finance: securing the best return

Guntram B. Wolff, Georg Zachmann.

Policy brief presented at the Informal Meeting of Ministers for Economic and Financial Affairs (ECOFIN) in Luxembourg, 11 September.

## Schriftliche Stellungnahme Bundestagsanhörung „Niedrigzinspolitik der EZB“

Guntram B. Wolff.

Policy contribution prepared for the Financial Committee of the German Bundestag, 4 November.

## Is globalisation reducing the ability of central banks to control inflation?

Grégoiry Claeys, Guntram B. Wolff.

Policy contribution prepared for the European Parliament Committee on Economic and Monetary Affairs, 12 November.

## The limitations of policy coordination in the euro area under the European Semester

Zsolt Darvas, Alvaro Leandro.

Policy contribution requested by the European Parliament's Economic and Monetary Affairs Committee for the Economic Dialogue with the President of the Eurogroup, 10 November 2015.

## The EU's future trade and investment strategy

André Sapir.

Public hearing of the Committee on International Trade (INTA), European Parliament, 12 November.

## EU endorsement of the IFRS 9 standard on financial instruments scounting

Nicolas Véron.

Statement prepared for the European Parliament's ECON Committee Public Hearing, 1 December.

## Comments on the Five Presidents' Report

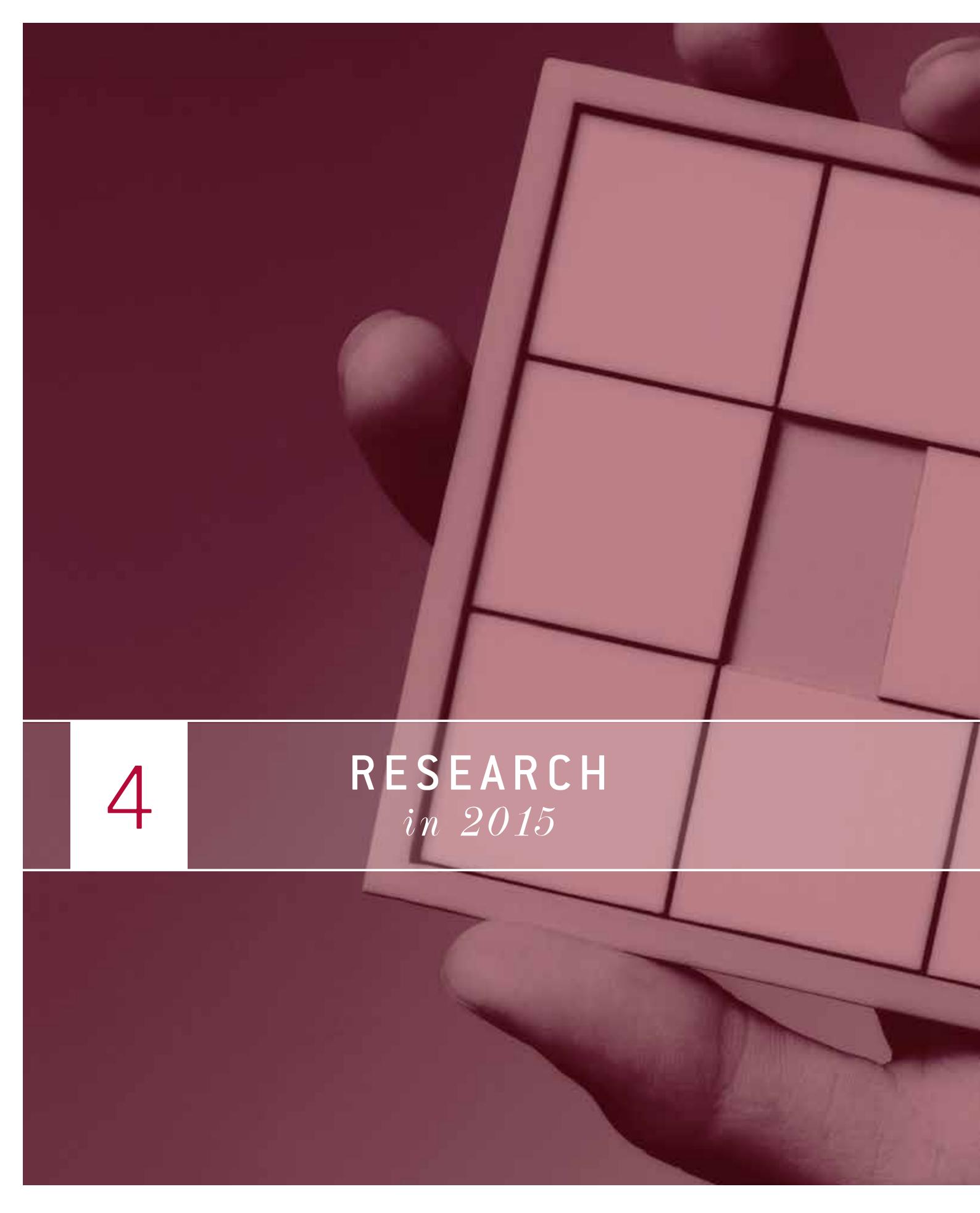
Guntram B. Wolff.

Presentation on the Five Presidents' Report delivered at the Dutch Senate's Standing Committee for European Affairs, Finance and Economic Affairs, 8 December.

## Global economic governance: Italy's role in the G7 and G20

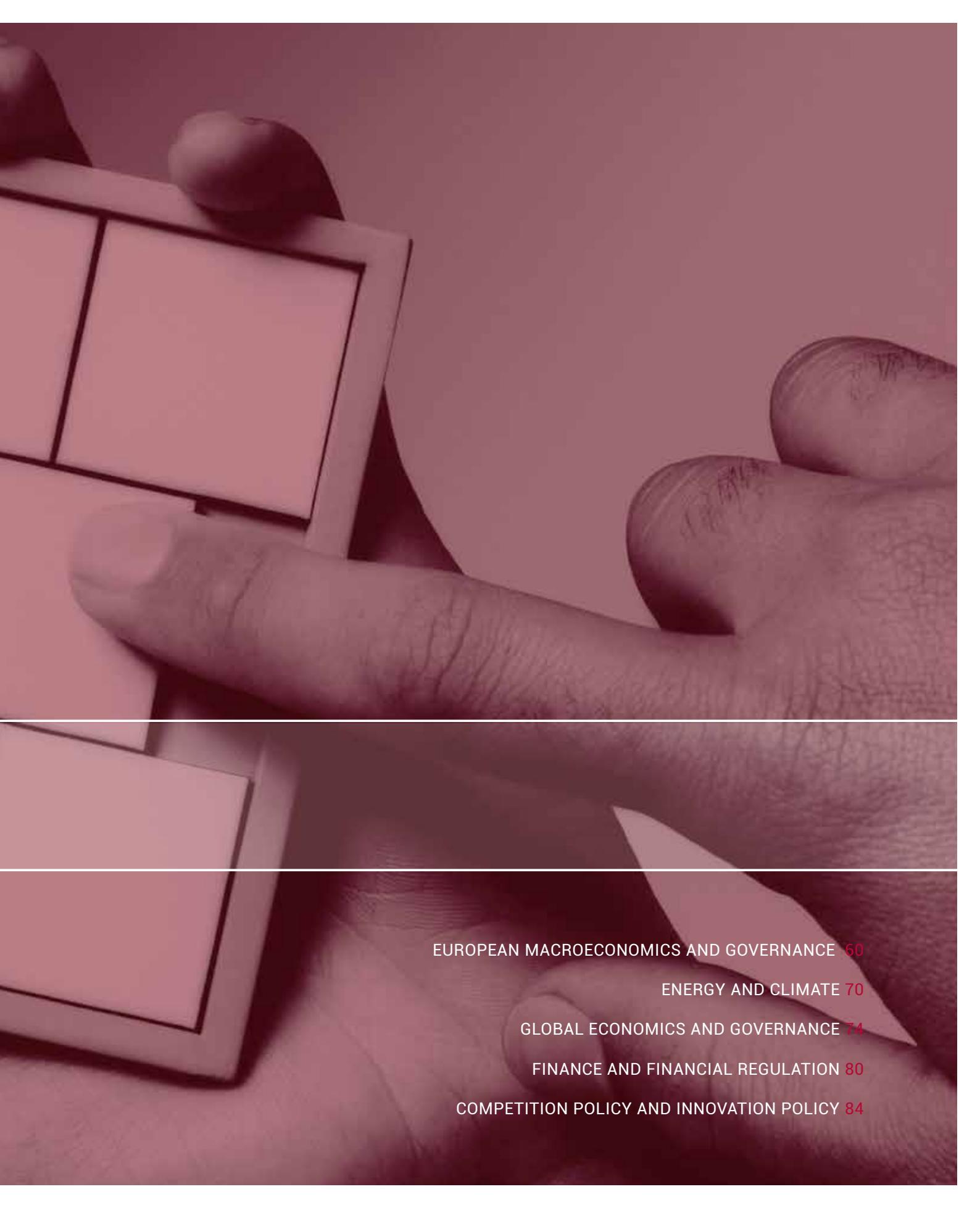
Alessio Terzi, Matteo Villa.

Paper produced for the Italian Parliament and Ministry of Foreign Affairs, 16 December.

A close-up photograph of a person's hand holding a white smartphone. The screen of the phone displays a 3x3 grid of light-colored squares. The hand is positioned vertically, with the thumb visible on the left side. The background is dark.

4

RESEARCH  
*in 2015*



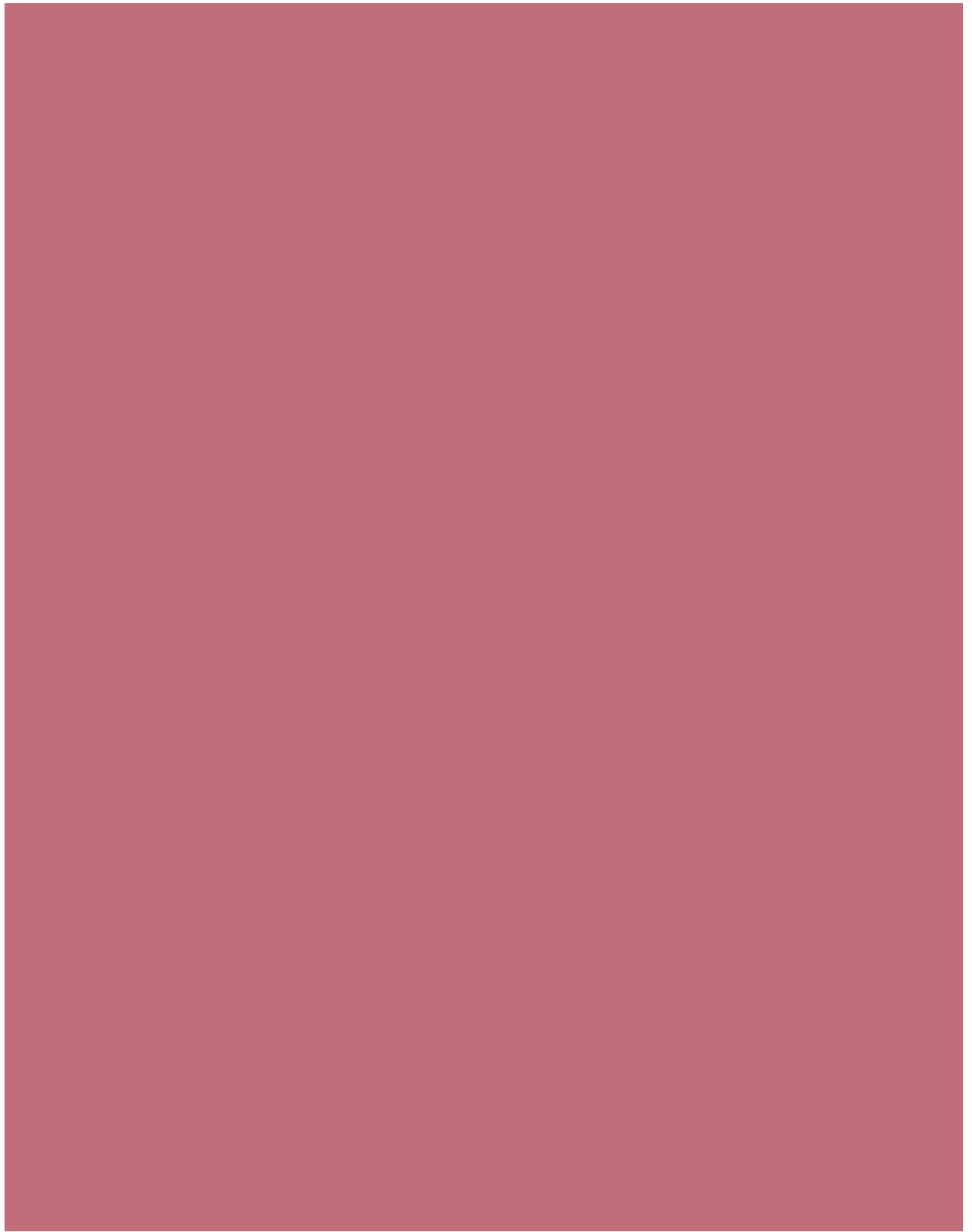
**EUROPEAN MACROECONOMICS AND GOVERNANCE** 60

**ENERGY AND CLIMATE** 70

**GLOBAL ECONOMICS AND GOVERNANCE** 74

**FINANCE AND FINANCIAL REGULATION** 80

**COMPETITION POLICY AND INNOVATION POLICY** 84



**B**ruegel's research is built around a focused medium-term research programme. This programme is divided into three-year cycles, and serves as the basis of our approach to governance, research, outreach and fundraising.

