

Institute for  
Monetary and  
Financial  
Stability



Institute for Monetary  
and Financial Stability

*Annual Report*  
2015



**Institute for Monetary  
and Financial Stability**

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# IMFS Annual Report 2015

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Volker Wieland and Helmut Siekmann

Dear friends of the IMFS,

2015 has been an eventful year with concerns about monetary and financial stability making frequent headlines. The political and economic crisis in Greece, the debate on how to safeguard the future of the eurozone, and the massive quantitative easing by the European Central Bank raised numerous questions in this regard. At the IMFS we have organized conferences, lectures and seminars, conducted research and policy analysis in order to provide new insights for policymakers and the public at large. In these undertakings we pursue an interdisciplinary approach to cover economic, financial and legal perspectives on monetary and financial stability.

A special focus has been on advancing the exchange between economists and lawyers at the institute and in the financial community by means of frequent discussion meetings, public working lunches and legal and economic research publications. The benefit of this interdisciplinary interaction has been visible in our contributions to a variety of policy advisory roles including the German Council of Economic Experts. Furthermore, public interest has reached a new record with IMFS researchers giving more TV and radio interviews and press commentaries than ever before.

With this annual report we invite you to take a closer look at this past year through the lens of the IMFS and to learn more about our community of researchers. If you only have a moment, let us draw your attention to the conversations with young IMFS researchers and recent graduates who share their impressions about their time at the IMFS and the new positions that they achieved.

**Volker Wieland,**  
Managing Director and Professor of Monetary Economics

**Helmut Siekmann,**  
Deputy Managing Director and Professor of Money, Currency and Central Bank Law

## Institute and Staff

### I. The Institute

The **Institute for Monetary and Financial Stability (IMFS)** is a research center of Johann Wolfgang Goethe University, Frankfurt am Main, located in the “House of Finance”. The IMFS was established as part of the project “Currency and Financial Stability” funded by a grant of the *Stiftung Geld und Währung* (Foundation of Monetary and Financial Stability). The Foundation of Monetary and Financial Stability was created by federal law on January 1, 2002.

The IMFS includes three Endowed Chairs: (1) monetary economics; (2) finance; and (3) money, currency and central bank law. They are complemented by three Affiliated Professors from the university’s regular faculty. A Board of Trustees supervises and guides the activities of the institute.



House of Finance, located at Goethe University's Campus Westend

The institute’s main objective is to promote public awareness of the benefits of monetary and financial stability. It is set up to fulfill this objective through (1) economic and legal research, (2) doctoral and post-doctoral training, (3) economic and legal policy advice, and (4) public outreach. It focuses on questions regarding monetary and financial stability that are to be addressed from economic, financial and legal perspectives. The IMFS provides a platform for interdisciplinary cooperation and debate covering all four dimensions of its work.

#### 1. Economic and legal research

The research program of the “Currency and Financial Stability” project covers (i) monetary economics, (ii) financial market economics and systemic financial stability, and (iii) monetary, currency and central bank law. These areas define the activities of the three Endowed Chairs funded by the Foundation of Monetary and Financial Stability. Furthermore, there are three Affiliated Professors from Goethe University’s regular faculty who collaborate with the institute in these areas.

- **Monetary Economics:**

This research area addresses questions pertaining to the importance of stable prices; the analysis of different stability-oriented strategies of monetary policy; the study of business cycles and the role of expectations in money and financial markets; the development and

implementation of monetary macroeconomic models; and the analysis of the interactions between monetary, fiscal and macro-prudential policy.

▪ **Financial Market Economics and Systemic Financial Stability:**

Financial regulation and supervision, and particularly its economic aspects and effects, are central to this research area. It addresses questions regarding guaranteeing financial stability in the national and international context and how to avoid or mitigate financial crises. Furthermore, it provides analysis of the behavior of financial intermediaries and the functionality of financial markets.

▪ **Money, Currency and Central Bank Law:**

This field of research centers around the stability of financial markets, financial institutions and public finances from a legal perspective. Its focus is on the European Monetary Union encompassing the European system of central banks (ESCB); the legal aspects of money and monetary policy; provisions of the European and national law to secure sound government finances including government deficits and debt, support mechanisms, and fiscal federalism. Supervision and control of the financial sector is included as well.



The European Central Bank and the national central banks constitute the Eurosystem

The foundation's support allows for long-term, basic research with an interdisciplinary dimension. Particular emphasis is put on promoting the academic and interdisciplinary exchange of views by means of research seminars, lectures and conferences. These events are jointly organized and attended by the IMFS professors and involve researchers from around the world who work on economic, financial or legal aspects of the IMFS research areas. Typically, research findings are first presented at research conferences and seminars, then made available in the form of *IMFS Working Papers* or, in the case of joint interdisciplinary work or interdisciplinary conference reports, in the form of *IMFS Interdisciplinary Studies in Monetary and Financial Stability*. Ultimately, research findings are published in scientific journals, collections or monographs according to the practice of the respective field. It is particularly valued if IMFS research achieves high impact on the respective field, for example, by publication in a leading international journal or book series, high citation counts in scientific journals, or frequent mention in legal commentaries.

## 2. Doctoral and post-doctoral training

The IMFS also aims to advance knowledge about monetary and financial stability by contributing to doctoral and post-doctoral training at Goethe University. IMFS professors teach advanced Master and Ph.D. level courses and organize research-oriented seminars at the Master and Ph.D. level. IMFS professors interact and collaborate with pre-doctoral and post-doctoral research staff and visitors at the IMFS in various formats, including dissertation supervision, discussions, seminars and occasionally also joint research.

Pre-doctoral members of the IMFS research staff often participate in structured Ph.D. and doctoral programs at Goethe University under the roof of the Graduate School of Economics, Finance and Management. Training at the IMFS involves a preparation for basic research and academic careers as well as practice-oriented work in international organizations, central banks, government and the financial sector. Key indicators of success in doctoral and post-doctoral training include new teaching and seminar formats, research conference presentations and publications by pre-doctoral and post-doctoral research staff and ultimately the placement of young researchers trained at the IMFS at top academic or practice-oriented institutions.

### **3. Economic and legal policy advice**

An essential task of the IMFS involves research transfer into the world of financial institutions, central banks, and political decision-makers. Joint interdisciplinary approaches to research-based policy advice are explicitly encouraged. The IMFS aims to further the interaction with policy makers and the transfer of research findings to policy by using the following four channels: (i) organization of lectures, seminars and policy-oriented conferences that involve key policymakers together with academics; (ii) producing *IMFS Working Papers* and studies with practical policy implications and contributing writings to external policy-oriented publications; (iii) participating in parliamentary hearings and government advisory bodies and contributing to advisory reports requested by governmental agencies; (iv) contributing interviews and commentaries on policy issues to the media.

Indicators of success in this area include the level of the policy makers that interact with academics at IMFS events, the importance of the policy publications to which IMFS researchers contribute, the relevance of the hearings and government advisory bodies IMFS researchers are invited to participate in, and the public visibility and media impact of IMFS contributions on policy issues.

### **4. Public outreach**

The IMFS aims to raise and promote awareness among the general public for the significance of a stable currency. The institute pursues this objective on two levels: Locally, the IMFS reaches out to the financial community in Frankfurt, Germany's financial center, by regularly organizing lectures and seminars with IMFS researchers and distinguished speakers from other institutions that deal with current issues in the area of monetary and financial stability. In order to communicate to the public on a national and international level, IMFS professors travel to give speeches and regularly contribute interviews and commentaries to national and international newspapers and magazines, English-language websites, blogs and TV and radio stations.



Indicators of success include the quality of speakers at IMFS events that are open to the general public and the number of participants, as well as the reach of the conference presentations and public speaking opportunities of IMFS researchers. Furthermore, the frequency of commentaries in leading national and international media provides an indication of the visibility of IMFS researchers and the institute as a whole. Coverage of research by IMFS researchers on economic and legal questions concerning monetary and financial stability in the media is of particular importance.

***The IMFS in numbers***

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Number of IMFS professors	4	6	4
IMFS Working Papers	14	9	9
IMFS Interdisciplinary Studies in Monetary and Financial Stability	1	-	2
Articles in scientific journals	13	5	6
Scientific books	1	2	3
Contributions to books	9	8	12
Policy papers	4	3	4
Completed dissertations	3	2	2
IMFS Post-Docs placements:			
Academia, government agencies, international organizations, and central banks	1	1	1
Banks, consultancies, law firms, and others	2	1	1
Keynote and major public speeches	5	3	2
Conference and seminar presentations	42	58	43
Policy meetings and hearings	11	10	8
Media references to IMFS research papers	4	5	5
Editorials and interviews by IMFS researchers	19	13	28
Press portraits of IMFS researchers	1	2	5
Short press commentaries of IMFS researchers	75	55	26
Radio and TV interviews with IMFS researchers	40	31	19
Conferences	2	2	2
IMFS Distinguished Lectures	-	2	1
IMFS Working Lunches	9	4	3
Registered participants at IMFS events	1118	663	687
Registered media representatives at IMFS events	93	59	53

## II. The Researchers

### IMFS Endowed Chairs and Affiliated Professors

In 2015, the Endowed Chair of Monetary Economics is held by Professor Volker Wieland, Ph.D., also Managing Director of the IMFS; the Endowed Chair of Money, Currency and Central Bank Law is held by Professor Dr. Dr. h.c. Helmut Siekmann. Until August 2015, Professor Vikrant Vig, Ph.D. was a Visiting Scholar of Financial Economics at the Endowed Chair of Financial Economics in addition to holding a Professorship of Finance at London Business School.

The IMFS Affiliated Professors complement the Endowed Chairs. They contribute to the institute and are members of its Executive Board. Affiliated Professors are currently Professor Michael Binder, Ph.D., from the Department of Money and Macroeconomics, and Professor Dr. Tobias H. Tröger, LL.M.

All IMFS professors come together on a regular basis for Executive Board meetings to discuss joint research projects as well as organizational aspects and future events. In 2015, the Executive Board held nine meetings, namely on January 29, February 25, April 27, May 18, July 1 and 15, September 15, November 23, and December 9, usually taking place prior to an event in the Working Lunch series.

