OLIVIER SIRELLO - EUROPEAN HORIZONS' ALUMNI OF THE MONTH
APRIL 2021

An interview conducted by Louisa Vofrei and Gabrielle Bernoville on behalf of the Public Relations Portfolio
This interview aims at shedding a new light on our community of engaged young professionals.
Views expressed in this article are personal and do not necessarily represent those of the Banque de France, the Eurosystem and the European Central Bank, including pertaining legal systems and are not the official position of European Horizons as an organization.

Olivier Sirello is a French-Italian graduate from Sciences Po and Princeton University, senior economist at the Banque de France and lecturer at Sciences Po Paris. As an active supporter of European Horizons' project since its first hours, Olivier shared with us valuable insights about his rich background in Economics and Public Policy and his views on the EU Monetary Union and policies.

European Horizons' alumni of the month - April 2021
Another look behind the mighty doors of the European Monetary Union

You are currently working at an Economist at the Banque de France, the central bank of France. Could you please elaborate on your functions there?

Olivier Sirello: I am working as an economist-statistician in the directorate general of Statistics, Economics and International at the Bank of France. My position is basically three-folded and covers various tasks analyzing the global trends in international capital flows. I am looking and studying international capital flows, their direction and magnitude between France and the rest of the world.

More specifically, I analyze the trends in capital flows for the purposes of the international transmission of monetary policy or financial stability. For instance, we know that asset purchases by central banks may affect in some way international capital flows across countries.

With this in mind, the main objective is to look at those capital flows and to grasp their ongoing effects on the transmission of monetary policy. The second aspect is related to financial stability. It remains crucial to monitor, for instance, corporations that are heavily indebted, including in other countries, and to assess if they may trigger some risks for financial stability in the euro area.
Finally, I conduct several statistical tasks. My unit is in charge of computing and calculating statistical series on the balance of payment, but also securities statistics. To this end, we publish statistics in the Bank of France and the ECB data warehouse. In a nutshell, my position spans over economics, statistics, a mix of quantitative and qualitative skills.

**Throughout your long commitment to European Horizons. How did this organization, framed and shaped your academic or professional career progression?**

**Olivier Sirello:** I came to know about European Horizon when I was a Princeton student in the United States. I joined the bourgeoning chapter since the beginning on the occasion of its first conference that was organised at Yale in 2015. I remember having been really impressed by the project for two main reasons. To start with, it was a US project dealing with European affairs. This was fascinating, since I believe that a political project like European integration must be observed with sufficient distance to uncover its potential and richness. Additionally, I was really interested in the transatlantic affairs point of view. As far as I know, approaching EU affairs from this perspective is unique.

*European Horizons’ ambition to connect both sides of the Atlantic in a single project among students all over the world really convinced me to get on board.*

I was very much impressed by the project so that I kept contributing to its development in the next months and years as a member of its alumni network. Even after my stay in the US and back to France and then to Italy, I published various articles for the European Horizon blog. Throughout the years I remained convinced of the ambitions and potential of European Horizons.
You mentioned that you attended Sciences Po Paris in France but also studied in the U.S at the Princeton University. Since you have both the French and Italian nationality and also undertook your degree in Economics and Public Management in Milan, how did your very European and Transatlantic background shaped your views on your career path, and later on the European Project?

Olivier Sirello: I was really fortunate to undertake an international career. As you mentioned, I studied in different countries, Italy, France, but also the US, all of these experiences taught me different values which are still at the core of my career.

The first one is humility. When you’re abroad, you came to understand that the world differs from your point of view and your preconceived ideas. You also experience interculturality and the multifaceted cultural differences between societies. You realize the importance of mutual respect and understanding and how important is humility. I believe there is something to learn in each of us.

The second value, which is open-mindedness, is also essential. When you want to serve the public interests, like I am trying to do every day, the experience of staying abroad teaches you how to be open-minded, curious about the world that surrounds you. With this in mind, studying abroad has been an extremely valuable experience for me both on the professional and personal sides.

Unfortunately, various hurdles and obstacles still hinder student mobility and prevent them around the world to go to another country for their studies. Financial resources are needed to travel across countries. Despite all the efforts and initiatives put in place by the European Union, I think there much remains to be done. I am a strong advocate of a greater and more ambitious ERAMUS+ programme which would allow even more students to benefit from this opportunity at an international level.

Could you maybe tell us more about your most memorable experience, about your favorite memory at European Horizons?

Olivier Sirello: The most memorable was to join for the first time European Horizon. The starting point of this project convinced me that this was a very ambitious project, with the power and the reach to create several networks around the
globe. Already at this time, I remind having been really impressed about the dimension and the ambitions pursued by the project.

**Picking up on your comments of European integration and project, do you foresee any connection between the ECB and the European regional integration?**

Olivier Sirello: The foundation of ECB and the construction of the Eurosystem is one of the most vibrant and tangible successes of the European integration. It is the only “purely federal” institution at the EU level. As you may know, decisions in monetary policy are taken on majority rule by the Governing Council. To me, I really feel and see a clear connection between EMU and ECB, on one side, and, on the other, the process of European integration.

More precisely, on the topic of banking supervision, I would like to mention the single supervisory mechanism established in 2014. In this regard, integration at the European level is even more pronounced, even deeper.