Our strategy is based on a "twin peaks" principle. Long-term research investment beyond the usual annual programming cycle is combined with rapid responses to unanticipated policy developments.

Several evaluation processes are used to maintain high research standards, relevance and impact. The most recent three-year evaluation was undertaken in 2013. Internal and external evaluations are carried out throughout the year, including weekly research seminars, quarterly outreach reports by the communications team and regular discussions with the Bruegel board and the scientific council. The director has overall editorial responsibility for Bruegel's research.

Bruegel's members play an important role in identifying research priorities. Our annual research programme is adopted by the board in September, after intensive discussions between Bruegel scholars, members and other stakeholders.



The background of the image is a close-up photograph of a shiny metal bolt and nut. The bolt is positioned diagonally, with its head at the top left and its threaded shaft extending towards the bottom right. It is secured onto a metal washer. In the background, several other metal washers and nuts are visible, though they are out of focus, creating a sense of depth. The lighting is bright, reflecting off the metallic surfaces.

# EUROPEAN MACROECONOMICS & GOVERNANCE

## PUBLICATIONS

- Analysis of developments in EU capital flows in the global context**  
External publication  
Zsolt Darvas, Pia Hüttl, Silvia Merler, Carlos De Sousa and Thomas Walsh, 13 January
- The four unions "PIE" on the monetary union "CHERRY"**  
Ettore Dorrucci, Demosthenes Ioannou, Francesco Paolo Mongelli, Alessio Terzi  
External publication, 9 February
- It's not just Russia: Currency crisis in the Commonwealth of Independent States**  
Marek Dabrowski  
Policy contribution, 9 February
- Euro-area governance: what to reform and how to do it**  
André Sapir and Guntram B. Wolff  
Policy brief, 27 February
- European Central Bank quantitative easing: the detailed manual**  
Grégory Claeys, Alvaro Leandro and Allison Mandra  
Policy contribution, 11 March
- The long road towards the European single market**  
Mario Marinello, Alessio Terzi  
Working paper, 16 March
- Living (dangerously) without a fiscal union**  
Ashoka Mody  
Working paper, 24 March 2015

- The financial stability risks of ultra-loose monetary policy**  
Grégory Claeys and Zsolt Darvas  
Policy contribution, 26 March 2015
- Poor and under pressure: the social impact of Europe's fiscal consolidation**  
Zsolt Darvas, Olga Tschekassian  
Policy contribution, 31 March
- Does money matter in the euro area? Evidence from a new Divisia index**  
Zsolt Darvas  
External publication, 17 June
- The UK's EU vote: the 1975 precedent and today's negotiations**  
Emmanuel Mourlon-Druol  
Policy contribution, 21 June
- The effects of ultra-loose monetary policies on inequality**  
Grégory Claeys, Zsolt Darvas, Alvaro Leandro, Thomas Walsh  
Policy contribution, 24 June
- The political economy of financial crisis policy**  
Mícheál O'Keeffe, Alessio Terzi  
Working paper, 7 July
- Reform momentum and its impact on Greek growth**  
Alessio Terzi  
Policy contribution, 29 July
- Filling the gap: open economy considerations for more reliable potential output estimates**  
Zsolt Darvas, András Simon  
Working paper, 22 October
- Schriftliche Stellungnahme Bundestagsanhörung „Niedrigzinspolitik der EZB“**  
Guntram B. Wolff  
Policy contribution, 4 November
- The growing intergenerational divide in Europe**  
Pia Hüttl, Karen E. Wilson, Guntram B. Wolff  
Policy contribution, 10 November
- The limitations of policy coordination in the euro area under the European Semester**  
Zsolt Darvas, Alvaro Leandro  
Policy contribution, 12 November
- Is globalisation reducing the ability of central banks to control inflation?**  
Grégory Claeys & Guntram B. Wolff  
Policy contribution, 12 November

## SELECTED BLOG POSTS

The "plucking model" of recessions and recoveries  
Grégory Claeys, 24 February

Welcome to the dark side: GDP revision and the non-observed economy  
Silvia Merler, Pia Hüttl, 2 March

A tale of floods and dams  
Guntram B. Wolff, 19 March

Inflation Surprises  
Grégory Claeys, Pia Hüttl, Thomas Walsh, 20 April

The ECJ suggests OMT is compatible with the treaty, but not with the troika  
Silvia Merler, 19 January

Mind the gap (and its revision)!  
Zsolt Darvas, 20 May

Corruptionomics in Italy  
Alessio Terzi, 27 May

Priorities for euro area governance reforms  
André Sapir, Guntram B. Wolff, 4 June

Will a UK welfare reform ease the UK's EU negotiation?  
Emmanuel Mourlon-Druol, 23 June

Euro area governance: an assessment of the "five presidents" report  
Guntram B. Wolff, 24 June

Germany's handling of immigration will shape the future of Europe  
Guntram B. Wolff, 11 September

Renzi's risky budget strategy  
Massimo Bordignon, 21 October

Naughty students or the wrong school: why is the European Semester proving ineffective?  
Zsolt Darvas, Alvaro Leandro, 18 November

Have central banks lost their ability to control inflation?  
Grégory Claeys, Guntram B. Wolff, 1 December

## EVENTS

An investment plan for Europe  
- 12/01/15

Deepening economic and monetary union - 19/01/15

Sovereign debt restructuring: Legal frameworks and European challenges - 12/02/15

Presentation of the yearbook of the Euro 2014 - 17/02/15

Eurozone enlargement: How to make it attractive? - 25/02/15

Presentation of the 2015 EEAG report on the European economy - 25/02/15

Global fiscal developments and risks - 26/02/15

An export-led recovery: What lessons from Central and Eastern Europe? - 28/05/15

How can development banks best support growth in CESEE - 02/06/15

Lessons from the crisis: Rewiring EMU economic policymaking - 04/06/15

10th Anniversary, Paris: How to complete monetary union - 18/06/15

European integration in the face of a security crisis - 21/06/15

National perspectives on the euro area - 07/07/15

10th Anniversary, Madrid: Competitive gains in economic and monetary union - 21/07/15

10th Anniversary, The Hague: The future of the single market - 02/09/15

Annual Meetings 2015: What future for Europe's social models? - 08/09/15

Inclusive growth: How reducing inequality can boost growth - 21/09/15

10th Anniversary, Berlin: Promoting growth and stability in the EU - 28/09/15

10th Anniversary, Finland: The role of the Nordic social model in the future - 09/10/15

10th Anniversary, Denmark: European economic developments and governance - 22/10/15

Structural Reforms: Dynamic growth impact and policy challenges - 02/11/15

Economic governance of the EU: Quo vadis? - 03/11/15

TATRA Summit 2015/10th Anniversary, Bratislava: Unfinished business in EMU - 05/11/15

10th Anniversary, Sweden: Two-speed Europe - 12/11/15

Single market in regulated services sectors - 19/11/15

Constitutional and electoral reforms in Italy - 20/11/15

Challenges for Germany and Europe - 04/12/15

## EUROPEAN GOVERNANCE

**2**015 saw an intense debate about the future of European governance. The Greek crisis, an influx of refugees and the upcoming UK referendum dominated the front pages. European leaders were in discussion throughout the year, with an unprecedented number of European Council meetings, but rarely reached firm agreements. In this context, European Commission President Jean-Claude Juncker published a long-awaited report in collaboration with the presidents of the European Council, the Eurogroup, the European Central Bank and the European Parliament. The so-called "Five Presidents' Report" aimed at preparing a roadmap for the completion of economic and monetary union.

Bruegel scholars drove policy making in these areas with a number of ideas. André Sapir and Guntram Wolff argued that [euro-area governance](#) must move beyond the improvements brought by banking union and establish institutions to prevent divergence of wages from productivity. Sapir & Wolff propose the creation of a "European Competitiveness Council" composed of national competitiveness councils, and the creation of a Eurosystem for Fiscal Policy.

Zsolt Darvas and Alvaro Leandro analysed the limitations of policy coordination in the euro area under the [European Semester](#). They highlighted that the problem with economic policy coordination in the EU is that national policymakers are accountable to their national parliaments and focus on national interests, which in many cases differ widely across member states. Emmanuel Mourlon-Druol provided a historical perspective on the [Brexit](#) debate, drawing lessons for today's negotiations from the 1975 referendum.



The #euro area has not delivered.  
How can its governance be improved?  
Policy brief: <https://t.co/6j4Nbqjqlv>

Bruegel @Bruegel\_org — Dec 23

TWEETS 17 LIKES 2



*There is a recovery, and jobs are being created, said Guntram Wolff, director at Bruegel, a think-tank. "But it is not a satisfying recovery, and the pace of employment growth is too slow".*

— Financial Times



Alvaro Nadal [Spanish State Secretary], Jean Pisani-Ferry [France Stratégie], Mario Monti [Bruegel Hon. President], Anna Ekström [Bruegel board member], and Wassim Chourbaji [Qualcomm] discussing growth perspectives for Europe at Bruegel's Annual Meetings.  
— 8 September 2015.



*Guntram B. Wolff*

## THE MESSY RE-BUILDING OF ECONOMIC GOVERNANCE

Global and European economies can only be understood through their evolving governance. The dilemma of "one market - two monies" is increasingly vital for the EU, as it seeks to govern a single market with different currencies. How many different levels of economic integration should exist? And what would an exit from the EU mean for a country's banks and business? If the euro area continues to pool sovereignty and create a fiscal union, we will need to assess the impact on those states outside EMU. Finally, the world will be watching IMF reform and China's increasing importance in global economic governance.



"A monetary system cannot function credibly if a small part of the union can hold the core of the system to ransom"  
<http://t.co/rKZPw6HF9u>

Bruegel @Bruegel\_Org — 12 February

TWEETS LIKES  
8 7



European Commissioner Pierre Moscovici at Bruegel's 10th anniversary event on "Promoting growth and stability in the EU", held at the Federal Ministry for Economic Affairs and Energy in Berlin.  
— 28 September 2015.

Zsolt Darvas



#### ECONOMIC POLICY COORDINATION

Economic policy coordination hardly works within the EU. Even fiscal rules, which have a stronger legal basis, are badly implemented. This is not surprising, because national policymakers are accountable to their national parliaments and focus on national interests. Yet the cross-country implications of national policies in the EU and the specific set-up of the euro area make some form of dialogue between member states necessary, so efforts to revamp economic policy coordination are welcome, but we should have realistic expectations about possible achievements.

*"I can imagine that the controversy within the ECB Governing Council and the debates within the Governing Council continue to be quite heavy", said Zsolt Darvas, a senior fellow at Bruegel, a research organization in Brussels. Since there are some improving signs in the eurozone, those governors who were against quantitative easing will be against it even more.*

— New York Times

# FOCUS ON

# GREECE

Greece received its third bailout in five years in 2015, after several months of contentious negotiations with creditors, two elections, and a referendum on 5 July. Bruegel scholars followed the evolution of the situation throughout the year and provided timely and fact-based analysis showing a plurality of viewpoints.

Silvia Merler monitored banks' and governments' exposure to Greece, while Zsolt Darvas examined the Greek request for debt relief and ways that Greece could return to growth. He also looked at the adjustment performed by Greece relative to other programme countries, arguing that the latter should not worry about political backlash from easing the Greek primary surplus targets. He also argued that even in crisis democratic Europe should allow the Greek people to decide their own future.

Ashoka Mody argued that the IMF negotiated with Greece in bad faith and stressed on several occasions the importance of reaching an agreement on debt relief.

Ashoka Mody and Guntram Wolff carefully analysed the IMF's role in the Greek programme. While suggesting that Greece's debt burden could be lightened within the Euro, Guntram Wolff also looked at the lessons for Europe as a whole.



Big day for #Greece in #Eurogroup. Here I put together next months' redemptions schedule <http://bru.gl/1QzPigD>

Silvia Merler @SMerler — Feb 11

RETWEETS LIKES  
40 13



*If Greece stayed in the euro area it would be able to pay a much larger share of its debt compared to if it leaves," said Darvas, a senior fellow at Brussels-based Bruegel.*

— Bloomberg



People stand in a queue to use the ATMs of a bank. Greece's fraught bailout talks with its creditors took a dramatic turn, with the government announcing a referendum. — Thessaloniki, Greece, 27 June



My take on structural #Reforms in  
#Greece: What Went Wrong and How to  
Improve it @Silvia\_Amaro @Bruegel\_org  
[https://euroinsight.mni-news.com/  
posts/1338](https://euroinsight.mni-news.com/posts/1338)

Alessio Terzi @Terzibus— Jul 28

RETWEETS LIKES  
2 2

## MONETARY POLICY

The European Central Bank's quantitative easing (QE) programme finally started in 2015. This move was welcome given the clear downward trend in inflation and the feeble Eurozone recovery in recent years. Just a few days after quantitative easing began in March 2015, Bruegel published a detailed manual by Grégory Claeys, Alvaro Leandro and Allison Mandra, explaining in detail how the new ECB programme was implemented and suggesting improvements to ease its execution.