### IMFS Endowed Chair of Monetary Economics

#### Volker Wieland



Volker Wieland, Ph.D., has held the IMFS Endowed Chair of Monetary Economics since March 1, 2012. As one of the three founding professors, he was involved in the successful application for the “Currency and Financial Stability” project and has been affiliated with the Institute from its beginning. In June 2012, he was elected Managing Director. An expert in monetary theory and policy, Wieland has been a member of the German Council of Economic Experts since 2013. Advising German policy makers on questions of economic policy, the Council compiles and publishes a report, which is released annually in mid-November. In addition to that, he is a member of the Kronberger Kreis, the Scientific Council of the Market Economy Foundation, and the Scientific Council of the Federal Ministry of Finance. In his capacity as economic adviser, he met with ministers and leading officials on a regular basis in 2015.

In his research, Wieland concentrates on monetary and fiscal policy, business cycles and macroeconomic models, inflation and deflation, learning behavior and economic dynamics as well as numerical methods in macroeconomics. In 2014, Wieland and his team launched an updated version of the Macroeconomic Model Data Base (MMB), which includes more than 60 macroeconomic models. The updated MMB comprises many models developed in the aftermath of the financial crisis. Since the release, the number of registered users had increased to more than 6,800 by the end of 2015.

Volker Wieland completed his Ph.D. at Stanford in 1995 and worked at the Federal Reserve in Washington for the next five years. His research work has been published in leading economics journals such as the *American Economic Review*, the *European Economic Review* and the *Journal of Monetary Economics*. Wieland first joined the Goethe University faculty in November 2000. Since then he has also been active as a consultant to many institutions including the European Central

Bank, the European Commission and the Central Bank of Finland. In 2008, he was awarded the Duisenberg Fellowship by the ECB. From 2004 to 2013 he organized the conference series “The ECB and Its Watchers”, a public discussion forum with representatives from the ECB, academics and market participants.

### **IMFS Endowed Chair of Money, Currency, Central Bank Law Helmut Siekmann**



Prof. Dr. Dr. h.c. Helmut Siekmann has held the IMFS Endowed Chair of Money, Currency, and Central Bank Law since 2006. He is the founding director of the IMFS and was the Institute’s Managing Director from 2006 to 2010 as well as from September 2011 to May 2012. Siekmann received his doctor juris and his post-doctoral degree (“Habilitation”) from the University of Cologne. He also earned a degree in economics (Diplom-Volkswirt) from the University of Bonn and was awarded an honorary doctor’s degree by the University Paris-Dauphine.

Siekmann’s main field of work is the stability of financial markets, financial institutions and public finances. His research is focused on all aspects of government finances, the institutional framework of the European System of Central Banks, the European provisions to secure stable government finances, the stabilization mechanisms in time of crisis, and the supervision and control of financial markets. In addition to his academic work, Siekmann contributed to numerous legislative projects on the national and supranational level. He worked as counsel to constitutional bodies and represented them in constitutional courts. In 2014, Siekmann contributed significant parts to a new edition of the standard-setting work on the “Grundgesetz”, the German basic law, particularly concentrating on the section about central banks.

### **Visiting Scholar Vikrant Vig**



From December 2014 until August 2015, Professor Vikrant Vig, Ph.D., was Visiting Scholar at the IMFS Endowed Chair of Financial Economics, in addition to his position as Professor of Finance at London Business School where he had started as Assistant Professor in 2007. He holds a Ph.D. from Columbia University in New York. Previously, he had gained a Master of Science in Industrial Engineering, a Master of Business Administration, and a Master of Finance at the University of Illinois at Urbana-Champaign.

Vikrant Vig’s academic field of interest encompasses corporate finance, law and finance, banking, and organizational economics. He is co-editor of the *Review of Finance* and associate editor of the *Journal of Financial Intermediation* and *Finance Research Letters*. Organizations worldwide have made use of his expertise. He has also published many articles in leading scientific journals in finance and economics.

**IMFS Affiliated Professor  
Michael Binder**



Professor Michael Binder, Ph.D., holds the Chair for International Macroeconomics and Macroeconometrics at Goethe University. He also serves as Founding Dean of the Graduate School of Economics, Finance, and Management (GSEFM) at Goethe University, Johannes Gutenberg University Mainz and Technische Universität Darmstadt (with Ph.D. Programs in Economics, Finance, Law and Economics, Management, and Marketing). As part of his commitment to further opportunities for young researchers in Germany, he is also Vice-Director of the Goethe Graduate Academy (GRADE) and has co-initiated the Young Innovators Award of *Finanzforum Vordenken*.

Part of Binder's current research centers around the FP7 project "Integrated Macro-Financial Modelling for Robust Policy Design" (MACFINROBODS) for which he is steering the Frankfurt node.

More broadly, Binder's current research examines the implications of financial market structures for business cycle dynamics, output growth, and macroeconomic policy design. His research also involves the development of new econometric methods for panel data sets.

**IMFS Affiliated Professor  
Tobias Tröger**



Professor Dr. Tobias Tröger, LL.M., holds the Chair of Private Law, Trade, and Business Law, Jurisprudence at Goethe University.

In his research, Tröger investigates internal governance structure of banking union institutions, the reinstatement of market discipline through bank reorganization and resolution (bail-in, living wills), capital market union, the regulation of non-bank credit intermediation (shadow banking), the development of securities regulation and social change, the law of shareholder meetings and resolutions as well as German and European sales law.

In 2015, among other things, Tröger contributed the IMFS Working Paper No. 93, taking a closer look at regulation in the banking union. In his Working Lunch lecture, he shared his insights on the regulation of shadow banking.

## Pre-Docs and Post-Docs

**Elena Afanasyeva** has joined the IMFS in March 2012 as a research and teaching assistant at the Endowed Chair of Monetary Economics. She holds a diploma in economics from Lobachevsky State University of Nizhny Novgorod and a M.Sc. in quantitative economics from Goethe University. In December 2014 Elena earned her Ph.D. in economics from Goethe University with a dissertation on “Credit Booms: Identification, Modelling, and Policy Responses” (summa cum laude). In her research, Elena focuses on identifying financial imbalances and structural modelling of banks. Most recently, she also collaborates with IMFS Professor Volker Wieland on recursive estimation, forecasting and learning in macroeconomic models. In 2015, Elena presented her work at the University of Pavia, Birkbeck Centre for Applied Macroeconomics and Deutsche Bundesbank. In July 2015, she also participated in the Macroeconometrics Summer School of the Barcelona GSE. Together with Volker Wieland, Meguy Kuete and Jinhyuk Yoo, Elena has recently been working on the paper “New Methods for Macro-Financial Model Comparison and Analysis”, which is being prepared for the Handbook of Macroeconomics, Volume 2. From October 2015 until March 2016, Elena was a visiting research fellow at the Hoover Institution at Stanford University. On page 20, she shares her experience in a “Letter from Stanford”.



**Robert C.M. Beyer** has joined the Chair of Monetary Economics at the IMFS in October 2014. He completed his M.Sc. in Quantitative Economics at Goethe University in 2013 and is now working on his dissertation. His interests are in the area of applied macroeconometrics and macroeconomics and his research is broadly related to macroeconomic policies after the great recession. In 2015, he was a teaching assistant of IMFS Professor Volker Wieland in the seminar “Monetary and Fiscal Policy: Theory and Practice”. Before joining the institute, Robert conducted research at the Cluster of Excellence SAFE and the European Central Bank. In January, he participated in the Second Winter School on the Analytics and Policy Design of Migration, Georgetown University (SFSQ) in Doha, Qatar. From July to September 2015, he was an intern at the International Monetary Fund, Washington D.C. He contributed analysis on the labor market performance of immigrants in Germany to an IMF staff study on the refugee surge in Europe. Recently, his work was cited by IMF Managing Director Christine Lagarde and discussed in the German press.

**Tilman Bletzinger** has joined the Chair of Monetary Economics at the IMFS as a research assistant in 2012. He is currently pursuing his Ph.D. at the Graduate School of Economics, Finance, and Management at Goethe University, where he also obtained his M.Sc. degree in Quantitative Economics in 2014. Prior to entering the Ph.D. program, he completed his undergraduate studies at Maastricht University and University of California, Los Angeles. In between he was a research intern at the Dutch central bank and Deutsche Bank. His research focuses mainly on monetary and fiscal policies since the financial crisis. In 2015, he was an intern with the consultancy d-fine and the ECB. He is an elected member of the IMFS Executive Board representing the academic research and teaching staff.





**Martina Jančoková** pursued her undergraduate studies at the University of Economics in Bratislava and holds a diploma in economics from the University Rostock. In 2009, the Slovakian-born researcher joined the Ph.D. in economics program at Goethe University, for which she received a Ph.D. scholarship from the Foundation of Monetary and Financial Stability. Her research focuses on the conduct of monetary policy in a currency area, the modeling of macro-financial linkages and the development of macro stress testing frameworks. Martina has been working at the institute since April 2013. In July 2015 she joined the International Policy Analysis division of the European Central Bank as a research analyst for a period of one year.

In 2014, **Meguy Kuété Ngouing** started working at the institute, pursuing his project on “Balance sheet policies and quantitative effects of money in new Keynesian models”. As a member of the Macro Model Base team of Volker Wieland, Meguy is involved in the integration of further macroeconomic models in the computational platform: Born in Cameroon, he came to Germany to study mathematics in Darmstadt. After that he took up the Ph.D. program at Goethe University.



As a research assistant at the Endowed Chair of Money, Currency and Central Bank Law **Catharina Schmidt** is working on her doctoral dissertation in which she compares the different legal regimes imposing a separation between commercial banking and investment banking. She initially joined the IMFS as a student assistant in November 2011 and graduated in law from Goethe University (first state examination in law) in 2013. Besides her research on banking supervision, Catharina is interested in banking and capital markets law.

At the Endowed Chair of Money, Currency and Central Bank Law Diplomat-Jurist **Patrick Tuschl** is studying the EU recovery and resolution directive and the German bridge bank tool. In 2015, Patrick published part of his doctoral research regarding the legal framework of state aid for banks during the financial crisis with respect to EU law as IMFS Working Paper No. 96.



After completing her post-graduate legal traineeship at the district court of Mainz, Ass. iur. **Caren Lee Wachowiak** returned to the Endowed Chair of Money, Currency and Central Bank Law of the Institute in April 2014 to work on her doctoral dissertation. As a German-American, Caren has a special interest in financial supervision in Europe and the United States. While her research mainly concentrates on money and currency law, she is also interested in banking and capital markets law. She is an elected member of the IMFS Executive Board representing the academic research and teaching staff.

