



EUROPEAN STUDIES CENTER

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Photo Courtesy of Wiki Commons

At the 2009 G-7 meeting at the Istanbul Congress Center, Dominique Strauss-Kahn (left), the International Monetary Fund’s Managing Director at the time, talks with then European Central Bank President Jean-Claude Trichet (center) and Mario Draghi, the current ECB President who was then Italy’s Governor.

THE EUROZONE CRISES: THE IMF AND STRUCTURAL ADJUSTMENT IN IRELAND

**by Hakan Gunaydin, PhD Candidate
Department of Political Science, University of Pittsburgh**

In a recent interview, Mario Draghi, the President of the European Central Bank (ECB), once again emphasized the need for structural reforms to revive growth in the Eurozone. Draghi also argued, “This cannot happen by miracle. It hinges upon European Governments and European Institutions.” However, the means and policies through which this could be achieved have not been outlined clearly. This uncertainty regarding how to design effective structural reforms may be why the International Monetary Fund (IMF) has joined the European partners to help design and oversee implementation of structural adjustment programs in Eurozone countries. In work which has benefitted from support from the European Studies Center, I have looked at the politics of reform in Ireland under the TROIKA Programme and the interaction between the Fund and its European partners.

Since the start of the global financial crises, the EU has had mixed policy reactions to addressing the mounting economic challenges. The initial reaction had been unilateral policy responses by individual governments. As the crisis deepened, meetings at the EC and the Economic and Financial Affairs Council

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IN REVIEW

CONVERSATIONS ON EUROPE

On Sept. 17, the ESC kicked off the new academic year with its monthly virtual roundtable series, *Conversations on Europe*, a videoconference devoted to “Back to School at What Cost?” Comparing higher education models in the US and Europe, the *Conversation* was moderated by Center Director Ron Linden. Panelists included Dr. John Weidman, Professor of Higher and International Development Education in the School of Education at the University of Pittsburgh; Goldie Blumenstyk (above, right), Senior Writer for *The Chronicle of Higher Education*; Dr. Liudvika Leisyte, Professor of Higher Education at TU Dortmund, Germany; Dr. John Douglass, Senior Research Fellow in Public Policy and Higher Education at the University of California at Berkeley. In particular, the panel of experts examined the question of who pays for students to go to universities and how much it costs both the individual and the society. A recording of this *Conversation* and past ones are available at the Center’s website and on YouTube (www.youtube.com/user/PittUCIS).

ROUNDTABLE ON GREEK/TURKISH RELATIONS

On Sept. 22, the ESC held a Roundtable on Greek/Turkish Relations presented by Dr. Panayotis Tsakonas (middle) and Professor Özgehan Şenyuva (right, writing a note). Dr. Tsakonas is an Onassis Foundation Fellow at the University of the Aegean, and Professor Şenyuva visited from Middle East Technical University as part of Pitt’s EU-GLOBAL partnership. The roundtable discussion focused on the current state of Turkish-Greek-EU relations, including such topics as the elections in Turkey, recent economic turmoil in Greece, and on-going negotiations between both parties over Cyprus.

IN REVIEW

PIZZA AND POLITICS



On Oct. 1, the ESC presented Pizza and Politics: EU-GLOBAL Researchers Roundtable. The ESC is proud to be hosting three visiting researchers from Middle East Technical University (METU) as part of a multi-year grant funded by the European Union. This program, entitled EU Global, encourages researcher mobility and inquiry into security and governance issues related to Europe, Turkey, and the Transatlantic relationship. During this roundtable, three visiting graduate students - Ebru Ece Özbey (middle left), Burak Erdiñç (middle, right) and Tekin Baykiz (right) - presented research on these themes. Özbey and Baykiz are research assistants at the METU Department of International Relations, while Erdiñç is a research assistant at the METU Center for European Studies and Jean Monnet Centre of Excellence. Comments on the students' work were offered by Center Director Ron Linden and by Başak Yavçan of Tobb University of Economics and Technology in Turkey, who joined remotely from North-western University where she is the Keyman Modern Turkish Studies Visiting Scholar.

THE MARKET AND SPORTS

On Sept. 16, the ESC held a lecture titled "What Does the Common Market (Not) Have to do with Sports," presented by Professor Özgehan Şenyuva, an Associate Professor of International Relations and a Fellow of the JMCE Center for European Studies at Middle East Technical University. The lecture focused on what we can learn about forging a European community through sports. Professor Şenyuva reflected on how certain collective practices and cultural experiences, such as weekly Champions League games broadcast live on TV, inform the project of European integration.



COMING UP

CONVERSATION ON EUROPE: RESCUE & PREVENT: RESPONSES TO EUROPE'S MIGRATION CRISIS

With this installment of our virtual roundtable series, *Conversations on Europe*[™], we have assembled a panel of journalists, filmmakers, and aid agencies to look more closely at how the migrant crisis is playing out on the shores and on the borders.