The unconventional and untested nature of these policies raised legitimate questions about their possible side effects. In two papers written for the European Parliament, Gregory Claeys, Zsolt Darvas, Alvaro Leandro and Thomas Walsh explored the potential adverse consequences of QE programmes in terms of financial stability and inequality. In their assessment, the benefits of QE outweighed its potential negative impact.

Given the low level of inflation throughout the world, Gregory Claeys and Guntram Wolff investigated the different ways in which globalisation could have an impact on inflation and monetary policy transmission channels. They concluded that inflation dynamics and monetary policy transmission channels could be affected by globalisation and in particular by financial integration, but that ultimately, central banks retain their ability to control medium-term inflation, as long as they adopt flexible exchange rates and are ready to use all available tools at their disposal.



Quantitative easing: what will be bought & by whom? <http://t.co/lykubAA9ZK>

Bruegel @Bruegel\_Org – 12 March

RETWEETS LIKES  
16 14



*Grégory Claeys*

### A YEAR OF UNCONVENTIONAL MONETARY POLICIES

Central banks should be aware of the potential side effects of their policies. However, financial instability risks and the rise in inequality observed in recent decades result mainly from structural factors, and therefore other policies are essential to deal with them. Micro- and macro-prudential policies should constitute the first line of defence to avoid the build-up of financial imbalances, while fiscal and social policies are the right tools to fight the rise in inequality in advanced countries.

# THE FUTURE OF THE WELFARE STATE

In 2015, the Vision Europe summit examined the future of the welfare state. Bruegel published one of the three papers from the summit, alongside the Jacques Delors institute and the Finnish innovation fund SITRA. The focus was on the intergenerational divide in Europe. During the economic and financial crisis, the divide between young and old increased in terms of economic wellbeing and allocation of government resources.

As youth unemployment and youth poverty rates increased, government spending shifted away from education, families and children towards pensioners. To address the sustainability of pension systems, some countries implemented pension reforms. Pia Hüttl, Karen E. Wilson, and Guntram Wolff analysed changes to benefit ratios, the ratio of pensioners' income to that of the active working population, and found that reforms often favoured current over future pensioners, increasing the intergenerational divide.

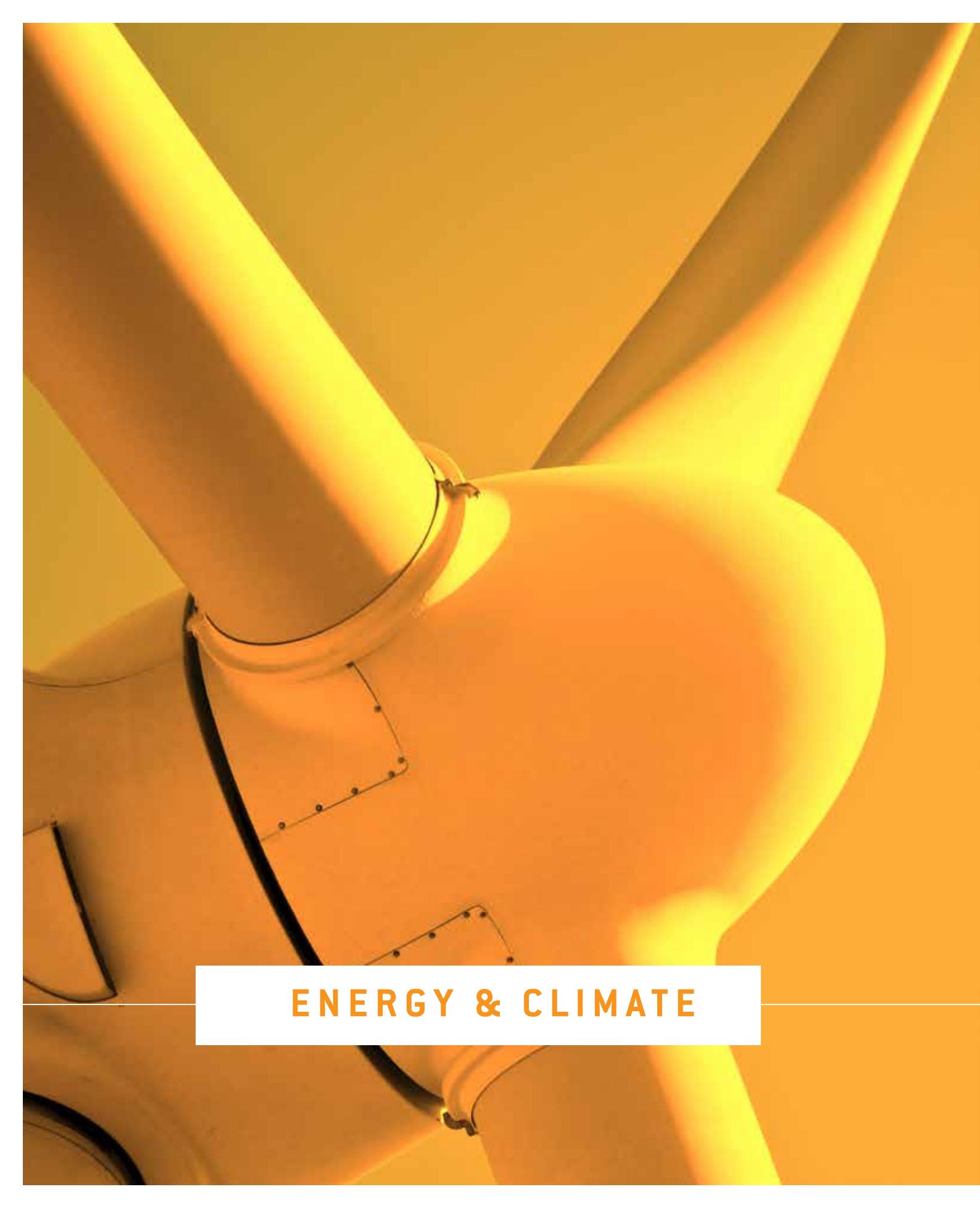
They recommended reforms in three areas to address the intergenerational divide: improving European macroeconomic management, restoring fairness in government spending so the young are not disadvantaged, and pension reforms that share the burden fairly between generations.



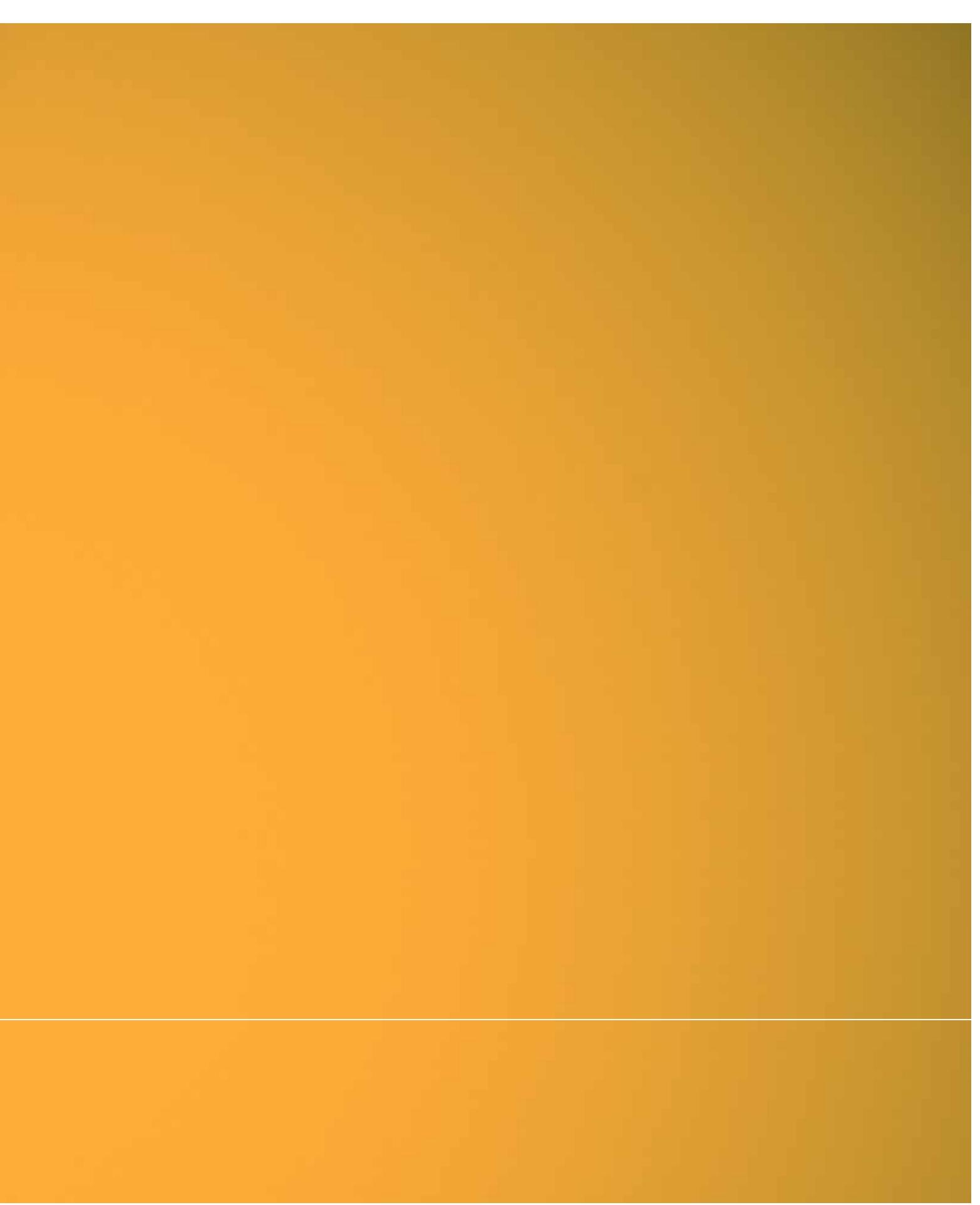
Pia Hüttl presents the policy contribution on the growing intergenerational divide in Europe at the Vision Europe Summit in Berlin — 17 November

## ABOUT VISION EUROPE

Vision Europe is a consortium of think tanks and foundations collaborating to address some of the most pressing public policy challenges facing Europe. Vision Europe aims to be a forum for debate and a source of recommendations to improve evidence-based policy making at both a national and EU level and to foster European integration as appropriate.

A close-up photograph of a wind turbine's blades against a vibrant orange and yellow sky, suggesting either sunrise or sunset. The blades are white and curve upwards. A black cable runs diagonally across the frame from the bottom left.

**ENERGY & CLIMATE**



## ENERGY UNION AND DECARBONISATION

**F**rom the Ukraine crisis to the Paris climate conference, a range of international issues have pushed energy and climate to the top of the European policy agenda.

In 2015, the European Commission proposed a new holistic framework to address the issue: [the energy union](#). Bruegel scholars made numerous contributions to the overall framework, as well as to its five dimensions: energy security; an integrated energy market; energy efficiency; decarbonisation of the economy; research and innovation.

Georg Zachmann suggested that developed countries could promote [low carbon technology innovation](#) more efficiently by shifting support from expensive deployment strategies, such as installing solar panel and wind turbines, to investing more in research and development.

Simone Tagliapietra argued that the way to translate the energy union's [security of gas supply](#) policy into concrete action would be to establish new partnerships with key external players such as Turkey, Algeria, Iran and Egypt.

At the end of the year, for the first time 195 countries pledged to limit greenhouse gas emissions in the [Paris agreement](#) and established a structure to monitor and step-up the countries' ambitions. Bruegel's scholars worked on various elements of the negotiations including technology development, climate finance and climate risk pooling. Guntram Wolff and Georg Zachmann presented their recommendations on [European climate finance](#) at the informal EU Economic and Financial Affairs Council (ECOFIN) meeting in Luxembourg on 11 September 2015.

Dirk Schoenmaker and Georg Zachmann suggested that poorer countries might be more susceptible to macroeconomic risks from climate events, which should be addressed with an intergovernmental global climate risk pool, partly funded by contributions corresponding to the carbon footprint of the countries.



Gazprom charges higher prices in countries that are more dependent on Russian #gas <https://t.co/DxovBA6UhY>

Bruegel @Bruegel\_Org — 24 April

RETWEETS LIKES  
134 49



*Georg Zachmann*

### COP21: AN IMPORTANT STEP ON A LONG JOURNEY

The Paris agreement brings tackling climate change back into the sphere of the politically possible. It develops a flexible architecture, which strikes a new, more realistic, balance between national sovereignty and international commitments. By moving from top-down to bottom-up it manages to engage, for the first time, all countries to contribute to mitigation. Most importantly, the "success of Paris" itself reignites momentum in the fight against climate change, giving legitimacy to national decarbonisation policies.

“

*Georg Zachmann, an economist at the Bruegel think tank in Brussels who looked at data on oil price and GDP changes for the years 1962-2014, estimates that a halving of the oil price is unlikely to add more than one percentage point to economic growth in the European Union.*

— Bloomberg View



On 29 January Bruegel organised a talk on Europe's energy union with Commission Vice President Maroš Šefcovic. The presentation by Maroš Šefcovic, made just three days after he unveiled his plan to create a European Energy Union to the European Parliament, was followed by comments by Simone Mori (ENEL) and Georg Zachmann.

