

Improving economic policy



Capital Market Union: A failure or a partial success?

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Two different perspectives for the evergreen project of CMU



It was a failure

It was a partial success

It was a failure, as it doesn't sufficiently help to:



- Absorb idiosyncratic shocks,
- Improve resource allocation,
- Fund the green transition,
- Complement the intermediation of the banking system,
- Diversify funding,
- Favour the move towards larger firms,
- Support the International role of the €,
- Move towards a fairer financial System.

It was a partial success as some measures have been, or are being, implemented



- Securitization,
- Prospectus,
- More competition in the market (MIFID-MIFIR),
- Fighting market abuse,
- Anti money laundering,
- Market in crypto assets,
- Consolidated tape,
- Single access point

Repeated attempts at CMU (2015, 2020, 2021, 2022, 2023)



- Are at the same time proof of determination and of
- Further and further delay of success into the future

Clear advantages and strong push, especially by the Commission



- Yet a great disappointment,
- This requires an explanation,
- A full Bruegel team is searching for an answer to the riddle,
- Waiting for the full answer, let me give you my hypothesis.

A comparison with Banking Union can help



The substantial progress towards Banking Union, achieved with moving supervision to the ECB, was made possible by three necessary and jointly sufficient conditions:

- It was a matter of life or death for the euro,
- The task was simple - move supervision to the federal level,
- There was an institution, the ECB, which could take up the task and a hook in the Treaty that allowed the move.

None of these conditions apply to CMU



- No life or death issue, rather debilitation without CMU, and we cannot wish for a crisis,
- No sleight of hand possible: remove barriers one by one for the private sector to engage into Schumpeterian creative destruction,
- There is not another ECB that could take the responsibility: sorry, ESMA is no match.

Resignation cannot be the outcome



- In 2015 CMU had to be achieved in 2019
- In 2020 the objective of CMU was repeated
- In 2021 and 2022 Packages
- In 2023 the commitment was renewed and accelerated efforts were required
- Should we now expect a re-renewed commitment in 2025 and maybe in 2030...?

Three lines of action



- Dogged determination – Machiavelli: *uno principe savio, e mai ne' tempi pacifici stare ozioso*
- Embarrassment of riches in choosing three priority actions which would achieve substantial progress towards CMU and find support in society
- Enlist ESMA as agent for CMU progress and give it the appropriate tools to effectively pursue this objective

Integration or stronger national markets



- I have no doubt: integration
- No sense to have markets organized around national borders
- We don't complain about markets "born integrated" (e.g. derivatives or money markets)



Thanks

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