**Jinhyuk Yoo** joined the Ph.D. program at Goethe University in 2010. Born in South Korea, he graduated from Seoul National University with a B.A. in Mechanical and Aerospace Engineering and a M.A. in Economics. From 2002 to 2010 he worked as economist at the Bank of Korea, South Korea's central bank. With Meguy Kuété Ngouguing and Elena Afanasyeva, Jinhyuk forms the Macro Model Base team headed by Volker Wieland, collaborating with him as a teaching assistant on macroeconomic model comparison. In 2015, Jinhyuk and his co-author Bettina Brüggemann published IMFS Working Paper No. 94 on "Aggregate and Distributional Effects of Increasing Taxes on Top Income Earners".



## Fellows

By appointing IMFS Fellows, the Executive Board aims to affiliate selected academics, researchers and practitioners from the areas of monetary policy finance and financial law with the IMFS. The appointment is for a period of three years. In 2015, the IMFS appointed four new Distinguished Fellows, honoring their contributions to the institute: **Prof. Dr. Dres. h.c. Theodor Baums**, former IMFS Founding Professor; **Dr. Willy Friedmann**, former member of the Board of Trustees of the IMFS; **Prof. Dr. Hermann Remsperger**, former Chairman of the Board of Trustees of the IMFS; and **Dr. h.c. Reinhard H. Schmidt**, former IMFS Affiliated Professor. Additionally, **Prof. Dr. Julia Redenius-Hövermann** joined the institute as an IMFS Research Fellow. She is collaborating closely with IMFS Professor Helmut Siekmann in preparation of the commemorative publication (*Festschrift*) in honor of Prof. Baums.

**IMFS Distinguished Fellows** are exceptional individuals with great experience in policy-making institutions and in the financial sector who have either already made outstanding contributions to the IMFS and its activities in research and policy advice, or aim to get actively involved in the future. There can be up to six IMFS Distinguished Fellows at a time. They are nominated by the IMFS Managing Director and appointed by its Executive Board.

**IMFS Research Fellows** are excellent scholars from other universities and institutions who collaborate closely with one of the IMFS endowed chairs. The IMFS offers its research fellows opportunities to get involved in IMFS research, policy advice, and events, and to contribute to IMFS activities. Each of the IMFS endowed chairs can appoint up to six research fellows for a period of three years each.

### IMFS Distinguished Fellows

#### Prof. Dr. Dres. h.c. Theodor Baums



Prof. Dr. Dres. h.c. Theodor Baums has the Endowed Chair for Civil and Business Law at the Institute for Law and Finance (ILF) at Goethe University, which he founded and where he now serves as a member of the management board. He was the chairman of the Government Commission on Corporate Governance, a member of the Advisory Board of the Federal Financial Supervisory Authority (BaFin), counsel to the EC Commission on company law, and ethics advisor to the management board of the Deutsche Bundesbank. Currently he is a member of the German government commission on the Corporate Governance Code. Prof. Baums is co-editor of several scientific journals and publication series. He has published more than 150 books and articles on corporations, civil and antitrust law. Prof. Baums has frequently advised the German Federal Government and Federal Parliament on questions concerning company and securities market regulation and was also an advisor for international organizations like the World Bank and the OECD. In 2006, he was awarded the Order of Merit 1st class of the Federal Republic of Germany. Prof. Baums studied law and Catholic theology in Bonn. After receiving his doctor juris he was a professor in Münster and Osnabrück before he came to Frankfurt in 2000. He is a Professeur associé of the University of Luxembourg as well as Dr. rer. pol. h.c. und Dr. iur. h.c. He has been a Founding Professor of the IMFS.

### **Dr. Willy Friedmann**



Dr. Willy Friedmann served in different capacities in the areas of monetary policy, financial markets and trade at Deutsche Bundesbank from 1978 to 2009, and most recently as head of the economics department. Before his service with the Deutsche Bundesbank, he was in charge of monetary policy and financial markets at the German Council of Economic Experts. From 2009 until 2015 he was Chairman of the Foundation for Monetary and Financial Stability (*Stiftung Geld und Währung*) and a member of the Board of Trustees of the IMFS. During this time Willy Friedmann was associated with Goethe University as member of the foundation's Board of Trustees.

### **Prof. Dr. Hermann Remsperger**



Prof. Dr. Hermann Remsperger was member of the Executive Board of the Deutsche Bundesbank from 1998 to 2009 where he was in charge of the department for economics and statistics as well as the research center. In 2006 he became responsible for all matters relating to the bank's international relations. In this capacity he represented the Deutsche Bundesbank in the economics and finance committee of the EU, at the G7 and G20 meetings as well as the Financial Stability Forum. Previously, he was chief economist at BHF Bank. He was a lecturer and honorary professor at Goethe University Frankfurt from 1979 to 2014. As Chairman of the Council of the Foundation for Monetary and Financial Stability (*Stiftung Geld und Währung*), Hermann Remsperger also served as Chairman of the Board of Trustees of the IMFS since its establishment. He retired from these roles in 2015 but remains associated with the IMFS.

### **Prof. Dr. Dr. h.c. Reinhard H. Schmidt**



Prof. Dr. Dr. h.c. Reinhard H. Schmidt is Seniorprofessor at the House of Finance of Goethe University, focusing on financial systems in industrial and developing countries, especially comparing financial systems in Europe, international firms and their strategy and structure, finance theory, international economic relationships and regulation as well as development financing. He is a member of the European Shadow Financial Regulatory Committee. He is author and editor of 25 books and 70 contributions to compilations and has published more than 60 scientific articles in national and international magazines. From 1991 to 2014, Schmidt held the Endowed Chair of Finance and Accounting at Goethe University, before that he was a professor in Trier and Göttingen. As a Visiting Professor he taught at various universities like Stanford, Georgetown University, Wharton School as well as in Paris and Milan. He had also been an Affiliated Professor at the IMFS.

### **Prof. Dr. Daniel Zimmer, LL.M.**



Daniel Zimmer is the Director of the Institute of Commercial and Economic Law and of the Center for Advanced Studies in Law and Economics (CASTLE) at the University of Bonn. He has been a member of the German Monopolies Commission since 2008 and the Chairman of the Commission until 2016. Prior to this, he was the Chairman of the Expert Council for the Development of Exit-Strategies regarding the Federal Republic's Investment in the Financial Sector (2010-2011), member of the Forum on Auditor Liability of the EU Commission (2005-2008), and also member of the special Commission "International Company

Law” of the German Council for Private International Law (preparing a legislative proposal concerning International Company Law for the German Ministry of Justice) (2004-2006). Zimmer studied law in Mainz, Lausanne, Göttingen and at the University of California at Los Angeles (UCLA). He received his doctor juris and his postdoctoral degree (“Habilitation”) from the University of Göttingen.

## **IMFS Research Fellows**

### **Tobias Adrian, Ph.D.**



Tobias Adrian, Ph.D., is a Vice President of the Federal Reserve Bank of New York and head of the Capital Markets Function of the Research and Statistics Group. He has contributed to the New York Fed’s financial stability policy and to its monetary policy briefings. His research covers asset pricing, financial intermediation, and macroeconomics, with a focus on the aggregate implications of capital market developments. Adrian holds a Ph.D. in Economics from Massachusetts Institute of Technology (MIT) and an M.Sc. from the London School of Economics. He also holds M.A.s in Economics from Goethe University Frankfurt and Dauphine University in Paris. He has taught at MIT and Princeton University.

### **Prof. Dr. Günter W. Beck**



Günter W. Beck is Professor for European Macroeconomics at the University of Siegen and Research Fellow at the Center for Financial Studies. His research focuses on macroeconomics, monetary economics, and international economics. Before his appointment in Siegen, Beck was Professor at the University of Mainz. After gaining a Ph.D. from Goethe University in 2004, he worked as an Assistant Professor in Frankfurt. In 2014, he organized the conference “The ECB and Its Watchers” together with Volker Wieland, taking over as sole organizer starting with the 2015 edition of the conference.

### **Athanasios Orphanides, Ph.D.**



Athanasios Orphanides, Ph.D., is Senior Lecturer at the MIT Sloan School of Management, Cambridge, MA. He holds undergraduate degrees in mathematics and economics as well as a Ph.D. in economics from the Massachusetts Institute of Technology. Orphanides served as Governor of the Central Bank of Cyprus from May 2007 to May 2012 and was a member of the Governing Council of the European Central Bank between January 2008 and May 2012. The economic situation in Cyprus is also in the center of his IMFS Working Paper No. 79/2014 “What happened in Cyprus?”. Prior to that, Orphanides was a Senior Adviser to the Board of Governors of the US Federal Reserve System. While at the Federal Reserve, he taught undergraduate and graduate courses in macroeconomics and monetary economics at Georgetown University and John Hopkins University. In another IMFS Working Paper Orphanides published in 2014 he analyzed how the European Central Bank and the Cypriot central bank “created a grey area” regarding the ELA provision: “Are Rules and Boundaries Sufficient to Limit Harmful Central Bank Discretion?”

### **Prof. Dr. Julia Redenius-Hövermann**



Prof. Dr. Julia Redenius-Hövermann is Assistant Professor of Civil and Company Law at the Frankfurt School of Finance and Management. From December 2006 to July 2012 Redenius has held the position of postdoctoral research associate and lecturer at the Chair of Professor Theodor Baums at the Institute for Law and Finance, Goethe University. Before returning to her hometown Frankfurt, Julia Redenius worked as a research associate and lecturer at the Universities of Paris II-Assas and Paris XII-Saint Maur as well as an attorney at law in Paris. Redenius holds Master degrees in French, German, European and International Corporate Law from the University of Paris II-Assas and Munich as well as a Ph.D. (summa cum laude, Supervision: Professor Michel Germain) from the University of Paris II-Assas. She was admitted to the Paris Bar Exam.

### **Prof. Dr. Peter Tillmann**



Peter Tillmann is Professor of Monetary Economics at the Justus-Liebig-University Giessen. He has been a Research Fellow at the IMFS since 2009. His research focuses on monetary policy, empirical macroeconomics, and financial markets. Before coming to Giessen in 2009, Tillmann was a senior economist at the Swiss National Bank. He started his academic career at the Universities of Bonn and Edinburgh. In 2003, he gained a Ph.D. from the University of Cologne.

## IMFS Graduates

All Endowed Chairs at the IMFS contribute to the training of doctoral students within the structured Ph.D. and doctoral programs. For this purpose the chairs regularly offer lecture courses and seminars at doctoral level. In addition, many doctoral candidates work as research assistants in IMFS research projects. Supervision of individual projects is also provided.

The successful completion of a dissertation and the subsequent employment at a university, a research institute, central bank, ministry, international organization, companies or law firms is a key objective of the institute.