*Simone Tagliapietra*

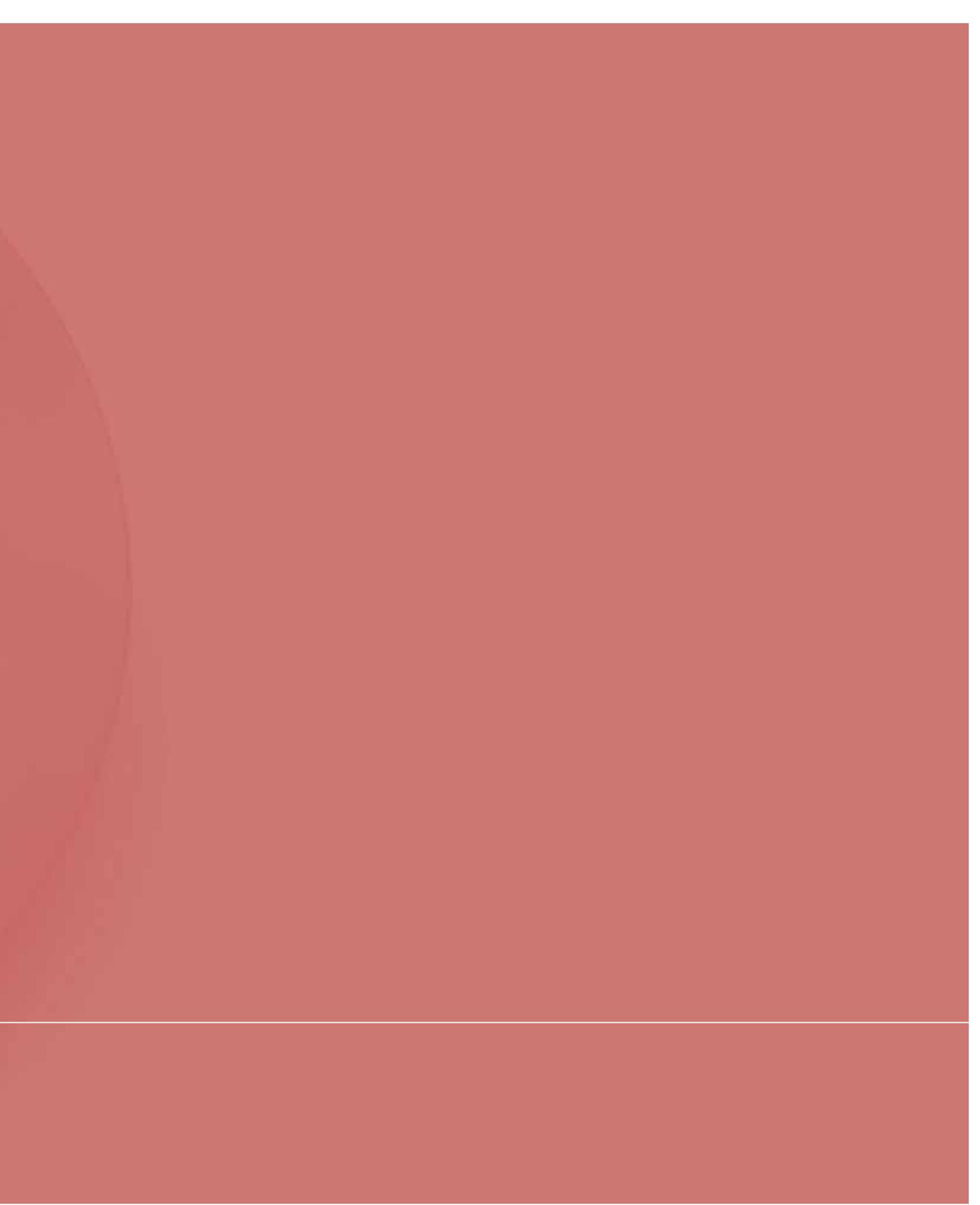


#### A NEW EASTERN MEDITERRANEAN GAS HUB

The EU should support a regional cooperation scheme aimed at developing an Eastern Mediterranean gas hub, for both energy policy and foreign policy considerations. This initiative could provide much-needed substance to the long-lasting EU gas supply diversification strategy. In terms of foreign policy, this initiative could allow international collaboration in an area that otherwise currently presents very few opportunities for cooperation.



# GLOBAL ECONOMICS & GOVERNANCE



## FOCUS ON

## CHINA

In June 2015 a bubble in the Chinese stock market burst, followed by a devaluation of the Renminbi and a struggle by the Chinese authorities to keep a stable exchange rate. This was intensified by the inclusion of the RMB in the basket of currencies used to compose the IMF's Special Drawing Rights (SDR) and fears of additional capital controls.

China's transition is provoking tectonic shifts throughout the world, including in Europe. It has moved from an economy characterised by foreign investment to an economy based on internal consumption and a vibrant service sector. This, along with its increasing interest in acquiring assets abroad, have made China central when analysing the external environment that Europe is facing today.

Chinese monetary policy began to loosen tentatively in 2014, and this continued more strongly in 2015. Guonan Ma and Alicia García-Herrero debated whether such a development was warranted or desirable, highlighting the need to manage financial fragilities. García-Herrero also followed the stock market crisis, providing insights into its causes and implications for the global economy.

After the conclusion of the Trans-Pacific Partnership (TPP) deal, between the US, Japan and 10 other economies in Asia and Latin America (but excluding China) Alicia

García-Herrero highlighted Europe and China's common interests. Guntram Wolff and Thomas Walsh mapped the effects of the turmoil in China on European stock markets. Jérémie Cohen-Setton included the role of China in a review of the debate about the global trade slowdown.

Adam Posen and Nicolas Véron looked at Asian capital markets. They provided policy views and recommendations based on analysis of earlier crisis episodes, such as those which happened during the 1990s.



*Alicia García-Herrero*

### WHY IS CHINA FINDING IT HARD TO FIGHT THE MARKETS?

China can no longer use old recipes to stimulate its economy. Deleveraging will be painful in the short term, as investment will have to come down even more than it has already. But then wasn't rebalancing towards a consumption-based model what China really wanted and needed? I would advise the Chinese authorities to forget about more fiscal and monetary stimulus, and push towards deleveraging: better more pain now for more sustainable growth later.



Bruegel actively promotes a global dialogue between European and Asian policy experts and economists. The Asia-Europe Economic Forum (AEEF) is Bruegel's leading initiative in Asia.

The yearly forum alternates between Asia and Europe and is jointly organised with the Centre d'Etudes Prospectives et d'Information Internationale (CEPII) and the Bertelsmann Stiftung on the European side; the Asia-Europe Foundation, Asian Development Bank Institute (ADBI), Caixin Insight Group, Chinese Academy of Social Sciences (CASS) and Korea University on the Asian side.

It is an event only for invited speakers, which include former and current high-ranking officials, senior parliamentarians, central bank governors, prominent academics, and private sector economists. The AEEF celebrates its 10th anniversary in September 2016 in Beijing.

*André Sapir*



### TRADE POLICY

Progress on the Doha Round is disappointing, so trade policy around the world is almost exclusively concentrating on bilateral issues at the moment. The EU is no exception. The main focus of EU trade negotiations since 2013 has been the Transatlantic Trade and Investment Partnership (TTIP) with the US. Negotiators are hoping to sign a deal before the end of 2016, but many hurdles remain and this target looks increasingly unlikely. The other main focus in 2016 is China. The EU will need to put in place a new anti-dumping regime, as the current special regime for China expires next December. Elsewhere, there are plenty of other EU bilateral trade deals pending.



Cecilia Malmström, European Commissioner for Trade, discussed TTIP negotiations at Bruegel event "A fresh start for T-TIP: Strategies for moving forward" held on 12 March 2015.

## NEIGHBOURHOOD

**T**hroughout 2015, the geopolitical situation at the borders of the European Union was characterised by tension and turmoil. Russia and Ukraine not only continued their conflict but also faced complex problems in their own economies. The war in Syria led to an unprecedented flux of refugees and made relations between the EU and Turkey of greater strategic importance.

To understand the long-term roots of [Russia's recession](#), Marek Dabrowski looked at the Russian transition to capitalism in the 1990s and its partial reversal. He argued that Russia now has a hybrid system, heavily controlled and dominated by the state bureaucracy and the ruling elite.

He also argued that [Ukraine](#) must accelerate and better manage its reform process so as to overcome fundamental weaknesses in its economy and finances. Since independence in 1991, it has missed several opportunities to comprehensively reform its economy and state institutions.

On 7 June 2015 Turkey voted in its 24th general election. Bruegel hosted a conference with the Istanbul Policy Center on 10 June to discuss the election results, economic and political prospects and Turkey-EU relations.



“

*In the medium-to-long term, Russia must address its fundamental structural and institutional disadvantages: the high degree of oil and commodity dependence, and the unfriendly business and investment climate, underpinned by poor governance.*

— Marek Dabrowski in *El Mundo*

On 7 June 2015 Bruegel hosted an event on Turkey and the EU after the elections with the Istanbul Policy Center. From left to right: Isik Özel (Sabancı University), Stefano Manservisi (European External Action Service), Fuat Keyman (Sabancı University), Guntram Wolff (Bruegel).





A close-up, low-angle shot of a suspension bridge's cables and towers against a bright sky. The cables are thick and dark, crisscrossing in front of a lighter, blurred background of more cables and towers.

## FINANCE & FINANCIAL REGULATION

## PUBLICATIONS

**Capital Markets Union: a vision for the long term**  
Nicolas Véron & Guntram B. Wolff  
Policy contribution, 23 April

**Europe's radical banking union**  
Nicolás Véron  
Essay, 5 May

**The vulnerability of Europe's small and medium-sized banks**  
Ashoka Mody, Guntram B. Wolff  
Working paper, 15 July

**The globalisation of angel investments**  
Josh Lerner, Antoinette Schoar,  
Stanislav Sokolinski, Karen E. Wilson  
Working paper, 1 September

**Squaring the cycle: capital flows, financial cycles, and macro-prudential policy in the euro area**  
Silvia Merler  
Working paper, 18 November

**Firmer foundations for a stronger European Banking Union**  
Dirk Schoenmaker  
Working paper, 2 November

**Macroprudential supervision: from theory to policy**  
Dirk Schoenmaker, Peter Wiertz  
Working paper, 25 November

**Financial regulatory transparency: new data and implications for EU policy**  
Mark Copelovitch, Christopher Gandrud, Mark Hallerberg  
Policy contribution, 10 December

## SELECTED BLOGS

**Negative rates and financial intermediation**  
Jérémie Cohen-Setton, 16 March

**Still vulnerable: the euro area's small and medium-sized banks**  
Ashoka Mody, Guntram B. Wolff, 14 August

**Europe's Capital Markets Union and the new single market challenge**  
Nicolas Véron, 30 September

**What options for European deposit insurance?**  
Dirk Schoenmaker, Guntram B. Wolff, 8 October

**Capital flows, financial cycles, and macro-prudential policy in the euro area**  
Silvia Merler, 18 November

**Opaque Europe: financial supervisory transparency, why it's important, and how to improve it**  
Mark Copelovitch, Christopher Gandrud, Mark Hallerberg, 11 December

## EVENTS

**How fair and effective are our financial markets?** - 21/01/15

**Capital requirements and loss absorbing capacity for large banks**  
- 07/07/15

**10th Anniversary, London: Capital markets union** - 21/10/15

**10th Anniversary, Cyprus: Financing the recovery** - 26/10/15

**Financial Stability Conference 2015**  
- 28/10/15

**Diversifying funding for growth in transition countries** - 13/11/15

**Completing the Banking Union**  
- 24/11/15

## BANKING, FINANCIAL REGULATION & CAPITAL MARKETS

**B**anking union in the euro area came closer to reality in 2015, with the ECB firmly in charge of supervision, the creation of the Single Resolution Board, and the Commission's proposal of a European deposit insurance scheme. Bruegel scholars have been calling for Europe's capital markets to be deepened and integrated since 2008, and this has now become a priority of EU structural policy, with the [capital markets union action plan](#) launched by the European Commission in September.

Bruegel scholars continued to drive this debate throughout 2015. In May Bruegel published an essay by Nicolas Véron on "Europe's Radical Banking Union". The widely cited essay outlined the process that led to the creation of [banking union](#), and argued that this ultimately enabled the European Central Bank to buy large quantities of government bonds if needed (outright monetary transactions), a major turning point in combatting the euro area crisis.

On a complementary theme, Dirk Schoenmaker looked at cross-border banking in the single market as the long-term rationale behind banking union. He argued that to complete banking union, the lender-of-last-resort and [deposit insurance](#) functions should move to the euro-area level, breaking the bank-sovereign vicious circle.

Ashoka Mody and Guntram Wolff highlighted that without restructuring, euro area [banks are still vulnerable](#), and that the real problem in Europe is that many troubled banks also have had long-standing governance problems. A new supervisory system might help clean up some of these problems. However, continuing unease with Europe's smaller banks suggests that Europe has too many banks.