12:00pm, 4217 Posvar Hall, Nov. 17

"THE DETERMINANT OF FEMALE PARTICIPATION IN LABOR MARKET(S) IN EU COUNTRIES."

Raffaella Patimo, Italian Fulbright Distinguished Chair at University of Pittsburgh and Professor of Economics, University of Bari, Italy, will lecture on her research into European labor markets and gender. Pitt is one of only five institutions in the U.S. to hold such a chair, which is administered by the U.S.-Italian Fulbright Commission through a competitive process.

12:00pm, Nov. 13, 4217 Wesley W. Posvar Hall.

HIGH SCHOOL MODEL EUROPEAN UNION

The high school Model European Union is an annual event that gives students a chance to learn about the workings of the European Union through preparation for and participation in a hands-on daylong simulation. Playing the roles of presidents and prime ministers, students spend a day engaged in intense negotiations over conflicting issues about the EU. Model EU enhances students' understanding of the issues and challenges facing the 28 member nations of the EU. Awards are given to the most effective delegations and best individual position papers. For more information, contact Kathleen Ayers, ESC Outreach Coordinator, at kma69@pitt.edu.

8:30am, Dec. 2, Twentieth Century Club.

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(EcoFin) had intensified. Following the inter-governmental meetings at the Paris Summit in 2009 and the G20 meetings in Washington D.C. and London in 2008 and 2009, respectively, the U.S. and the EU agreed on a more coordinated response. However, the specific means of the policies remained undetermined while the EU continued to have problems of uniformity. Lacking the institutional structures, the EU eventually established the European Financial Stability Mechanism and European Stability Mechanism to provide liquidity support for countries in need. Eventually, measures towards banking union and stricter fiscal oversight, including a structural reform of European economies, have become critical elements in the policy response to revive growth.

The IMF has joined these efforts alongside the ECB and the EC, lending its experiences in dealing with sovereign debt crisis and resources for sharing the financial burden. Understanding this role of the IMF and its interaction with the European partners is critical in analyzing European responses to the Eurozone crisis. My study provides a brief analysis of the Irish Programme and how its design had been shaped by the differences within the TROIKA.

In the last few years, Ireland has been recovering from its worst economic crisis since independence. Between 2007 and 2011, the real GDP declined by 5.4%, real domestic demand fell cumulatively by 26%, and unemployment rose from 4.5% to almost 15%. Due in part to the increasing effects of the global financial crisis, the Irish government deficit reached an unsustainable 10% at the end of 2010. As a result, along with pressure from the EC and ECB, Ireland entered into a TROIKA adjustment

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ESC NEWSLETTER:

Director: Professor Ronald H. Linden
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For newsletter announcements, comments, or submissions, please email eu-news@pitt.edu.

ESC would like to thank the European Union for support for the Center.

ESC SPOTLIGHT: MELISSA AMLER



This month, EUCE/ESC Newsletter Editor Gavin Jenkins interviewed alumnus **Melissa Amler**, a portfolio analyst at UBS Hedge Fund Solutions. In 2011, Amler graduated from Pitt *summa cum laude* with a Bachelor of Philosophy in Political Science. She also earned a European Union certificate. After Pitt, she attended Columbia University's School of International and Public Affairs, earning a Master's degree in International Finance and Economic Policy. She has interned with the US Department of State, IBM, and Morgan Stanley. While at Pitt, Amler also participated in Model UN and was a member of Alpha Epsilon Phi sorority.

Q: What got you interested in earning a European Union certificate, and how has it helped you in your career?

A: I had very little notion of what the EU was when I arrived at Pitt. I enrolled in "Politics of the EU" the spring of my freshman year, thinking that I would learn about a European version of the United Nations (not that I understood much about the UN either) that dealt in matters of cultural and humanitarian significance – a body that presided over seemingly "softer" issues. It was during my first class with Professor Alberta Sbragia, who later became my primary academic advisor for my Bachelor of Philosophy (BPhil) thesis, that I learned about "the Pillars" and the historical and economic feat that the Euro-

pean integration process represented. I think I was drawn to the certificate because I had even more questions about the EU coming out of that class than I did going in.

Q: What events, lectures, trips, or classes offered by the Center influenced you the most?

A: There are certainly more, but a few offerings come to mind: First, "Politics of the EU" with Professor Sbragia [who is now the Vice Provost at Pitt]. There was a guest lecture course taught by Professor Martin Holland on the EU's development policy that helped my development. And the BPhil thesis program: I wrote my BPhil thesis on the EU's regulation of conflict diamonds. It was a relatively less traditional topic in EU studies, but I wanted to explore how theories in political science accounted for the adoption of this particular trade policy, as it was fundamentally grounded in protecting human rights in diamond-producing and processing countries. Many EU member states each had their own historical connection to the diamond trade. The trade itself is about 1,000 years old, so I found it a compelling case study of how trade flows are influenced by changing political dynamics. Professor Sbragia and my BPhil committee were extremely supportive throughout the research process.