Doctoral and post-doctoral training at the IMFS also focuses on providing a productive research environment for post-docs who were either hired as research assistants or received third-party funding to work temporarily at the IMFS. Thus, the subsequent placement of post-docs also represents an important benchmark of the success of doctoral and post-doctoral training. In 2015, several pre-docs and post-docs completed their dissertations or started their professional career.

In May 2015, **Matthias Burgert** completed his dissertation on “Essays on the Effects of Fiscal and Monetary Policy” (summa cum laude). Since 2013, he has been part of the research staff in the economic modelling group of the Directorate General Economic and Financial Affairs (DG ECOFIN) at the European Commission in Brussels.

In June 2015, **Pinar Topal** took up a position at Deutsche Bank after having completed the Ph.D. program in Economics at Goethe University with a dissertation on “Public Debt, Labour Markets and the Effectiveness of Fiscal Stimuli”. In an interview on page 23, Pinar talks about her time at the institute and her tasks at Deutsche Bank.

In October 2015, former IMFS researcher **Jenny Gesley** earned her doctorate in law with a dissertation on “Financial Market Supervision in the United States – National Developments and the Influence of International Rules” (summa cum laude). While writing her dissertation, Jenny Gesley had been working for five years at the Endowed Chair of Money, Currency, and Central Bank Law. In March, she had already joined the Library of Congress in Washington, D.C. On page 22, Jenny explains how she came to work in the United States.

Ass. iur. **Helene Minor** initially joined the Endowed Chair of Money, Currency and Central Bank Law as a student assistant. In 2012 she returned to the institute as a research assistant. In 2014 she passed her second state examination in law and in 2015 started working as an officer at a local job center of the Federal Employment Agency.

## Conversations with current and former IMFS researchers



**Elena Afanasyeva, Ph.D., IMFS**  
**Letter from Stanford**

In my work I focus on credit booms. My dissertation was devoted to this topic. My interest for these economic phenomena was partially motivated by what happened prior and during the Great Recession, when a credit bubble built up and burst. Another reason was my previous work experience as a junior credit officer, before I started my Ph.D. studies. In this job I was managing credit applications from medium and small enterprises as well as households. Credit is generally meant to help households and firms invest into new projects, close their liquidity gaps, buy new cars, flats. But by now we have seen very clearly that “too much” credit can also hurt the economy.

The first question is how to determine this limit, when a productive, growth-fostering credit expansion turns into a credit bubble. This is not an easy question, especially from a macroeconomic perspective. In my first paper I suggest a criterion that signals when a credit expansion turns unsustainable, i.e. when chances are higher that credit will not be repaid. I measure the level of credit in the economy that is supported by real economic fundamentals (such as GDP, industrial production etc.), and compare it with the actual levels of credit we observe in the economy. When actual credit is higher than the fundamentally-justified benchmark, a credit expansion becomes unsustainable. Intuitively, the economy is not producing enough income to repay the credit obligations.

Another aspect of the problem is that in real-time banks, borrowers and policy-makers do not accurately observe economic fundamentals. Data are typically subject to sizable revisions. In these conditions, it is even harder to detect a credit boom. For instance, prior to the Great Recession, the estimates of industrial production in the U.S. were too optimistic for some time. Given these estimates, the credit expansion appeared to have been much more sustainable than it actually was ex post, when the estimates of the fundamentals were revised downwards and the true extent of the credit boom was revealed.



Another question is how monetary and other regulatory policies affect lending decisions of banks, both lending volumes as well as riskiness of loans. In the second chapter of my dissertation, I and my co-author Jochen Guenter analyze how monetary policy loosening affects lending standards of banks. We present empirical evidence that lending standards of large U.S. banks are loosened in response to an unexpected decrease in the Federal Funds rate, based on the sample of 1991-2008. Based on this evidence, we build a small model that replicates this bank behavior. A bank that has some monopolistic power, reacts to monetary loosening by expanding its lending to riskier borrowers in order to extract higher profits from the market. A decrease in the monetary policy rate represents a profit opportunity for the bank, when it raises the external finance premium - banks' profit margin.

In my ongoing work, that I continue while currently visiting the Hoover Institution and Stanford University, I attempt at understanding and disentangling different reasons why banks change their risk strategies, i.e. take too much or maybe sometimes too little risk than would be socially-optimal. Some of the important reasons for changing lending standards are banks' capital position, their risk tolerance, their expectations regarding the future economic outlook. Understanding the reasons that influence the degree of risk-taking in the financial system is crucial for developing proper policy responses to credit booms. This is the ultimate and, for me, to a large extent open question to be answered.

*(From October 2015 until March 2016, Elena was a visiting research fellow at the Hoover Institution at Stanford University.)*

### **Patrick Tuschl, IMFS**

#### **Expropriation and nationalization of systemically important banks**

The financial crisis led to substantial irritations in the financial markets and the real economy after reaching the high point in September 2008 with the bankruptcy of the investment bank Lehman Brothers. Because of the incurred and feared further dangers governments, central banks and legislative authorities felt the need to intervene to a great extent. Next to countless financial support measures, new intervention instruments were developed. In my doctoral dissertation, I summarize the applied support measures and show why they led to discomfort on the political level. In a next step I analyze one central aspect of the financial crisis: the systemic importance of banks and the too-big-to-fail-problem, trying to classify it.



In doing so, I describe the definitions of numerous national and supranational institutions and legal acts. The main part of this work is the presentation and examination of new (innovative) intervention and resolution tools concentrating on those tools which enable the transfer of former private assets or whole banks or parts of their business to a public entity. These tools were already in use in numerous national legal systems and were enacted by supranational regimes through EU legal acts on the initiative of international organizations, e.g. the restructuring law and the transmission order ("Übertragungsanordnung") in Germany, the UK Banking Act 2009, the Orderly Liquidation Authority in the U.S. as well as the European Bank Recovery and Resolution Directive with the Bridge-Bank-Tool, the Single Resolution Mechanism and their implementation in Germany in the law on reorganization and resolution.

Besides, the focus of this work lies on the legal examination of the German implementation act and the transmission order. I examine in particular the effectiveness according to civil law and the compatibility with the prior-ranking law concluding that the method is qualified as expropriation contrary to the opinion of the legislator. The next part examines the different (former) instruments to transfer whole banks in a crisis. After that I describe the special aspects of public banks. The final chapter examines if individual sectors and participants of financial markets can be nationalized, which can be negated for most areas.



**Jenny Gesley, Library of Congress**  
**“I learned how to be a diligent researcher”**

*In March 2015, former IMFS researcher Jenny Gesley joined the Library of Congress in Washington, D.C. as a foreign law specialist, she provides research and reference services related to Germany and other German speaking countries for members of Congress, executive agencies, courts, and the general public.*

**What does a typical working day look like at the Library of Congress?**

In my capacity as foreign law specialist, I answer requests from members of Congress, executive agencies, courts, and also the general public on the laws of Germany, Austria, Switzerland, and Liechtenstein and provide comparisons to the US system if necessary. The requests cover every area of the law, which makes the job both challenging and interesting. I might work on a request about the role of the German parliament in foreign and defense policy one day and on a request about Holocaust restitution the next day. Furthermore, I contribute articles on interesting legal developments in my jurisdictions to the Law Library’s Global Legal Monitor publication and to the blog “In Custodia Legis”. Lastly, I am in charge of maintaining and updating the Law Library’s book collection for these countries.

**What is special about the Library of Congress?**

The Library of Congress is the largest library in the world. The Law Library has the largest collection of law books in the world in dozens of languages, with approximately 2.9 million volumes covering 260 jurisdictions as well as many former nations and colonies. It is the dream of every researcher to have such a vast collection at his or her disposal.

**How did you get to work in the United States?**

After I graduated from law school in Frankfurt, Germany, I attended an LL.M. program at the University of Minnesota and subsequently took and passed the New York Bar Exam. I used my two-year legal training (Referendariat) back in Germany as an opportunity to acquire more work experience in the US and in international organizations with duty stations at the Permanent Mission of Germany to the United Nations in New York and at the World Bank’s Special Litigation Unit in Washington, DC. In December 2013, I moved to the US and got married to my husband, whom I met while studying at the University of Minnesota. I worked on several short-term projects for law firms in New York before I happened to see the job advertisement for my current position at the Law Library of Congress. It seemed like the perfect fit and a good way to combine German and US law.

**Looking back, what do you appreciate most regarding your doctorate at the IMFS?**

During my five years as a graduate research assistant at the IMFS, I learned the essential research skills that I now use every day in my job. Assisting Professor Siekmann in researching and drafting papers, legal commentaries and other publications taught me how to be a diligent researcher. Due to the international focus of the IMFS a lot of the work was done in English. Lastly, the interdisciplinary approach of the IMFS in general and the exchange between economists and lawyers at the conferences, working lunches and other events of the IMFS provided me with the opportunity to experience different viewpoints and explain legal concepts to non-lawyers – an experience that is helpful in explaining German legal concepts to a foreign audience.



**Pinar Topal, Deutsche Bank**  
**“I benefited a lot from the lively debates”**

*In June 2015, Pinar Topal took up a position as Risk Analyst at Deutsche Bank. From September 2010 to July 2014, she worked at the IMFS as a research and teaching assistant with a special emphasis on fiscal policy and labor market issues. She completed the Ph.D. program in Economics at Goethe University in June 2015. Before earning her Ph.D., the Turkish economist obtained a M.A. degree in Internet Economics from the University of Freiburg and a M.Sc. degree in Quantitative Economics from Goethe University.*

**How would you describe your job to other people?**

As a risk analyst, my job covers monitoring the constantly changing regulatory environment, early identification of risks and developing a consistent risk taxonomy for the Deutsche Bank Group. My role requires active interaction with all risk functions of the bank, internal and external regulators, which enables me to engage with risk specialists in other departments and institutions.

**What are your main tasks at Deutsche Bank?**

My main tasks at the Bank include working on projects and policies to develop solutions to the key issues on internal capital adequacy assessment process (ICAAP). I am responsible for defining and implementing ICAAP-related processes and working on the Risk Inventory & Risk Management Principles of the Bank.

**What was the main focus of your research?**

The main focus of my Ph.D. dissertation was on fiscal policy and labor market issues. In my research, I examined the non-linearities in economic structure from different aspects linked with the consequences of the current financial crisis, such as concerns on the fiscal sustainability. Contributing to the current discussions on this debate in the policy and academic circles, I focused on two crucial issues in my dissertation: the non-linear nexus between public debt and growth and the impacts of fiscal stimulus for different labor market institutions.