What would happen to the Eurosystem's capital resources if a country defaults? <http://t.co/S2Op5QAOBd>

Bruegel @Bruegel\_org — 19 March

RETWEETS LIKES  
17 2



*Dirk Schoenmaker*

### EUROPEAN DEPOSIT INSURANCE

European deposit insurance is a missing pillar of the banking union. A common deposit insurance system would allow risk sharing throughout the banking union. It would also help to establish a truly European banking system, as consumers can then trust banks from other banking union countries to deposit their savings. Before sharing the risks, we need to reduce banks' holdings of government bonds. Risk sharing and risk reduction should go hand in hand.

Mark Copelovitch, Christopher Gandrud and Mark Hallerberg introduced a novel international financial regulatory data transparency index in order to address the gap in measuring regulatory transparency and enforcing reporting of bank and non-bank institution data. They proposed that a reporting requirement should be part of any EU general deposit insurance scheme, as in the United States.

Nicolas Véron and Guntram Wolff presented facts about EU capital markets, challenges that should be taken into account in the development of Europe's capital markets union (CMU), corresponding policy options over the medium to long term and suggestions for policy implementation and sequencing. Véron also commented on the EU CMU action plan, stressing that major obstacles to the integration of capital markets remain, including divergent accounting enforcement regimes, fragmented market infrastructure, and incompatible frameworks for the taxation of financial investments.

“

*The euro area's banking sector needs pruning. In the United States, hundreds of banks have been closed or merged since the start of the crisis. In the euro area there has been little action. Despite rules to impose losses on banks' owners and creditors, there remains a reluctance to do so.*

— Ashoka Mody and Guntram Wolff in "Expansion", "Il Sole 24 Ore", "Kathemerini", "Handelsblatt", and "Diario económico".



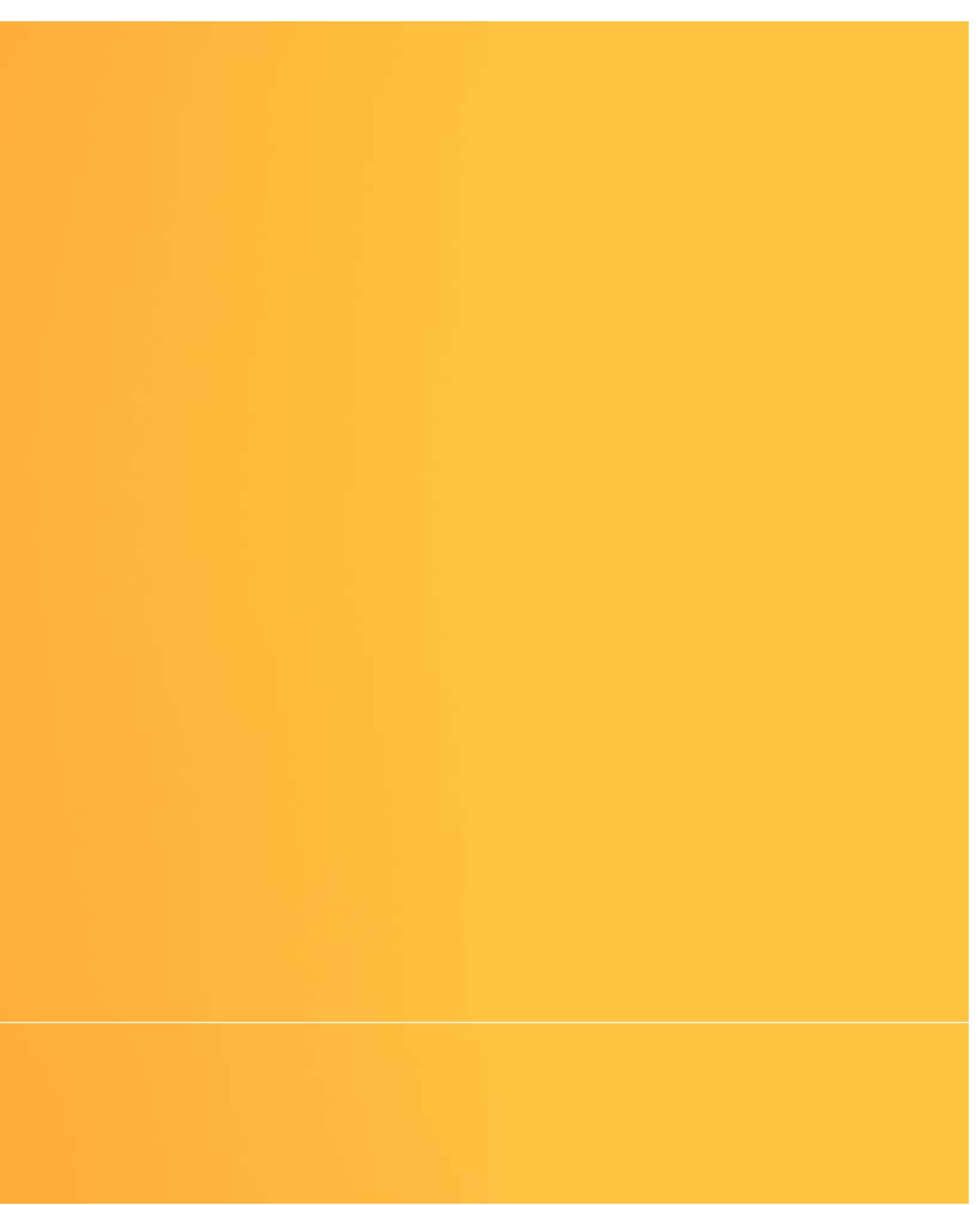
Nicolas Véron

## EUROPE'S RADICAL BANKING UNION

The public under-estimation of Europe's financial problems has been mirrored by a parallel under-estimation of its main financial policy response: banking union. Even in its current incomplete form, banking union marks a radical change that profoundly modifies the nature of European integration and the balance between member states and European institutions. But a mix of healthy scepticism, misplaced cynicism and lazy inattention has prevented a general recognition of its true significance.

A close-up photograph of a glowing incandescent lightbulb. The bulb is mostly black, with a bright yellow glow emanating from the filament. The filament itself is visible as a thin, curved wire. The background is dark, making the bright light stand out.

# COMPETITION & INNOVATION POLICY



## INVESTMENT IN INNOVATION & DIGITAL MARKETS

**M**uch effort has been made to encourage innovation and growth in Europe. Start-ups, incubators, accelerators, seed funds and early-stage market players have helped to catalyse a stronger entrepreneurial culture. The capital markets union highlights the importance of unlocking barriers and improving liquidity for SMEs. Funding for R&D and innovation is a much-discussed area of smart public spending, which received a lot of attention in the Juncker investment plan. The release of the European Commission's strategy paper for the implementation of the digital single market in May provided an additional framework, laying out key areas for action to boost innovation.

Despite these policies and pronouncements, Bruegel's researchers have argued that Europe's performance in innovation remains weak. Reinhilde Veugelers has assessed whether the deployment of innovation policy instruments in EU countries matches their innovation capacity performance. Karen Wilson has stressed that there is little focus on the important segment of high growth firms. She pointed out that young, innovative firms are significant job creators and that these ventures need to scale up in order to be sustainable engines of growth.

Mario Mariniello analysed the digital single market proposal when it was released. He surmised that it could make an impact if the European Commission sent the right signals about the goals and set up a workable strategy. He also studied mobile telecommunications markets, stressing the importance of overcoming fragmentation as part of the completion of the digital single market.

Another essential element for an environment that fosters innovation and growth is competitive markets. Bruegel scholars looked at ongoing antitrust cases at European level, and a policy contribution investigated the distortions generated by national competition authorities when they pursue non-competitive goals in favour of domestic firms.



*Karen E. Wilson*

### UNLEASHING HIGH GROWTH FIRMS IN EUROPE

Today, many successful European entrepreneurs move to the USA to fund and grow their business. For firms to grow to scale in Europe, a more integrated and efficient capital market is needed to increase the flexibility and speed with which firms can access finance. An attractive entrepreneurial environment with connectivity and proximity to customers is also critical. A variety of high growth entrepreneurial ecosystems are emerging across Europe. However, greater collaboration between entrepreneurs, large firms, universities and the public sector is needed to maximise the potential of these growing hubs of high growth firms.



## NEW DIGITAL EXPERTS

During the year two new fellows joined the research team to deepen Bruegel's analysis of innovation and digital economy. [Scott Marcus](#) is an independent consultant dealing with policy and regulatory issues related to electronic communications. He is best known as an economist, but his academic training is as a political scientist and as an engineer. [Georgios Petropoulos](#) is specialised in industrial organisation, competition policy, corporate finance and economic growth. His work at Bruegel focuses on the digital economy, market definition in the digital era, the economic value of big data and related privacy concerns, and the welfare implications of the emergence of the sharing economy.



*Reinhilde Veugelers*

## MATCHING RESEARCH AND INNOVATION POLICIES IN EU COUNTRIES

What do we know about the effectiveness of public spending on R&D? The evidence as it stands now shows that public funding mostly goes to firms that are already spending on R&D. A more promising target for public R&D programs would be to entice 'new' firms to start engaging in innovative projects. But this group is being insufficiently reached in current standard public R&D programs.

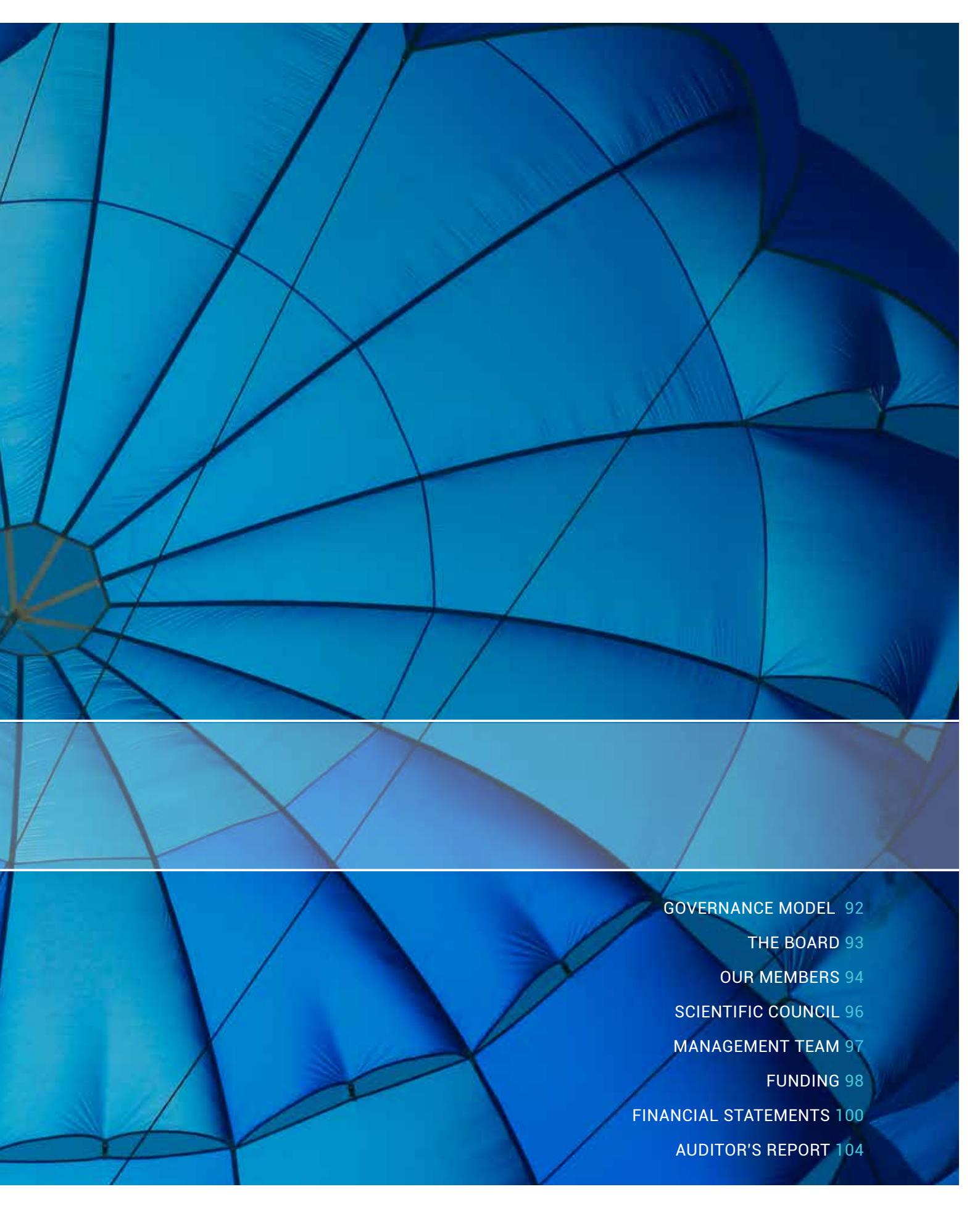
Margrethe Vestager, European Commissioner for Competition, shared her insights on the role of European competition policy in the energy market at Bruegel's event "European competition policy and the energy transition" held on 12 October 2015.