Q: How important were your internships, and what was it like working at the Department of State?

A: My internships during college and grad school were extremely formative. In college, I interned at IBM, first with Human Resources and then with a team called Brand System Strategy. I loved being exposed to a business environment. Both internships were valuable, but it was during my time with the Brand System Strategy team that I gained an appreciation for business' role in offering solutions to complex societal problems around the world. During my first summer in grad school, I interned at the Department of State with the Office of Monetary Affairs within the Bureau for Economics and Business Affairs. I happened to be there for the US Summit of the Kimberley Process (the intergovernmental body tasked with stemming the flow of conflict diamonds in international trade) so that was quite fortuitous. Outside of the summit, I worked on the implementation of public sector transparency adherence with our trade partners. While

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COMMUNING WITH THE SAINTS IN MEDIEVAL ZADAR

by **Renate Blumenfeld-Kosinski**
Distinguished Professor of French

Zadar, Croatia is dotted with medieval churches. It is home to a university that was founded in 1396 and is filled with cultural remnants from the Romans through the Venetians to the Austro-Hungarian Empire. There might not be a better place to study medieval saints. Zadar is built on a promontory into the Adriatic Sea, and last year, I traveled there with help from the ESC to present a paper at a conference titled, “Church Reform and the Cult of the Saints.” For many years, I have been active in the North American Hagiography Society, which was founded in 1990 to bring together groups of scholars from all disciplines interested in the notion of sainthood. I recently launched a new publication series with Ashgate that is sponsored by the Society and titled, “Sanctity in Global Perspective.” The conference was hosted by Hagiotheca, a non-profit association of scholars devoted to the same ideals as the Society but with a focus on Eastern Europe.

The conference featured speakers from the U.S. and 13 European countries. We explored the relationship between the many reforms the pre-Reformation Catholic Church and its monastic orders underwent throughout the centuries, as well as the development of the cult of the saints. My paper concentrated on the French saint Colette of Corbie (1381-1447), a fascinating woman who became one of the great reformers of the Franciscans. For Saint Colette and contemporaries like Bernardino of Siena or John of Capistrano, reform meant a return to the spirit of their 13th-century founder Francis of Assisi (feeding the birds in Pitt’s Frick Cloister) and his disciple Saint Clare (also in the Frick Cloister), founder of the second order of the Franciscans, the Poor Clares. Absolute poverty, a disdain for hierarchy, asceticism, obedience, and chastity were the hallmarks of the Franciscan reformers; they called themselves the Observants as opposed to the lax Franciscans known as the Conventuals.

For decades, I have been working on holy women (my new book *The Strange Case of Ermine de Reims: A Medieval Woman between Demons and Saints* was published in May). Saint Colette had appeared here and there in



Courtesy of Renate Blumenfeld-Kosinski

An image on a reliquary chest by Francesco d’Antonio da Sesto at the church of Saint Simeon in Zadar, Croatia.

my work, but now I had a chance to delve into her life and legacy more profoundly. The question I asked was: how did her reforming activities influence her canonization? Colette was not canonized until 1807 after the French Revolution and after Emperor Napoleon made peace again with the Catholic Church through his Concordat of 1801. I found that throughout the centuries there had been many efforts to have Colette canonized but countless obstacles of many different kinds (religious and political conflicts, and lack of money to name a few) prevented the successful completion of the canonization process. That she was a reformer of the male branch of the Franciscans was extremely unusual. In fact, a woman did not have the “canonical right” to reform male houses. That she managed to do so anyway is a testament to her determined leadership of the Colettine reforms and of the many houses she founded. Colettine orders still exist today, several of them in the U.S.

The conference included a walking tour that took us to many of the city’s churches: the magnificent Romanesque Cathedral of Saint Anastasia, the largest church in Dalmatia and the seat of the Zadar archdiocese; the 9th-century church of Saint Donatus surrounded by the remains of the Roman forum; and the church of Saint Simeon, which contains a splendid reliquary chest (UNESCO protected) by Francesco d’Antonio da Sesto, dating from about 1377-80. It features wonderful images of the saint’s miracles, one of the most striking is the expulsion of a demon through the sufferer’s mouth. This tour was a fitting end to four days of scholarly engagement with the saints. €

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I enjoyed the work, it was very processing-heavy, and I wanted something that was more research-based or analytical in nature coming out of grad school. That's when I started to focus my attention on finance and economics when I returned to the School of International and Public Affairs (SIPA) at Columbia for my second year.