**How is your job at Deutsche Bank related to your work at the IMFS?**

While working at the institute, I took part in the proposal application for Seventh Framework Program (FP7) of the European Commission's Socio-economic Sciences and Humanities (SSH) Program. I was the principle contact person during this proposal application process. This task helped me to gain project management skills, which are very crucial in my current role at the Deutsche Bank.

**How did you benefit from the interdisciplinary work at the IMFS?**

As the institute is providing an interdisciplinary working environment, I had the chance to get engaged with researchers from different backgrounds, which enabled me to widen my perspective and network and also improve the quality of my research. The institute organizes events, conferences, working lunches and distinguished lectures in different disciplines and during my four-year stay at the IMFS, I benefited a lot from the lively debates taking part in each of these events.

**Looking back, what do you appreciate most regarding your doctorate at the IMFS?**

I appreciated most getting project management experience, which is very crucial and helpful to me in my current day-to-day work, as well as having opportunity to attend highly appreciated conferences, such as “ECB and Its Watchers”, as a young researcher.



**Klodiana Istrefi, Banque de France**

**“I particularly appreciated the team spirit among the colleagues”**

*On September 1, 2014, Klodiana Istrefi took up a position as economist in the Monetary Policy Research Division of Banque de France. From 2013 to 2014 she worked at the institute as a research assistant in the team of Volker Wieland. Klodiana, who was born in Albania, concentrated on macroeconomic modeling after the financial crisis, including models with financial frictions and forecasting and policy evaluation tools into the macroeconomic model database.*

**What are your main tasks at Banque de France?**

I have two main tasks at the Banque de France. The first one is to conduct research, present it at international conferences, and publish it in peer reviewed economic journals. In addition, my responsibilities include writing non-technical reports based on the results of my research; these reports target a broader audience interested in economics, including journalists, economists, teachers and students. The approach of sharing research work with a wide audience is part of a more general economic education policy in which many central banks adhere to. The second task is to contribute on policy work, as we call it here. This includes providing the decision makers with research-based policy analysis and advice. Although research takes the majority of my working time, both policy and research are equally challenging and important.

**What do you like most about your job?**

There are many things that I like about my job! Foremost, I like the flexibility and the encouragement that I am given at the Banque de France to pursue research. Moreover, working in a key policy institution gives me the unique opportunity to put myself in the policymakers' shoes. Often, very interesting research ideas are born when dealing with pressing policy questions. Finally, I enjoy the spirit of the team of researchers at the Banque de France: young, enthusiastic and international.

**How is your job at Banque de France related to your work at the IMFS?**

My very first task at the Banque de France was strongly related with the work I did as part of the Macromodelbase team of Professor Wieland. Based on my experience with macromodeling, I was assigned to be part of the research group working with the model of the ECB, the NAWM, a model that we had already included in the Modelbase. In addition, I am resuming and developing some of the research ideas that originated while working at the IMFS.

**What did you enjoy most regarding your time as doctorate at the IMFS?**

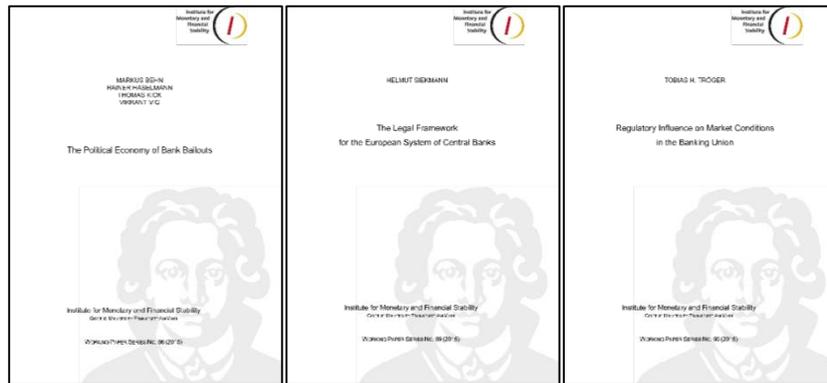
Looking back, I enjoyed assisting and attending the “ECB and Its Watchers” conference for several years. I particularly appreciated the team spirit among the colleagues at the IMFS; many of them now being friends and co-authors. Last but not least, the working conditions at the IMFS provided a very comfortable environment for research.

## Publications and Presentations

### I. IMFS Working Papers

The *IMFS Working Paper series* helps disseminate the findings of IMFS researchers among the general public before they are published, for example in scientific journals.

- No. 99 (2015)** Helmut Siekmann:  
“Exit, Exclusion, and Parallel Currencies in the Euro Area”
- No. 98 (2015)** Helmut Siekmann:  
“Stellungnahme für die öffentliche Anhörung der Verfassungskommission des Landtags Nordrhein-Westfalen”
- No. 97 (2015)** José María Liberti, Amit Seru, Vikrant Vig:  
“Information, Credit, and Organization”
- No. 96 (2015)** Patrick Tuschl:  
“Rechtsgrundlagen für die Vereinbarkeit von Finanzhilfen für Kreditinstitute mit dem Beihilferecht der EU im Rahmen der Finanzmarktkrise”
- No. 95 (2015)** Athanasios Orphanides:  
“Fear of Liftoff: Uncertainty, Rules and Discretion in Monetary Policy Normalization”
- No. 94 (2015)** Bettina Brüggemann, Jinhyuk Yoo:  
“Aggregate and Distributional Effects of Increasing Taxes on Top Income Earners”
- No. 93 (2015)** Tobias Tröger:  
“Regulatory Influence on Market Conditions in the Banking Union”
- No. 92 (2015)** Janis Skrastins, Vikrant Vig:  
“How Organizational Hierarchy Affects Information Production”
- No. 91 (2015)** Florian Hoffmann, Roman Inderst, Marcus Opp:  
“Regulating Deferred Incentive Pay”
- No. 90 (2015)** Helmut Siekmann:  
“The Legality of Outright Monetary Transactions (OMT) of the European System of Central Banks”
- No. 89 (2015)** Helmut Siekmann:  
“The Legal Framework for the European System of Central Banks”
- No. 88 (2015)** Florian Deuflhard, Dimitris Georgarakos, Roman Inderst:  
“Financial Literacy and Saving Account Returns”
- No. 87 (2015)** Falko Fecht, Roman Inderst, Sebastian Pfeil:  
“A Theory of the Boundaries of Banks with Implications for Financial Integration and Regulation”
- No. 86 (2015)** Markus Behn, Rainer Haselmann, Thomas Kick, Vikrant Vig:  
“The Political Economy of Bank Bailouts”



**No. 99 Helmut Siekmann  
“Exit, Exclusion, and Parallel Currencies in the Euro Area”**

IMFS Professor Helmut Siekmann investigates the debate about exit, exclusion or parallel currencies in the euro area from a legal perspective, coming to the conclusion that it is legally not possible for a member state whose currency is the euro to exit or withdraw from the euro area or introduce a new currency parallel to the euro.

**No. 98 Helmut Siekmann  
“Stellungnahme für die öffentliche Anhörung der Verfassungskommission des Landtags Nordrhein-Westfalen zur Schuldenbremse”**

Currently, the state parliament of North Rhine-Westphalia is examining whether to include the debt brake in the state constitution. According to the Grundgesetz, the Federal Government is not allowed to assume new debt as from 2016. As of 2020, also the Länder are obliged to submit a balanced budget without facing new debt. In any case, the debt brake applies to the Länder. By including the debt brake into the state constitution, many detailed issues could be clarified. Half of the Länder have already taken this step. In his statement, Siekmann points out the loopholes in the legal frameworks as well as possible consequences.

**No. 97 José María Liberti, Amit Seru, Vikrant Vig  
“Information, Credit, and Organization”**

Vikrant Vig and his co-authors examine the relationship between lending practices of a large multinational bank, its organizational design and the quantity of information available regarding borrowers. By exploiting micro-data of a large Argentinean bank due to an expansion of a credit registry for a subset of its borrowers, the authors come to the conclusion that additional information about borrowers leads to an improvement in the efficiency of credit allocation decisions. This increases the bank’s profitability. The patterns investigated in the paper refer to the framework of incentive-based as well as information cost processing theories.

**No. 96 Patrick Tuschl  
“Rechtsgrundlagen für die Vereinbarkeit von Finanzhilfen für Kreditinstitute mit dem Beihilferecht der EU im Rahmen der Finanzmarktkrise”**

IMFS researcher Patrick Tuschl focuses on the support measures for German banks during the financial crisis, investigating how similar state aid can be rated in the future. More than 18 billion euros the Commerzbank had received as guarantees, capital injection or participation by the government in the course of the financial

crisis. Also Hypo Real Estate, WestLB, SachsenLB, and IKB obtained support from the state. The EU approved the state aid. In principle, state aid is regarded as an economic advantage, thus, being prohibited. In his Working Paper, Tuschl examines the legal basis of state aid in terms of the EU law, pointing out the exemptions the EU Commission referred to in practice.

**No. 95**      **Athanasios Orphanides**  
**“Fear of Liftoff: Uncertainty, Rules and Discretion in Monetary Policy Normalization”**

Even six years after the end of the recession in the United States the Federal Reserve has not yet started the process of normalization. In his Working Paper, IMFS Research Fellow Athanasios Orphanides of the Massachusetts Institute of Technology examines the causes of this delay and suggests a way out of the Fed’s current situation, putting the Federal Reserve monetary policy in a historical perspective. For Orphanides one major problem is the twofold mandate of the Fed trying to achieve “maximum employment” and “stable prices” at the same time. The focus on reducing unemployment is creating fear of liftoff after recessions. By trying to push the unemployment rate too hard, the Fed generates a future cost, he points out. According to Orphanides the central bank should eschew discretion in favor of a transparent policy rule.

**No. 94**      **Bettina Brüggemann, Jinhyuk Yoo**  
**“Aggregate and Distributional Effects of Increasing Taxes on Top Income Earners”**

The macroeconomic implications of raising taxes on top income earners are in the focus of the new working paper by Bettina Brüggemann and IMFS researcher Jinhyuk Yoo. In two experiments the top marginal tax rate is increased from 35 to 70 percent. The government then redistributes the additional tax revenue among households either by decreasing all other marginal tax rates or paying a lump-sum transfer to all households. Although the tax increase only affects a small fraction of the population, Brüggemann and Yoo argue that this group is more likely to hold a great portion of aggregate capital, to be highly productive or both. If the top income earners change their capital holdings and hours worked after the tax increase, these responses lead to macroeconomic consequences such as changes in equilibrium prices. The rest of the population will then react to these prices by adjusting their savings and labor supply. Over time, this gives rise to changes in the distribution of income and wealth. Brüggemann and Yoo come to the conclusion that “increasing the top marginal tax rate decreases inequality in both wealth and income but also leads to a contraction of the aggregate economy”.