The background of the page features a complex, abstract design composed of numerous overlapping, semi-transparent blue and cyan curved bands. These bands create a sense of depth and motion, resembling the canopy of a hot air balloon or perhaps a stylized representation of water or energy flow. The colors transition from dark blue at the top to lighter cyan shades towards the bottom.

5

## GOVERNANCE *and membership*

The background of the page features a complex, abstract geometric pattern composed of numerous thin, dark blue lines that intersect to form a network of triangles and polygons. This pattern is set against a lighter blue background, creating a sense of depth and connectivity.

**GOVERNANCE MODEL** 92

**THE BOARD** 93

**OUR MEMBERS** 94

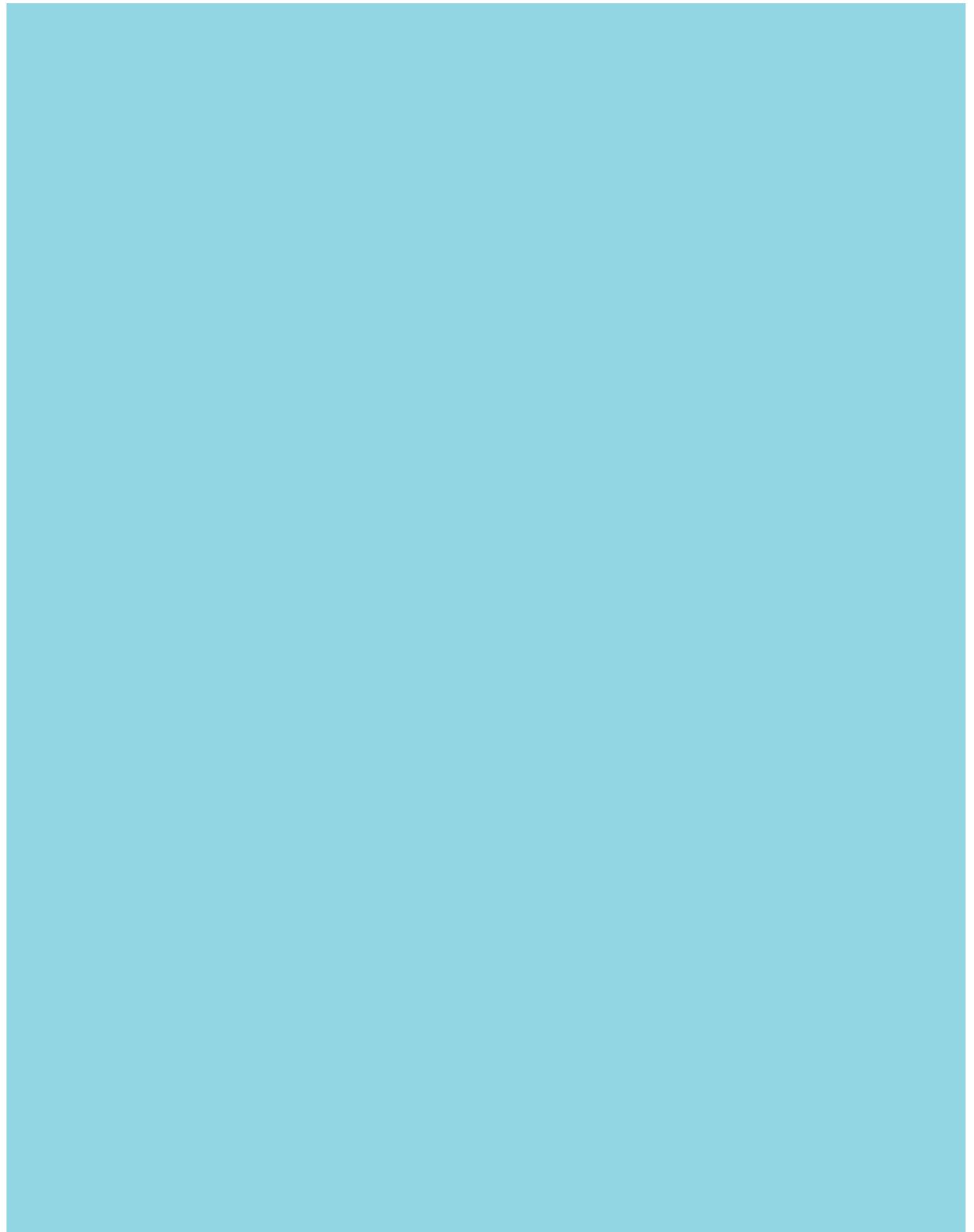
**SCIENTIFIC COUNCIL** 96

**MANAGEMENT TEAM** 97

**FUNDING** 98

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**AUDITOR'S REPORT** 104



**B**ruegel's distinctive nature rests in a balanced partnership between private and public stakeholders. Our member base is composed of EU member states, international corporations and independent institutions.

With membership fees constituting more than 80 percent of the annual budget, but no single member contributing more than 3-5 percent, Bruegel succeeds in collaborating with a wide array of partners while protecting its principal assets: independence, professional integrity and objectivity.

Bruegel is committed to the highest levels of transparency, both at the level of the institution and at the level of individual scholars. This level of disclosure represents a new standard in public transparency for think tanks.

# GOVERNANCE

## *model*

### ASSEMBLY OF MEMBERS

*Bruegel's highest governing body*

Meets three times every year

**Ratifies** the appointment of the board and of the director.

**Approves** the budget and the accounts.

**Participates** in the design of the Research Programme through multilateral consultations, and bilateral exchanges involving each member individually.

State members

Corporate members

Institutional members

Elect 3 members each

### BOARD

*Bruegel's general administrative body*

Meets three times every year

11 members (6 elected, 5 appointed)

Chair: Jean-Claude Trichet

**Works with the management team** to guide the organisation, holds director accountable.

**Approves** the budget and the annual research programme, which is prepared on the basis of a wide consultation of members.

**Approves** new members and senior staff

### SCIENTIFIC COUNCIL

*Bruegel's advisory body*

Meets every year

8 members

Chair: Lucrezia Reichlin

**Advises** Bruegel's board and director.

**Assesses** the scientific quality of Bruegel's output with a yearly report.

**Attends** Bruegel's board meetings through presence of the chair.

### EXECUTIVE MANAGEMENT

*Bruegel's executive body*

**Director: Guntram Wolff**

Executive management • Research supervision • Editorial responsibility

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# *the* BOARD

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The board's composition reflects the diversity of Bruegel's stakeholders. An eleven-person group, it is made up of high-ranking individuals from government, industry and civil society, each of them acting in a personal capacity.

The mix of backgrounds, nationality and gender balance is guaranteed through a combination of elections and appointments. It reflects Bruegel's nature as a public good.

The current board was confirmed in February 2014:

**JEAN-CLAUDE TRICHET  
(CHAIRMAN)**  
FORMER PRESIDENT, EUROPEAN CENTRAL BANK

**WOLFGANG KOPF**  
SENIOR VICE-PRESIDENT FOR PUBLIC AND  
REGULATORY AFFAIRS, DEUTSCHE TELEKOM AG

**CARLOS EGEA**  
CHIEF TRADING DESK STRATEGIST,  
MORGAN STANLEY

**VINCENZO LA VIA**  
DIRECTOR-GENERAL OF THE TREASURY  
DEPARTMENT, MINISTRY OF ECONOMY AND  
FINANCE, ITALY

**ANNA EKSTRÖM**  
DIRECTOR-GENERAL, NATIONAL AGENCY FOR  
EDUCATION, SWEDEN

**RACHEL LOMAX**  
FORMER DEPUTY GOVERNOR, BANK OF ENGLAND

**IÑIGO FERNANDEZ DE MESA**  
SECRETARY OF STATE FOR ECONOMIC AND  
BUSINESS AFFAIRS, MINISTRY OF ECONOMY AND  
COMPETITIVENESS, SPAIN

**ANDREAS PENK**  
HEAD, PFIZER ONCOLOGY EUROPE, AND CHAIRMAN  
OF THE BOARD, PFIZER GERMANY

**WOLFGANG FRANZ**  
FORMER CHAIRMAN OF THE GERMAN COUNCIL  
OF ECONOMIC EXPERTS, FORMER PROFESSOR,  
UNIVERSITY OF MANNHEIM

**J.A. (HANS) VIJLBRIEF**  
TREASURER-GENERAL, MINISTRY OF FINANCE,  
THE NETHERLANDS

**JERZY HAUSNER**  
PROFESSOR OF ECONOMICS, HEAD OF THE  
DEPARTMENT OF PUBLIC ECONOMY AND  
ADMINISTRATION, KRAKOW UNIVERSITY  
OF ECONOMICS

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## *Our* MEMBERS

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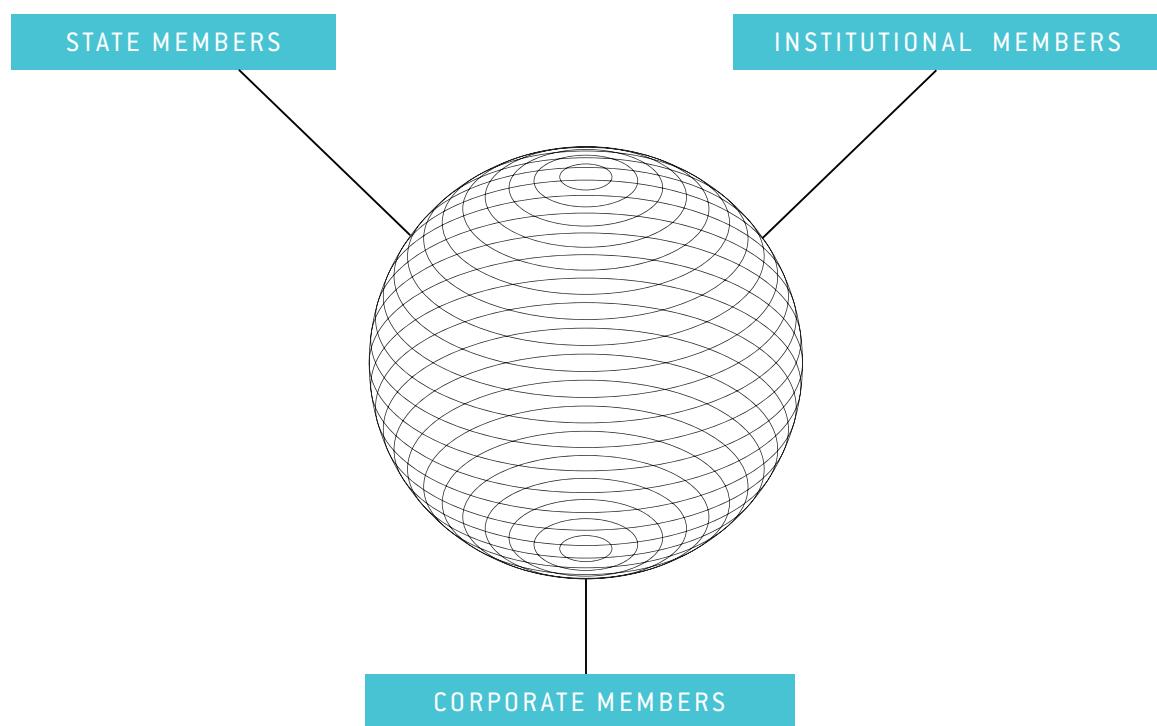
Members are at the core of our organisational framework. They engage in a partnership, an exchange of ideas, and a commitment to Bruegel's mission. Their representation at board level, their contribution to the research agenda, their interactions with scholars, and their participation in events guarantee that Bruegel remains both accountable and relevant.

Members are committed to Bruegel's standards of transparency and integrity. They recognise Bruegel's independence and agree to refrain from seeking to influence the course of Bruegel's research work or to obstruct publication. We are grateful to each of them for their support.



Bruegel General Assembly, 28 April 2015. — From top to bottom and from left to right : David Doyle (Standard & Poor's), Martina Garcia (Goldman Sachs), Joris Buyse (Banque centrale de Luxembourg), Grégory Claeys (Bruegel), Marianne Collin (National Bank of Belgium), André Sapir (Bruegel), Mikko Spolander (Ministry of Finance, Finland), and Javier Arias (BBVA).

Austria	Italy	Bank of England
Belgium	Luxembourg	Banque centrale du Luxembourg
Cyprus	The Netherlands	Banque de France
Denmark	Malta	Groupe Caisse des Dépôts
Finland	Poland	Danmarks National Bank
France	Slovakia	National Bank of Romania
Germany	Spain	The European Bank for Reconstruction and Development (EBRD)
Hungary	Sweden	The European Investment Bank (EIB)
Ireland	United Kingdom	Fundación Instituto de Crédito Oficial (ICO) The National Bank of Poland Sveriges Riksbank



BBVA	Google	Moody's	Société Générale
BlackRock	HSBC	Moore Capital	Standard & Poor's
Deutsche Bank	Huawei	Morgan Stanley	Telefónica
Deutsche Telekom	Iberdrola	Novartis	IIES (Toyota Group)
ENEL	ING	Pfizer	Tudor Investment Corp.
Euronext	MasterCard	Qualcomm	UniCredit Group
Generali	MetLife	Schroders	
Goldman Sachs	Microsoft	Shell	

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# SCIENTIFIC

## *Council*

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The scientific council consists of internationally recognised economists appointed by the board for a three-year mandate. It advises Bruegel's board, director and deputy director and assesses the scientific quality of Bruegel's output. The scientific council chair, currently Lucrezia Reichlin, attends board meetings.