Q: What are your current responsibilities at UBS?

A: I am an analyst with our Portfolio Specialist Group at UBS Hedge Fund Solutions. I originally intended to study Economic and Political Development at Columbia. During the spring of my first year, however, I took a course called "the Economics of Finance," which influenced me in a way similar to "Politics of the EU" in that

it introduced me to a completely new academic area. I found it fascinating to learn about the ways in which international finance is very much a product of countries' political, legal and economic institutions. I think my program was unique in that it provided a very broad lens for thinking about finance.

Q: What advice would you give an undergraduate who is trying to earn an EU certificate?

A: Be open-minded and put yourself outside of your academic comfort zone. I find that the most intellectually rewarding experiences are those that introduce you to a new way of thinking about the world. It's important to surround yourself with different perspectives, not only during college but well after. €

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program. The adjustment strategy rested on two critical pillars: fundamental downsizing and re-organization of the banking sector and an ambitious fiscal consolidation with structural conditions.

From November 2010 to December 2013, Ireland implemented reforms in the financial market supported by significant fiscal consolidation and structural measures. Ireland was able to reduce its structural primary deficit to .5 percent of GDP in 2013. Especially employment and wages in the public sector have been cut tremendously. The government implemented a series of labor market reforms along with a new residential property tax, a social welfare bill and a modest job-stimulus package. As a result, Ireland was able to successfully conclude its Programme in December 2013.

The strong willingness of the coalition government and bureaucratic capacity to implement the reforms are the reasons for this success. The centre-right and left coalition composed of Fine Gael and Labour Party was not only able to maintain both intra-party and inter-party cohesion but also secure the support of key social actors such as the unions and employer organizations. The two bipartisan agreements with the public sector unions, the Croke Park and the Haddington Road Agreements, were critical in preventing social unrest and achieving significant fiscal consolidation in the public sector. A highly efficient and professional Irish bureaucratic apparatus was

crucial both during the design and implementation process, providing significant bargaining power.

The negotiations were shaped by a variety of competing objectives such as "the need to protect European Central Bank liquidity, prevent broader European financial sector losses, and limit German taxpayer exposure to the need to 'bail out' weaker economies." Thus, the disagreements among the TROIKA partners were clearly visible in the nature of the consolidation of bank debts, and the nature and pace of the fiscal consolidation.

The Irish government came under intense pressure to extend its earlier blanket guarantee to the banks, meaning all the liabilities of the ruined banks had to be met by taxpayers. As a result, the Irish government was prevented from imposing some of the burden of adjustment on private sector bondholders, or demanding assistance from the Eurozone at large to rescue the banks. This was the main source of disagreement between the IMF and its European partners, mainly the ECB. With respect to bank debt, the IMF had a strong view regarding the different levels of liabilities such as equity holders, junior bondholders and senior bondholders as well as differentiating between secure and unsecure debt. The Fund also insisted on separating the negotiations on the sovereign and banking debt and holding them separately. Given the problem in the financial sector – the inability of the banks to lend and people to re-pay their debts – there were se-

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rious doubts within the IMF that the current program would produce enough growth. However, it was the ECB that wanted sovereign and banking debt negotiations at the same time and pushed the costs of adjustments on to the taxpayers in Ireland.

The second source of disagreement was over the pace of fiscal consolidation and fiscal targets. The EC had been less flexible due to contagion fears. A total collapse of the Irish economy would have had negative consequences for the rest of the Eurozone, especially since, in the midst of the crisis, there were ongoing problems in countries such as Greece, Spain and Portugal. Accordingly, the European partners presented Ireland as an example to the rest of the Europe of what a structural adjustment program would look like if steps were not taken by individual governments to prevent similar situations. However, the Fund pointed out the uncertainties of fiscal consolidation that could not be understood *ex-ante* and pushed for slower pace of consolidation. The Fund eventually prevailed in this discussion and the 3% deficit target was pushed one year ahead to 2015 rather than

2014. Lastly, it was the IMF officials who were critical of the extent of long-term effects of the austerity measures. Although unsuccessful, IMF Chief of Mission to Ireland Ashoka Mody pushed for the inclusion of pro-growth related measures.

The Irish experience provides valuable lessons for the implementation of structural adjustment measures. The willingness and the ability of the Irish coalition government to negotiate and implement the agreed policy measures have been critical. This was possible through a Programme that was adjusted to the local circumstances. For instance, the Irish corporate tax, which supports economic policies, remained untouched. However, once the Irish economy was heading towards recovery, the Labor Party gained some leverage and successfully pushed for modest pro-growth measures. More importantly, not only was the government able to build trust with the TROIKA partners, but it also secured the support of key domestic stakeholders who might have disrupted the implementation process and caused social unrest. Such cooperation from national leaders with international organizations provides a blueprint for dealing with future crises. €

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