**No. 93**      **Tobias Tröger**  
**“Regulatory Influence on Market Conditions in the Banking Union”**

The implementation of macro-prudential instruments in the banking union provides the European Central Bank with insufficient momentum to effectively dampen excessive lending on pivotal credit markets as real estate mortgage markets. This is one of the insights Tobias H. Tröger shares in his paper. Analyzing not only the macro-prudential instruments and the pertinent role of national and supranational supervisors involved in the banking union but also its resolution regime Tröger comes to the conclusion that the resolution framework provides for a discretionary ad hoc bail-in. “The existence of resolution tools doesn’t guarantee their time-consistent application by political agents”, Tröger writes. In his working paper he describes the bail-in instrument as a regulatory intervention which seeks to ensure the private sector loss participation in a bank’s failure. Therefore, sophisticated investors will find

it difficult to gauge the actual risk of loss-participation, Tröger explains. “As a consequence, default probabilities will continue to deviate from endogenously determined bank failures”.

**No. 92**      **Janis Skrastins, Vikrant Vig**  
**“How Organizational Hierarchy Affects Information Production”**

With banks becoming larger and more globalized during recent years hierarchical structures may be inferior when it comes to granting loans to small and medium size enterprises. Based on micro level data from a bank in India with roughly 2000 bank branches, Vikrant Vig and his co-author examine how organizational hierarchy affects the information that banks produce on loans they originate. They observe that an increase in organizational hierarchy affects both the quality and the quantity of loans. By favoring borrowers with an established credit history, the shift to hierarchical organizations leads to a decline in new loans as well as a reduction in the number of small retail borrowers. However, even if a firm appears to be hierarchical from the outside, it can mitigate the problem of transmitting soft information by creating within-firm sub-organizations.

**No. 91**      **Florian Hoffmann, Roman Inderst, Marcus Opp**  
**“Regulating Deferred Incentive Pay”**

Since short-term oriented bonus payments and commissions are blamed to have contributed both to excessive risk taking in the financial industry and to cases of misspelling of financial products to private investors, numerous regulatory initiatives around the world are targeted towards changing the structure of compensation. In their working paper, Roman Inderst and his colleagues investigate backloading of compensation. By imposing a minimum period of time until which a bonus vests, more information about the quality of the deal or business comes to the light before compensation is paid out. However, the findings imply that this may not induce higher but rather lower diligence effort.

**No. 90**      **Helmut Siekmann**  
**“The Legality of the Outright Monetary Transactions (OMT) of the European System of Central Banks”**

IMFS Professor Helmut Siekmann presents an encompassing analysis of the Eurosystem’s Outright Monetary Transactions (OMT). Examining the rulings of the German constitutional court and the questions presented to the European Court of Justice, Siekmann comes to the conclusion that the German constitutional court could forbid German authorities to support OMT. Thus, he sees an incentive for the ECJ to adopt at least some of the limitations.

**No. 89**      **Helmut Siekmann**  
**“The Legal Framework for the European System of Central Banks”**

By delineating the legal background of the European monetary union, IMFS Professor Helmut Siekmann gives an overview about objectives like price stability, competences and obligations as the rules on government deficits and debt. Based on that, Siekmann describes the European system of central banks and explores the question whether an exit or an exclusion from the eurozone and the introduction of a new currency parallel to the euro are legally possible, taking into account the specific circumstances in the case of Greece.

## II. IMFS Interdisciplinary Studies in Monetary and Financial Stability

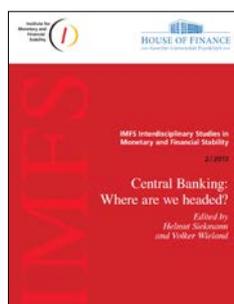
The *IMFS Interdisciplinary Studies in Monetary and Financial Stability series* presents the results of the interdisciplinary research at the institute and focuses either on the research or the policy advice side. The wider distribution of results of jointly organized IMFS conferences is also of great interest.



### *Volume 1/2015*

#### **“The ECB’s Outright Monetary Transactions in the Courts”**

This study analyzes the Outright Monetary Transaction (OMT) program of the ECB and the court case at German Federal Constitutional Court. Some of the contributions built on speeches at the IMFS Conference on November 26, 2013. Among the authors are Christoph Degenhart (Constitutional Court of the Free State of Saxony and Leipzig University), Antonio Luca Riso (ECB), Harald Uhlig (University of Chicago) as well as a joint article by Helmut Siekmann and Volker Wieland entitled “Have markets misunderstood?” The study was published in January 2015 on the imminent occasion of the European Court of Justice’s (ECJ) Advocate General summing up the OMT case. In June, the ECJ ruled on the ECB's OMT bond buying program. The case is now being considered again by the German court.



### *Volume 2/2013*

#### **“Central Banking: Where are we headed?”**

This study contains articles based on speeches at the symposium held in February 2013 in honor of Stefan Gerlach's contributions to the IMFS by the following authors: Michael Burda, Benoît Coeuré, Stefan Gerlach, Patrick Honohan, Sabine Lautenschläger, Athanasios Orphanides, and Volker Wieland.



### *Volume 1/2013*

#### **“The ECB and Its Watchers 2012”**

This study contains articles based on speeches and presentations at the 14th CFS-IMFS Conference “The ECB and Its Watchers” on June 15, 2012, by Mario Draghi, John Vickers, Peter Praet, Lucrezia Reichlin, Vítor Gaspar, Lucio Pench and Stefan Gerlach and a post-conference outlook by Helmut Siekmann and Volker Wieland.



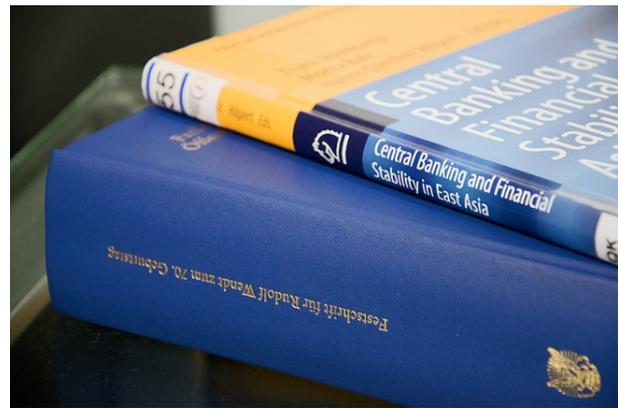
### *Volume 1/2012*

#### **“The ESRB at 1”**

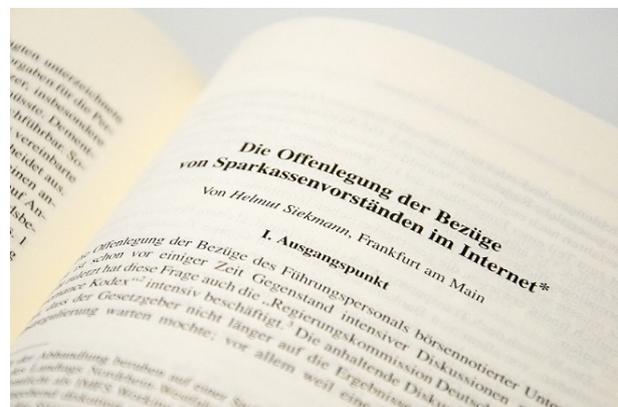
This volume contains articles based on speeches and presentations at the 5<sup>th</sup> IMFS Conference on Monetary and Financial Stability organized jointly with Société Universitaire Européenne de Recherches Financières (SUERF) and Deutsche Bundesbank with contributions by Hermann Remsperger, Stephen Cecchetti, Stephan Ingves, Alberto Giovannini, Jens Weidmann, Alexandros Vardoulakis, Stefano Neri, Jürgen Stark, Előd Takáts and Christian Upper, Claudia Buch, Sandra Eickmeier and Esteban Prieto, Abdul Abiad, Giovanni Dell’ Ariccia and Grace Bin Li and Francesco Mazzaferro.

### III. External Publications

Two IMFS Working Papers by **Helmut Siekmann** were included in the publication “Central Banking and Financial Stability in East Asia”. The volume explores the legal environment of central banks as lenders of last resort and analyzes challenges to financial stability such as shadow banking and the choice of exchange rate regimes. In this book, Siekmann shared his insights on “The Legal Framework for the European System of Central Banks”, giving an overview about objectives like price stability, competences, and obligations as the rules on government deficits and debt. Furthermore, he presents an encompassing analysis of the Eurosystem’s Outright Monetary Transactions (OMT).



**Siekmann’s** statement regarding “The disclosure of the remuneration of executive board members of municipal savings banks in the internet” was taken up in the commemorative publication on the occasion of the 70th birthday of Rudolf Wendt, “Freiheit, Gleichheit, Eigentum – Öffentliche Finanzen und Abgaben”, which covers relevant topics in the work of this expert in constitutional law.



**Volker Wieland’s** research on the

architecture of the euro area and the consequences of low interest rates for financial stability were integrated in his publications as a member of the German Council of Economic Experts (GCEE). In its Annual Report 2015/16 “Focus on Future Viability” the Council provided an assessment of current monetary policy and the financial sector in the euro area, coming to the conclusion that the ECB should slow down the expansion of its balance sheet or even phase it out earlier than announced. Joint work by Volker Wieland and **IMFS researcher Robert Beyer** on the estimation of the medium-term equilibrium interest rate was also discussed in detail in the Annual Report and appeared as GCEE working paper.

Together with Lars Feld, Christoph Schmidt, and Isabel Schnabel from the Council of Economic Experts, **Wieland** published an article on the ways of promoting the European integration (“Europäische Integration klug vorantreiben”) in *Wirtschaftsdienst – Zeitschrift für Wirtschaftspolitik*. The authors discuss the suggestions made in the so-called Five Presidents’ Report, namely the report presented by the President of the European Commission Jean-Claude Juncker, the President of the Euro Summit Donald Tusk, the President of the



Eurogroup Jeroen Dijsselbloem, ECB President Mario Draghi, and the President of the European Parliament Martin Schulz in June 2015. With the same co-authors Wieland analyzed the divergence of liability and control as the source of over-indebtedness and moral hazard in the monetary union, contributing a chapter to the VoxEU Ebook *The Eurozone Crisis* edited by Richard Baldwin and Francesco Giavazzi.