### **LUCREZIA REICHLIN**

CHAIR OF THE SCIENTIFIC COUNCIL, PROFESSOR OF ECONOMICS,  
LONDON BUSINESS SCHOOL

### **GIUSEPPE BERTOLA**

PROFESSOR OF ECONOMICS,  
EDHEC BUSINESS SCHOOL, FRANCE

### **SERGEI GURIEV**

PROFESSOR OF ECONOMICS,  
SCIENCES PO, PARIS

### **KAI KONRAD**

MANAGING DIRECTOR,  
MAX PLANCK INSTITUTE OF TAX LAW AND PUBLIC FINANCE

### **PHILIPPE MARTIN**

PROFESSOR OF ECONOMICS,  
SCIENCES PO, PARIS

### **KEVIN O'ROURKE**

CHICHELE PROFESSOR OF ECONOMIC HISTORY AND FELLOW OF ALL SOULS COLLEGE,  
UNIVERSITY OF OXFORD

### **PAUL SEABRIGHT**

PROFESSOR OF ECONOMICS,  
TOULOUSE SCHOOL OF ECONOMICS

# MANAGEMENT

## team



**GUNTRAM WOLFF**

*Director*

Guntram Wolff is responsible for Bruegel's overall executive management, for the preparation of the board meetings, the preparation of Bruegel's strategy, the research strategy and the hiring of staff. He exercises editorial oversight and quality control. Guntram was deputy director of Bruegel before being appointed director in 2013. Before this, he worked on euro-area governance at the European Commission and fiscal policy at the Bundesbank. He holds a PhD in economics and has published numerous pieces on the European economy and governance, on monetary and fiscal policies and on finance. He is a member of the French prime minister's economic advisory council, a board member at Solvay Business School and a member of the World Economic Forum Global Agenda Council.



**MATT DANN**

*Secretary general*

Matt Dann supports the director in his executive tasks. He oversees the management of Bruegel's non-research operations, takes care of finances and manages institutional relations with Bruegel's members. Matt is an experienced media professional who has worked in both television and the financial sector. He is a graduate of Keele University, England, and has an MBA from the Solvay Business School of the Université Libre de Bruxelles.



**PAOLA MANIGA**

*Development manager*

Paola Maniga and her team are responsible for raising new income streams from public and private sources. She was previously secretary general of the European Association of Sugar Traders (ASSUC) and trade policy adviser for the associations representing international trade in flowers and EU imports of processed agriculture and fishery products. Paola holds two master's degrees, in local economic development from the London School of Economics and in management from Bocconi University.



**GIUSEPPE PORCARO**

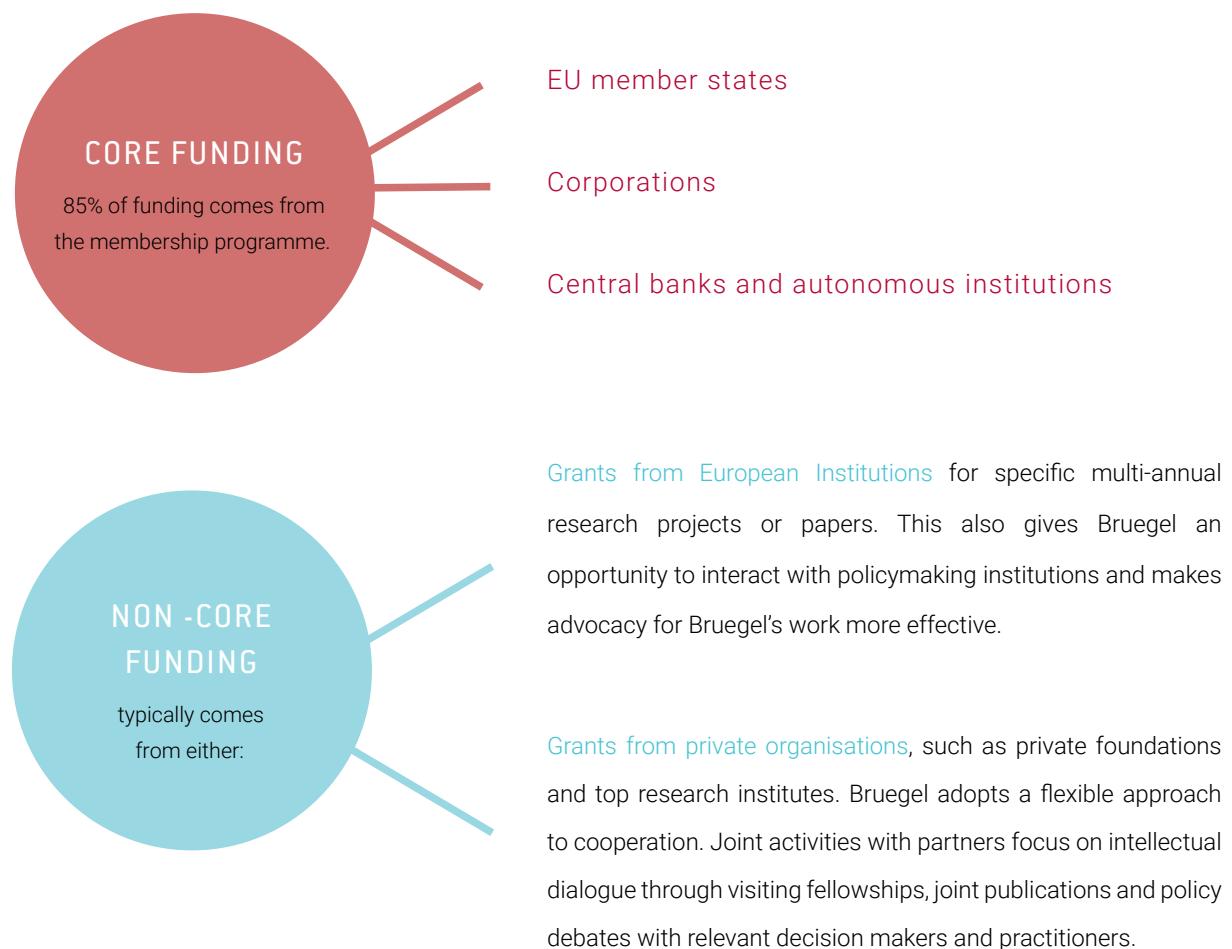
*Head of communications & events*

Giuseppe Porcaro and his team are responsible for press and online outreach and the organisation of Bruegel's events. He has extensive experience of organisational management, communication and policy development at European and international level. He was secretary general of the European Youth Forum between 2009 and 2014 and previously worked at the World Bank in Kosovo and Paris. Giuseppe holds a master's degree in international relations and a PhD in geography of development from the University of Naples L'Orientale.

# FUNDING

Understanding who funds think tanks, and to what end, is an important part of maintaining the reputation our sector has for independence. Bruegel's management is required by the board and members to pursue balanced funding, with goals stipulating the proportion of funding that should be received from membership and non-membership sources.

Bruegel is therefore committed to building a diverse set of stakeholders, to help buttress independence and allow the budget to cover the funding cycle. Diversity of funding also allows Bruegel to operate during downturns in the business/funding cycle. Our funding structure is based on:



No member contributes more than a small percentage of the annual budget (from 3-5% depending on budget years), which protects independence further. An arm's-length relationship with Bruegel's members is guaranteed by Bruegel's statute and bylaws, which clearly define the role that members play in the organisation.

The financial statements fully detail our funding streams for both core and non-core funding.

Bruegel's development is planned to be organic, with a gradual expansion of the membership programme and the sustainable growth of other funding streams in harmony with Bruegel's core values. A large part of making Bruegel's financial future sustainable also rests in constant innovation in operations: finding ways to cut costs whilst expanding output.

Finally, Bruegel maintains reserves of just over 2.5 million euros. These reserves make six months' operating costs available and help maintain financial stability. Bruegel's cash flows are carefully managed and Bruegel has never borrowed to finance operations or for capital investments.

# FINANCIAL

## *Statements*

### BALANCE SHEET 2015-2014

	2015	2014
<b>FIXED ASSETS</b>		
<b>FIXED ASSETS</b>	<b>138,111.79</b>	<b>79,927.75</b>
FURNITURE AND OFFICE EQUIPMENT	28,781.68	49,918.71
IT DEVELOPMENT	100,760.91	27,904.06
OTHER FIXED ASSETS	8,569.2	2,104.98
<b>CURRENT ASSETS</b>	<b>547,166.86</b>	<b>247,478.48</b>
TRADES RECEIVABLES	547,166.86	247,478.48
OTHER DEBTORS	0.00	0.00
FUNDED PROJECT RECEIVABLES	0.00	0.00
<b>CASH AND FINANCIAL ASSETS</b>	<b>2,781,305.59</b>	<b>3,445,743.35</b>
<b>DEFERRALS AND ACCRUALS</b>	<b>34,302.09</b>	<b>149,288.86</b>
OTHER DEFERRALS	34,302.09	149,288.86
<b>TOTAL ASSETS</b>	<b>3,500,886.33</b>	<b>3,922,438.44</b>
<b>CURRENT LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>	<b>723,219.15</b>	<b>1,424,974.66</b>
TRADE PAYABLES	171,335.34	238,445.23
REMUNERATION AND SOCIAL SECURITY PAYABLES	252,590.47	199,909.44
FUNDED PROJECT CREDITORS	0.00	797,281.07
PREPAID INCOME	183,416.66	44,989.14
VAT PAYABLE	0.00	27,276.44
ACCRUED CHARGES	7,852.68	9,049.34
PROVISIONS	108,024.00	108,024.00
<b>NET ASSETS</b>		
<b>NET ASSETS</b>	<b>2,777,667.18</b>	<b>2,497,463.78</b>
SURPLUS/LOSS OF THE YEAR	280,203.40	194,529.35
ACCUMULATED RESERVES	2,497,463.78	2,302,934.43
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,500,886.33</b>	<b>3,922,438.44</b>

## INCOME STATEMENT 2015 - 2014

	2015	2014
<b>REVENUE</b>		
SUBSCRIPTIONS - STATE MEMBERS	2,124,992.00	2,091,789.00
SUBSCRIPTIONS - CORPORATE MEMBERS	1,556,251.00	1,416,667.00
SUBSCRIPTIONS - INSTITUTIONAL MEMBERS (see Complete Funding Annex for breakdown)	360,417.00	350,000.00
OTHER REVENUES	498,585.96	698,732.73
HONORARIA	44,806.88	2,088.00
PROJECT-BASED FUNDING	325,601.40	634,515.53
FOUNDATION GRANTS	118,447.26	46,628.87
FINANCIAL INCOME (GROSS)	4,773.70	4,983.70
OTHER INCOME	4,956.72	10,516.63
<b>TOTAL REVENUE</b>	<b>4,540,245.96</b>	<b>4,557,188.73</b>
<b>EXPENSES</b>		
WAGES AND COMPENSATION	-3,066,702.3	-2,931,125.62
OPERATING EXPENSES	-1,116,600.43	-1,358,727.31
STAFF TRAVEL COSTS	-128,087.33	-114,452.03
EXTERNAL RESEARCH COSTS	-40,396.87	-82,906.92
DOCUMENTATION COSTS	-200,243.75	-109,359.58
OUTREACH RELATED COSTS	-343,654.56	-383,640.23
OFFICE RENT AND RUNNING COSTS	-307,539.63	-402,025.26
EXTERNAL PROFESSIONAL SERVICES	-87,796.28	-263,062.21
FINANCIAL CHARGES	-8,882.01	-3,281.08
<b>DEPRECIATION EXPENSES</b>	<b>-76,739.83</b>	<b>-72,806.45</b>
<b>TOTAL EXPENSES</b>	<b>-4,260,042.56</b>	<b>-4,362,659.38</b>
SURPLUS / DEFICIT (BEFORE EXTRAORDINARY ITEMS)	280,203.40	194,529.35