My colleagues from banking supervision work every day across different countries at European level. They take part in what we call “joint supervisory teams” and they operate even from a management point of view under the leadership of the ECB. This is a great European success.

We managed to create a transnational team at European level which work together and for a common goal, namely to supervise the big European banks. This may present various hurdles since it is not obviously easy to supervise and manage different teams across different countries. Yet, it remains so important to me that even my decision to join the Bank of France as part of the Eurosystem has been also motivated by this aspect. **Reaching the goal of well integrated European union doesn’t mean that we must integrate every aspect of our missions and activities.**

*It is for me fundamental that every European citizens should understand and are aware of each step of integration in order to be legitimate the full integration process.*

In this sense, the launch of the euro and the construction of the European monetary project were vital to push forward the process of integration.
**Moving to fiscal policy. Do you foresee any development in the long run that would lead to the establishment of a fiscal union?**

**Olivier Sirello:** An interesting and very important point, though it is not directly related to monetary policy. As you know, we are going hand in hand with the Treasury side and the fiscal policy. Fiscal integration remains very complicated, especially at the European level. There has to be a lot of trust among member states to build a common fiscal union. Because when you are talking about fiscal transfers, for instance, you need to ensure that each member state trust each other, for instance to make sure that those transfers are well managed.

From an economic and a monetary perspective, we have a monetary union, so we should build a fiscal union. This is in theory a “sine qua non” condition. In reality - and it has been done this way since almost two decades - we find ourselves in a hybrid situation. **We only have today a common fiscal framework which guides us from a procedural standpoint.** Nevertheless, coming to the core foundations of a fiscal union, we are still not there. Despite the efforts that have been made in the past and most importantly with the recovery fund today, we will not probably reach this level of integration before maybe five, ten years. I remain very skeptical about that.

It’s possible from a political perspective, but it requires a very strong leadership towards European integration, mostly in the core countries, including France, Italy, and Germany. **We need to be on the same page for at least a couple of years and share the same agenda regarding the European policies to pursue.** This is very difficult, of course, because politically today the European project is perceived in very different ways across countries. If we look at Italy, for instance, the European project has very much suffered since the crisis of Covid-19, although, of course, with the recovery fund, we saw a different and more positive direction.

The idea of building a fully integrated fiscal union does not gather unanimity today.
We are far from getting on board the whole majority of the population in France and in Germany. We are still not there in terms of political impetus and we will have to build on previous accomplishments to foster a common fiscal framework. Yet, European integration should rather be smooth and understandable than constraining and top-down. It must be understood by every European citizen. I believe we certainly do not want to impose anything on European citizens. For example, we will maybe get to a point where we will issue debt under the same European flag. But if we do not need that today, maybe it is not the ideal moment to get along this way, because otherwise there is a big downside risk that the European citizens will get bored of the European project. Or even worse, that they eventually even reject it.

That being said, I am very confident that we will reach deeper integration at some point. It remains a necessity to compete with other global powers like China or the United States or Russia. My personal feeling is of course influenced by the spirit of a European citizen, and a truly European, also because of my two nationalities. But I also believe that we do not want to come to the point where the project would be rejected. Politics is not a science.

We witness a big disruption in European integration nowadays, also because of Brexit. This has to be an opportunity for the continent to rethink the European Union and the EU Institutions and their engagement with citizens. If you impose something in a top-down approach, for instance, to the Netherlands or to Germany or to other countries, my impression is that citizens will not understand neither support it. There would be therefore a big risk that they could reject politically the whole project. But, in the end I’m confident that will get into a more integration.

**Do you have any advice that you would like to give students and young professionals that would seek to pursue the same career path or the same educational path as you did ?**

**Olivier Sirello:** For sure. I would first give them a very general advice, which is that, regardless of the field of academic career and professional sector, they should always **fuel their ambitions and career with passion, curiosity and humility.** These values are central to my understanding.
Even when you are writing blog pieces or articles, I would recommend them to challenge themselves while remaining humble and trying really to adopt a holistic view of the problem. In a post-truth world, this value is perhaps an even greater necessity. Everyone must exercise his or her critical thinking, challenge the given truth or what seems an obvious and an absolute truth. This is essential.

Secondly, I have another piece of advice for students or young professionals that operate in the field of economics and public policy, a fascinating domain. Each of them should try not to be too narrowly specialized on some topics of areas of expertise but should always try to balance economics with public policy perspectives, which require an entire mix of qualitative and quantitative skills. Sometimes we tend to forget that the general view is essential to our understanding of global challenges and we focus on very narrow-minded details that are not that much essential for what they do.

Finally, a third piece of advice on economics. What I see every day and also as an economist is that we, as professionals, tend to consider general economics as a science. This is a common mistake. Economics is not a science. To my mind, it is more like an art, which requires a judgment, implies subjective thinking and relies on decision-making as a political science. This is not mathematics alone. Often, we try just to follow the conclusion, the results of models without taking into account the other dimensions of political, more human-made, so to say, dimensions. One must bear in mind that when you are taking a decision, it will have some impacts on the policy and political levels, eventually on society itself. Hence, for sure, we have to follow models, but also encompass other dimensions than just purely econometric approaches.