Another focal point in the research of **Volker Wieland** was his contribution to the new Handbook of Macroeconomics, edited by John B. Taylor and Harald Uhlig. The widely-cited first volume of the Handbook of Macroeconomics was published in 1999, and according to the Research Papers in Economics (RePEc) is ranked first among all economics books downloaded. The new volume, which will be published in 2016, provides a broad update of macroeconomic research given the experience of significant economic events like the financial crisis, the Great Recession, the end of the Great Moderation, and the resulting rethinking of macroeconomic models and theories. Together with **IMFS researchers Elena Afanasyeva, Jinhyuk Yoo, and Meguy Kuete**, Wieland prepared a chapter on “New methods for macro-financial model comparison and policy analysis”. Since policy making institutions need to compare available models of policy transmission and evaluate the impact and interaction of policy instruments in order to design effective policy strategies, the chapter by Wieland and his co-authors presents a framework for comparative analysis together with applications using a range of recent macro-financial models.

In a paper published in the *Journal of Financial Economics*, **Vikrant Vig** focused on statistical predictive models used to forecast the default likelihood of borrowers and of collaterals in the context of the subprime mortgage market. Together with his co-authors Vig examined why models worked so poorly in the build-up to the subprime crisis. In his study on “Labor Protection and Leverage”, which appeared in the *Review of Financial Studies*, Vig and his co-authors explore inter-temporal variations in employment protection across countries and find that rigidities in labor markets are an important determinant of firms' capital structure decisions.

**Robert Beyer**'s joint research with Frank Smets, Counsel to the Executive Board of the European Central Bank, on “Reassessing Labour Market Adjustments and Migration in Europe and the United States: How Different?” was published in *Economic Policy* in October 2015.

In several scientific articles, **Tobias Tröger** reflected upon various aspects of banking regulation, investigating contract law problems of negative interest rates in *Neue Juristische Wochenzeitschrift* or the macro-prudential instruments and the bail-in tool in the Banking Union in the *European Business Organization Law Review*.



### ***Publications at a glance***

#### **Articles in scientific journals in economics, finance and law**

- RB Reassessing Labour Market Adjustments and Migration in Europe and the United States: How Different?, co-author: Frank Smets, *Economic Policy*, 30(84): 643-682
- TT Regulatory Influence on Market Conditions in the Banking Union: the Cases of Macro-Prudential Instruments and the Bail-in Tool, 16 *Eur. Bus. Org. L. Rev.* 575-593 (2015)
- TT Durchsetzung der Vorstandshaftung (Enforcing Directors' Liability), 178 *ZHR* 453-489 (2015)
- TT Das funktionale Verständnis deliktischer Verantwortlichkeit für Dritte und seine Grenzen - Besprechung der Entscheidung *The Catholic Child Welfare Society v The Institute of the Brothers of the Christian Schools*, [2012] UKSC 56 (The functional understanding of vicarious liability and its limits – case note on the decision *The Catholic Child Welfare Society v The Institute of the Brothers of the Christian Schools*, [2012] UKSC 56), 23 *ZEuP* 389-415 (2015)
- TT Vertragsrechtliche Fragen negativer Zinsen auf Einlagen (Contract Law Problems of Negative Interest Rates), 68 *Neue Juristische Wochenschrift (NJW)* 657-660 (2015)
- TT Related Party Transactions mit Blockaktionären im europäischen Gesellschaftsrecht (Related Party Transactions with Blockholders in European Corporate Law), 60 *Die Aktiengesellschaft (AG)* 53-71 (2015).
- TT Case Note on the Judgement of the Administrative Court of Hesse of 11/19/2014 - 6 A 2180/13, *Entscheidungen zum Wirtschafts- und Bankrecht (WuB) 2015*, 202-205 – Besondere Sachnähe insolventer Kreditinstitute, die noch eine Bankerlaubnis besitzen, zum Zweck des Restrukturierungsfonds (Specific proximity of insolvent credit institutions that retain a banking license to the purpose of the restructuring fund)
- TT Case Note on the Judgement of the BGH of 7/7/2015 - VI ZR 372/14, *WuB 2015*, 577-580 - Frage der Haftung der Bank für betrügerisches Verhalten Dritter (hier: Gebührenreiterei, churning) [Question of the bank's liability for fraudulent actions on behalf of third parties (here: churning)]
- TT Case Note on the Judgement of the Supreme Civil Court (BGH) of 10/30/2014-III ZR 493/13, *WuB 2015*, 95-98 – Begriff der Anlagevermittlung nach dem KWG und nach dem WpHG (Investment brokerage pursuant to the Banking Act and the Securities Trading Act)
- TT Case Note on the Judgement of the BGH of 8/7/2014-II ZR 174/13, 70 *JZ* 261-264 (2015)
- VV Labor Protection and Leverage, co-authors: Elena Simintzi and Paolo Volpin, *Review of Financial Studies*, 28 (2) 2015, pp.561-591
- VV The failure of models that predict failure, co-authors: Uday Rajan and Amit Seru, *Journal of Financial Economics*, Vol. 115 (2) Feb. 2015, pp. 237-260
- VW Europäische Integration klug vorantreiben (Wisely promoting European integration), *Wirtschaftsdienst – Zeitschrift für Wirtschaftspolitik*, vol. 9, 2015 (jointly with Lars Feld, Christoph Schmidt and Isabel Schnabel, GCEE)

## Books

VW Focus on Future Viability, Annual Report 2015/16 of the German Council of Economic Experts

## Contributions to books

HS/VW The German Constitutional Court's decision on OMT: Have markets misunderstood?, in: The ECB's Outright Monetary Transactions in the Courts, IMFS Interdisciplinary Studies in Monetary and Financial Stability, 1/2015, pp. 6-18

HS The Legal Framework for the European System of Central Banks, in: Frank Rövekamp, Moritz Bälz, Hanns Günther Hilpert (eds.), Central Banking and Financial Stability in East Asia, Springer Verlag, 2015, pp. 43-86

HS The Legality of Outright Monetary Transactions (OMT) of the European System of Central Banks, in: Frank Rövekamp, Moritz Bälz, Hanns Günther Hilpert (eds.), Central Banking and Financial Stability in East Asia, Springer Verlag, 2015, pp. 101-123

HS Die Offenlegung der Bezüge von Sparkassenvorständen im Internet (The disclosure of the remuneration of executive board members of municipal savings banks in the internet), in: Peter Bilsdorfer, Michael Elicker, Heike Jochum, Steffen Lampert (eds.), Freiheit, Gleichheit, Eigentum – Öffentliche Finanzen und Abgaben, Festschrift für Rudolf Wendt zum 70. Geburtstag, Verlag Duncker&Humblot, 2015, pp. 1293-1312

HS (preview) The monetary environment – deposit banking and the use of monetary instruments, in: Wolfgang Ernst/Peter Fox (eds.), Money in the western legal tradition, Oxford University Press, 2016 (in print)

HS Ziele, Aufgaben und Befugnisse des ESZB (Objectives, tasks, and powers of the ESCB), in: Arno Scherzberg, Osman Çan, İlyas Doğan (eds.), Die Sicherung von Geld- und Finanzstabilität im Vergleich Deutschland-Türkei, Lit-Verlag, 2015 (in print)

HS Staatsversagen und Marktversagen im Bereich der Finanzmärkte (Government failure vs. market failure in financial markets), in: Klaus Stern (eds.), Wirtschaftswettbewerb versus Staatsversagen, 2015 (in print)

TT A Political Economy Perspective on Common Supervision in the Euro area, in: Ester Faia, Andreas Hackethal, Michalis Haliassos, Katja Langenbucher (eds.), Financial Regulation? A Transatlantic Perspective, Cambridge: Cambridge University Press, 2015, pp. 167-192

TT Corporate Groups, in: German and Nordic Perspectives on Corporate and Capital Market Law 157-200 (Holger Fleischer, Jesper Lau Hansen & Wolf Georg Ringe (eds.), 2015). Working Paper (9/22/2014) available from SSRN working paper series

VW Divergence of liability and control as the source of over-indebtedness and moral hazard in the European Union, in: Richard Baldwin and Francesco Giavazzi (eds.), The Eurozone Crisis A Consensus View of the Causes and a Few Possible Solutions, CEPR Press, 2015, pp. 187-199

## Editorships

HS/VW/ The ECB's Outright Monetary Transactions in the Courts, IMFS Interdisciplinary Studies

- VV in Monetary and Financial Stability, 1/2015
- TT Critical Quarterly for Legislation and Law (CritQ), Baden-Baden: Nomos
- TT Frankfurter wirtschaftsrechtliche Studien, Frankfurt: Peter Lang

### **Policy Papers**

- HS Stellungnahme für die öffentliche Anhörung der Verfassungskommission des Landtags Nordrhein-Westfalen zur Schuldenbremse (Expert opinion for the public hearing of the constitution committee of the state parliament of North-Rhine Westphalia), IMFS Working Paper Series No. 98
- TT Comments on the EU Commission's Capital Markets Union Project, SAFE Policy White Paper No. 27 (joint with Volker Brühl, Helmut Gründl, Andreas Hackethal, Hans-Helmut Kotz and Jan Pieter Krahen)
- VW Consequences of the Greek crisis for a more stable euro area, Special Report of the Council for Economic Experts, July 2015
- VW Erbschaftsteuer: Neu ordnen statt nachbessern (Inheritance tax: restructuring better than repairing), Kronberger Kreis, Study no. 60

### **Working Papers**

- HS Exit, Exclusion, and Parallel Currencies in the Euro Area, IMFS Working Paper Series No. 99
- HS The Legality of Outright Monetary Transactions (OMT) of the European System of Central Banks, IMFS Working Paper Series No. 90
- HS The Legal Framework for the European System of Central Banks, IMFS Working Paper Series No. 89
- JY Aggregate and Distributional Effects of Increasing Taxes on Top Income Earners, co-author: Bettina Brüggemann, IMFS Working Paper Series No. 93 and SAFE Working Paper Series No. 113
- PT Rechtsgrundlagen für die Vereinbarkeit von Finanzhilfen für Kreditinstitute mit dem Beihilferecht der EU im Rahmen der Finanzmarktkrise (Legal framework of state aid for banks during the financial crisis with respect to EU law), IMFS Working Paper Series No. 96
- RB/VW Schätzung des mittelfristigen Gleichgewichtszinses in den Vereinigten Staaten, Deutschland und dem Euro-Raum mit der Laubach-Williams-Methode, SVR-Arbeitspapier 03/2015
- RB From Progress to Nightmare: European Unemployment over Time, co-author: Michael Stemmer, DNB Working Paper No. 458
- TT Regulatory Influence on Market Conditions in the Banking Union, IMFS Working Paper Series No. 93 and SSRN working paper series
- VV Information, Credit, and Organization, co-authors: José María Liberti, Amit Seru, IMFS Working Paper Series No. 97