CORE FUNDING ANNEX 2015 - 2014

	2015	2014
<b>REVENUE</b>		
<b>SUBSCRIPTIONS - STATE MEMBERS</b>	<b>2,124,992.00</b>	<b>2,091,789.00</b>
<b>CATEGORY 1</b>	<b>99,609.00</b>	<b>66,406.00</b>
CYPRUS	33,203.00	33,203.00
LUXEMBOURG	33,203.00	33,203.00
MALTA	33,203.00	
<b>CATEGORY 2</b>	<b>132,812.00</b>	<b>132,812.00</b>
IRELAND	66,406.00	66,406.00
SLOVAKIA	66,406.00	66,406.00
<b>CATEGORY 3</b>	<b>498,045.00</b>	<b>498,045.00</b>
AUSTRIA	99,609.00	99,609.00
DENMARK	99,609.00	99,609.00
FINLAND	99,609.00	99,609.00
HUNGARY	99,609.00	99,609.00
SWEDEN	99,609.00	99,609.00
<b>CATEGORY 4</b>	<b>398,436.00</b>	<b>398,436.00</b>
BELGIUM	132,812.00	132,812.00
NETHERLANDS	132,812.00	132,812.00
POLAND	132,812.00	132,812.00
<b>CATEGORY 5</b>	<b>996,090.00</b>	<b>996,090.00</b>
FRANCE	199,218.00	199,218.00
GERMANY	199,218.00	199,218.00
ITALY	199,218.00	199,218.00
SPAIN	199,218.00	199,218.00
UNITED KINGDOM	199,218.00	199,218.00
<b>SUBSCRIPTIONS - CORPORATE MEMBERS</b>	<b>1,556,251.00</b>	<b>1,416,667.00</b>
BBVA	50,000.00	50,000.00
BLACK ROCK <i>Joined 2015</i>	12,500.00	0
DEUTSCHE BANK	50,000.00	50,000.00
DEUTSCHE TELEKOM	50,000.00	50,000.00
EBAY <i>Left 2014</i>	0	50,000.00
EDF	50,000.00	50,000.00
ENEEL <i>Joined 2015</i>	35,417.00	0
EURONEXT	50,000.00	50,000.00
GENERALI <i>Joined 2014</i>	50,000.00	25,000.00
GOLDMAN SACHS	50,000.00	50,000.00
GOOGLE	50,000.00	50,000.00
HSBC <i>Joined 2014</i>	50,000.00	4,167.00
HUAWEI <i>Joined 2015</i>	41,667.00	0
IBERDROLA <i>Joined 2015</i>	29,167.00	0
IIES (TOYOTA GROUP)	50,000.00	50,000.00
ING <i>Joined 2015</i>	37,500.00	0
MASTERCARD <i>Left 2015</i>	25,000.00	50,000.00
MCEM [MOORE CAPITAL]	50,000.00	50,000.00
METLIFE	50,000.00	50,000.00
MICROSOFT <i>Joined 2014</i>	50,000.00	25,000.00
MOODY'S <i>Joined 2013</i>	50,000.00	50,000.00
MORGAN STANLEY <i>Joined 2013</i>	50,000.00	50,000.00
NOVARTIS	50,000.00	50,000.00
PFIZER	50,000.00	50,000.00
PRUDENTIAL <i>Joined 2014</i>	50,000.00	41,667.00
QUALCOMM	50,000.00	50,000.00
SAMSUNG <i>Left 2014</i>	25,000.00	50,000.00
SCHRÖDERS	50,000.00	50,000.00
SHELL	50,000.00	50,000.00

SOCIÉTÉ GÉNÉRALE	<small>Joined 2014</small>	50,000.00	37,500.00
SOLVAY	<small>Left 2014</small>	0	33,333.00
STANDARD & POOR'S	<small>Joined 2013</small>	50,000.00	50,000.00
STANDARD CHARTERED		50,000.00	50,000.00
TELEFONICA		50,000.00	50,000.00
TUDOR FUNDS		50,000.00	50,000.00
UNICREDIT		50,000.00	50,000.00
<b>SUBSCRIPTIONS - INSTITUTIONAL MEMBERS</b>		<b>360,417.00</b>	<b>350,000.00</b>
BANCA D'ITALIA	<small>Joined 2015</small>	10,417.00	
BANK OF ENGLAND		25,000.00	25,000.00
BANQUE CENTRALE DU LUXEMBOURG		25,000.00	25,000.00
BANQUE DE FRANCE		25,000.00	25,000.00
CAISSE DES DÉPÔTS		50,000.00	50,000.00
DANMARKS NATIONALBANK		25,000.00	25,000.00
EUROPEAN INVESTMENT BANK		50,000.00	50,000.00
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT		50,000.00	50,000.00
FUNDACION ICO		50,000.00	50,000.00
NARODOWY BANK POLSKI		25,000.00	25,000.00
SVERIGES RIKSBANK		25,000.00	25,000.00
<b>PROJECTS &amp; GRANTS ANNEX</b>			
<b>INCOME FOR RESEARCH ACTIVITIES FROM PUBLIC ORGANISATIONS</b>		<b>325,601.40</b>	<b>633,878.53</b>
EFIGE PROJECT, FUNDED BY EUROPEAN COMMISSION 7TH FRAMEWORK			31,689.71
EUROPEAN CAPITAL FLOWS PROJECT, FUNDED BY EUROPEAN COMMISSION, DG MARKT		95,090.00	95,090.00
EUROPEAN PARLIAMENT ECON COMMITTEE		14,653.00	55,426.00
MAPCOMPETE PROJECT, FUNDED BY THE EUROPEAN COMMISSION 7TH FRAMEWORK		75,044.44	97,479.40
MARIE CURIE VISITING FELLOW PROGRAMME FUNDED BY THE EUROPEAN COMMISSION			70,503.42
RASTANEWS PROJECT, FUNDED BY EUROPEAN COMMISSION 7TH FRAMEWORK		9,000.00	
SIMPATIC PROJECT, FUNDED BY EUROPEAN COMMISSION 7TH FRAMEWORK		131,813.96	283,690.00
<b>INCOME FOR RESEARCH ACTIVITIES FROM PRIVATE ORGANISATIONS</b>		<b>118,447.26</b>	<b>46,628.87</b>
ASIA-EUROPE FOUNDATION (CONTRIBUTION TO THE AEEF CONFERENCE)		18,262.01	
ASIAN DEVELOPMENT BANK (COMPARITIVE STUDIES, FOUR PAPERS)		41,400.00	
BERTELSMANN STIFTUNG (CONTRIBUTION TO THE AEEF CONFERENCES)		29,899.88	6,240.50
CEPII/CLUB DU CEPII (CONTRIBUTION TO AEEF CONFERENCES)		2,383.13	18,231.01
CPB NETHERLANDS (JOINT EXPENSES FOR EVENT)			1,154.18
EDAM, TURKEY (JOINT EXPENSES FOR EVENT)			11,000.00
KOBE UNIVERSITY (JOINT EXPENSES FOR EVENT)			2,003.18
THE JAPAN FOUNDATION (EXPENSES FOR JOINT EVENT)		5,992.82	
TOSHIBA INTERNATIONAL FOUNDATION (EXPENSES FOR JOINT EVENT)		7,058.03	8,000.00
US MISSION (EXPENSES FOR JOINT EVENTS)		13,451.39	
<b>HONORARIA, FOR CONFERENCES, WRITTEN PIECES ETC.</b>		<b>44,806.88</b>	<b>2,088.00</b>
BAYMÉ VBM		19,137.00	
BEIJING BAOA YAZHUANG CULTURAL MEDIA HOUSE		456.80	
BROOKINGS INSTITUTE (TT PROJECT)		885.60	
CENTAR ZA DRUS ISTRAZIVAN		750.00	
CIRAC			500.00
FAES BELGRADE			500.00
FRIEDRICH EBERT STIFTUNG		1,000.00	
FRIEDRICH NAUMANN STIFTUNG		150.00	
FUNDACION DE ESTUDIOS FINANCIEROS		1,000.00	
GROUPE BPCE		15,000.0	
INTERNATIONAL MONETARY FUND		913.47	
KOREA CAPITAL MARKETS INSTITUTE			1,040.00
NORGES BANK		4,000.00	
PROJECT SYNDICATE		264.01	
RIETI TOKYO		1,250.00	
WANG YIXUAN			48.00

**STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING  
OF THE ASSOCIATION AISBL BRUEGEL  
FOR THE YEAR ENDED 31 DECEMBER 2015**

As required by law and the association's articles of association, we report to you in the context of our appointment as statutory auditor. This report includes our opinion on the annual accounts, as well as the required additional statements. The annual accounts include the balance sheet as at 31 December 2015, the income statement for the year then ended, and the disclosures.

**Report on the annual accounts - Unqualified opinion**

We have audited the annual accounts of the association AISBL Bruegel for the year ended December 31, 2015, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance sheet total of € 3.521.636 and a profit for the year of € 280.203.

*Responsibility of the board of Directors for the preparation of the annual accounts*

The board of Directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, and for such internal control as the board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

*Responsibility of the statutory auditor*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the statutory auditor considers the association's internal control relevant to the preparation of annual accounts that give a true and fair view, in order to design control procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of valuation rules used and the reasonableness of accounting estimates made by board of Directors, as well as evaluating the overall presentation of the annual accounts.

We have obtained from board of Directors and association officials the explanations and information necessary for our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Unqualified opinion*

In our opinion, the annual accounts of Bruegel AISBL give a true and fair view of the association's equity and financial position as at 31 December 2015 and of the results of its operations for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

**Report on other legal and regulatory requirements**

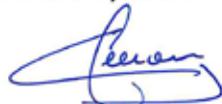
The board of Directors is responsible for the compliance with the law of 27 June 1921 on not-for-profit organisations, international not-for-profit organisations and foundations, with the articles of association and with the legal and regulatory requirements regarding bookkeeping.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statements, which do not modify the scope of our opinion on the annual accounts:

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- Except for not having filed several deeds at the chancery office of the Commercial Court and their publication in the disclosures of the Belgian Official Gazette, there are no transactions undertaken or decisions taken in breach of the articles of association or of the Law of 27 June 1921 on not-for-profit organisations, international not-for-profit organisations and foundations that we have to report to you.

April 25, 2016

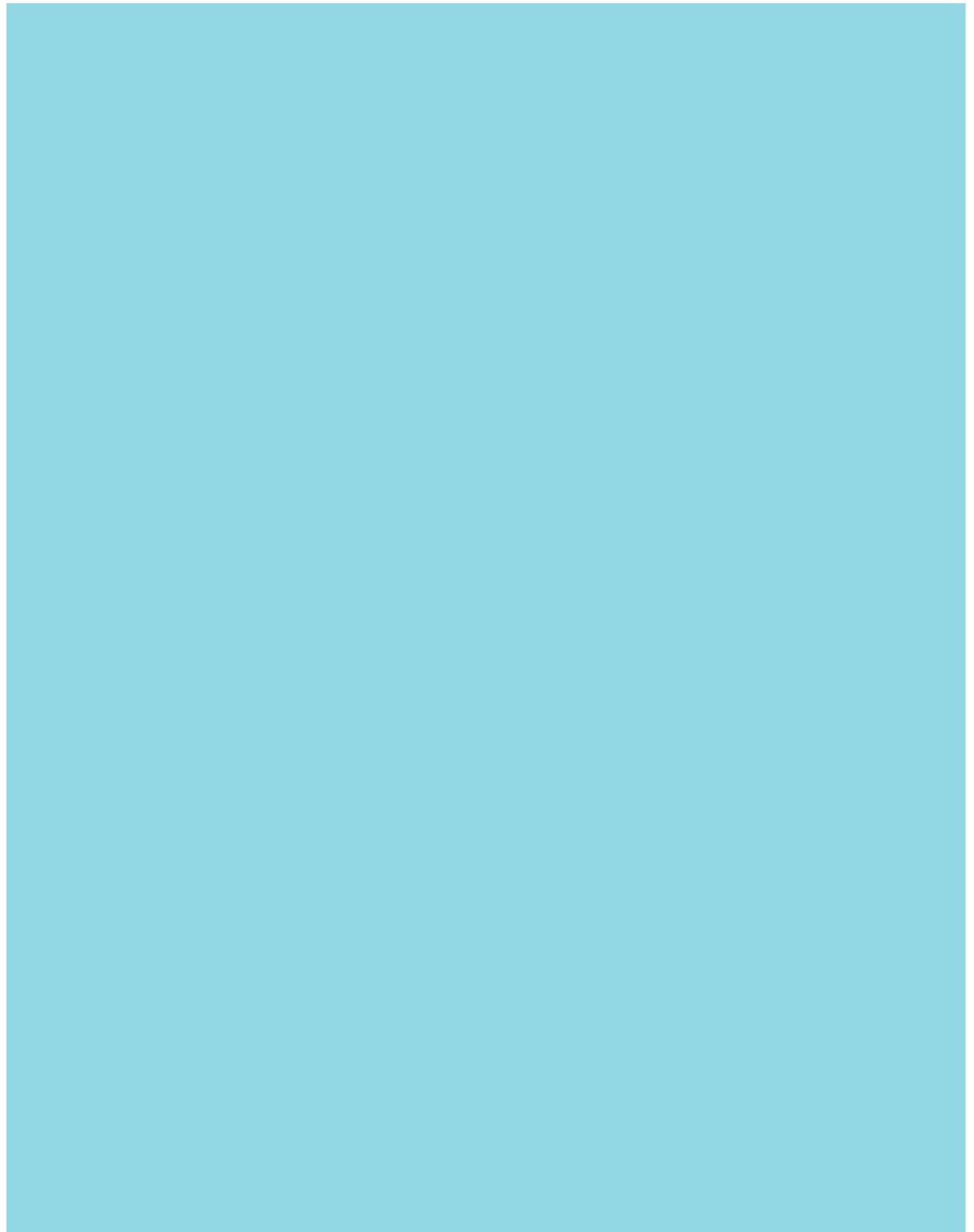
**The Statutory Auditor**



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**VRC Registered Auditors**

Represented by André GEEROMS



**BRUEGEL ANNUAL REPORT 2015**

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Bruegel is registered as a Belgian international non-profit association (Association Internationale Sans But Lucratif) under the number 0867636096, with registered offices at rue de la Charité 33, B-1210 Brussels. The basis for its governance is found in its statute and bylaws.

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