- VV How Organizational Hierarchy Affects Information Production, co-author: Janis Skrastins, IMFS Working Paper Series No. 92
- VV The Political Economy of Bank Bailouts, co-authors: Markus Behn, Rainer Haselmann, Thomas Kick, IMFS Working Paper Series No. 86
- VW, EA, MKN, JY New Methods for Macro-Financial Model Comparison and Analysis, prepared for the Handbook of Macroeconomics, Volume 2, working paper
- VW Keine Notwendigkeit einer Reform des Gesetzes zur Förderung der Stabilität und des Wachstums der Wirtschaft (No necessity for a reform of the Stability and Growth Law), SVR Arbeitspapier 02/2015, co-authors: Henrike Michaelis, Steffen Elstner, Christoph Schmidt, Isabel Schnabel, Lars Feld, Peter Bofinger

### Miscellaneous

- TT Regulatory Influence on Market Conditions in the Banking Union, SAFE Newsletter, Q3 2015, pp. 6-7
- TT Negative Zinsen auf Einlagen - juristische Hindernisse und ihre wettbewerbpolitischen Auswirkungen (Negative Interest on Deposits - Legal Impediments and their Impact on Competition Policy), ifo Schnelldienst, Issue 2, 2015, pp. 9-12

- EA: Elena Afanasyeva
- HS: Helmut Siekmann
- JY: Jinhyuk Yoo
- MB: Michael Binder
- MKN: Meguy Kuété Ngouing
- PT: Patrick Tuschl
- RB: Robert Beyer
- TB: Tilman Bletzinger
- TT: Tobias Tröger
- VV: Vikrant Vig
- VW: Volker Wieland

## IV. Presentations

### ***Conferences and seminar presentations at a glance***

#### **Keynote and major public speeches**

03.12.	Rome, Italy	XXIV International Rome Conference on Money, Banking and Finance, keynote speech on “New Methods for macro-financial model comparison and policy analysis”	VW
25.11.	Nuremberg	Ludwig Erhard Lecture 2015 on the annual report of the German Council of Economic Experts (GCEE)	VW
29.04.	Reutlingen	Wirtschaftspolitisches Forum Kreissparkasse Reutlingen, „Negative Zinsen, Staatsanleihenkäufe, Griechenlandkrise: Wie geht es mit dem Euro weiter?“ (Negative Interest Rates, Government Bond Purchases, Crisis in Greece: What is the future of the Euro?)	VW
16.04.	Bopfingen	Public speech at the city of Bopfingen, „Deutschland und die Eurokrise: aktueller Stand und Ausblick“ (Germany and the Euro Crisis: Current situation and Future Outlook)	VW
08.01.	Kiel	Kiel University, public speech on the GCEE annual report 2014/15	VW

#### **Speeches**

14.12.	Frankfurt	SAFE Policy and IMFS Lecture, “Focus on Future Viability”, GCEE annual report	VW
12.12.	London, UK	Conference “Computational and Financial Econometrics”, presentation on “Measuring Global Financial Connectedness”	MB
09.12.	Frankfurt	European Central Bank, presentation of the GCEE Annual Report 2015/16	VW
08.12.	Frankfurt	Deutsche Bundesbank, discussion of the GCEE Annual Report 2015/16 with President Weidmann and Board	VW
19.11.	Kiel	Christian Albrechts University, seminar on “Measuring Global Financial Connectedness”	MB
17.11.	Helsinki, Finland	Municipal Guarantee Board, speech on “The current state of the Euro and its Future”	VW
12.11.	Frankfurt	Rotary Club Friedensbrücke, Das Jahresgutachten des Sachverständigenrates 2015/2016 (GCEE Annual Report)	VW
12.11.	Wiesbaden	Presentation at the 69 <sup>th</sup> conference of the ministers for European affairs in the Länder (EMK), “Wege zu mehr Stabilität in Europa” (Paths to more stability in Europe)	VW
11.11.	Frankfurt	Board of Trustees, House of Finance, Goethe University, presentation of the GCEE Annual Report 2015/16	VW
02./03.10.	Antalya, Turkey	Akdeniz University, German Turkish Forum on Constitutional Law, colloquium no. 13: Governmental systems in view of checks and balances	HS

28./29.09.	Brussels, Belgium	Dynare Annual Forum, National Bank of Belgium	RB
28.09.	Frankfurt	Deutsche Bundesbank Seminar, presentation of „Atypical Behavior of Credit: Evidence from a Monetary VAR“	EA
10./11.09.	Pavia, Italy	3 <sup>rd</sup> Macro, Banking and Finance Workshop, presentation of “Lending Standards, Credit Booms, and Monetary Policy”	EA
08.09.	Frankfurt	4 <sup>th</sup> Conference on Global Insurance Supervision, presentation on “Insurance Supervision in a Global Macroeconomic Context”	VW
07.09.	Berlin	Award Ceremony of the Small and Medium-Sized Business Association of the CDU and CSU (MIT) for the German Council of Economic Experts	VW
02.07.	Paris, France	Enforcing Liability of Managing Directors in German Stock Corporations, Séminaire franco-allemand, Max Planck Institute	TT
29.06.	Frankfurt	Young Innovators Award, “Finanzforum Vordenken”, laudatory speech	MB
29.06.	London, UK	Birkbeck Centre for Applied Macroeconomics Annual Workshop, presentation of “Lending Standards, Credit Booms, and Monetary Policy”	EA
25.06.	Munich	Speech at the 6 <sup>th</sup> Allianz Family Office Conference “Sind Zentralbanken noch Treiber oder bereits Getriebene der Kapitalmärkte?” (Are central banks driving or being driven by capital markets?)	VW
24.06.	Frankfurt	7 <sup>th</sup> Policy Roundtable of European Central Bank, “The International Role of Euro: Past, Present and Prospects”	VW
21./22.06.	Taipei, Taiwan	Computing in Economics and Finance – CEF 2015, AI-ECON Research Center	RB
16.06.	Berlin	Schumpeter Seminar at Humboldt University, “New Methods for macro-financial Model Comparison and Policy Analysis”	VW
16.06.	Paris, France	First Annual Dissemination Conference, MACFINROBODS, presenter of the paper “New Methods for Macro-Financial Model Comparison and Policy Analysis” by Volker Wieland, Elena Afanasyeva, Meguy Kuete and Jinhyuk Yoo	JY
29.05.	Ho Chi Minh City, Vietnam	University of Economics, seminar on “Determinants and Output Growth Effects of Debt Distress”	MB
21./22.05.	Ghent, Belgium	Spring Meeting of Young Economists, Ghent University	RB
19.05.	Renningen	Robert Bosch Strategy Dialogue, speech on “Aktuelle und mögliche zukünftige Entwicklungen der globalen Wirtschafts- und Finanzmärkte” (Current and in the Future Possible Development of the Global Economic and Financial Markets)	VW
18.05.	Munich	Internal Seminar, CESifo Institute Munich	RB

13.05.	Frankfurt	Status of the Discussion on the EU-Shareholder Rights Directive - The Future of the Related Transactions in Particular, Conference "Corporate-Governance-Entwicklungen"	TT
08.05.	Washington, USA	World Bank, presentation on Determinants and Output Growth Effects of Debt Distress"	MB
08.05.	Frankfurt	60 <sup>th</sup> Monetary Workshop Conference. laudatory speech for the winner of the prize of the monetary workshop, Ernst Baltensperger	VW
27.04.	Frankfurt	IMFS Working Lunch, presentation on "Legal limits for the outright purchase of sovereign debt by the ESCB"	HS
24.04.	Chicago, USA	Handbook of Macroeconomics, Conference, presentation of "New Methods for Macroeconomic Model Comparison and Policy Analysis"	VW
21.04.	Frankfurt	Presentation to participants of the Advanced Studies program of the Kiel Institute on "Current Issues of Monetary Policy"	VW
17.04.	Frankfurt	6 <sup>th</sup> Bundesbank-CFS-ECB Workshop on Macro and Finance, discussion of "Monetary Policy Effects on Bank Risk Taking" by Angela Abbate and Dominik Thaler	EA
27.03.	Vilnius, Lithuania	Vilnius University, Law Faculty Conference "European Banking Union: Perspectives and Challenges", speech on "The Architecture of the European System of Financial Supervision (ESFS)", panelist and panel chair for the session on "Banking Union Second Pillar: Bank Recovery and Resolution Regulation", and closing remarks	HS
19.03.	Florence, Italy	Panel on the Banking Union and Governance of Individual Clients, The Banking Union and the Creation - Symposium European University Institute (EUI)	TT
13.03.	New York, USA	Conference of the Macro Financial Modeling Group at New York University, presentation on "Monetary and macro-prudential policy: model comparison and robustness"	VW
11.03.	Frankfurt	The ECB and its Watchers XVI, Presentation on "Low Interest rate Policy and Nonstandard Monetary Policy Measures: Effectiveness and Challenges"	VW
10.03.	Frankfurt	IMFS Conference on Monetary and Financial Stability 2015: IMFS-CEPR Research Meeting on "Global Banking and Bank Resolution", speech on "Exit, Exclusion and Parallel Currencies in the Euro Area"	HS
26./27.02.	Frankfurt	"From Rhenish Capitalism to Capital market", Max Planck Institute for European Legal History	TT
25.02.	Frankfurt	"How Special Are They? Targeting Systematic Risk by Regulating Shadow Banking?", presentation at IMFS Working Lunch	TT
20.02.	Munich	CESifo Conference "Macro, Money and International Finance", presentation on "Determinants and Output	MB

		Growth Effects of Debt Distress”	
29.01.	Frankfurt	“Determinants and Output Growth Effect”, presentation at IMFS Working Lunch	MB
16.01.	London, UK	First Consortium Scientific Workshop, MACFINROBODS, presentation on “Policy Evaluation and Robustness with the Macroeconomic Model Data Base”	JY
13.01.	Frankfurt	Geneva Group Roundtable of European Economists, Presentation on “Quantitative Easing: Effects and Options”	VW

EA: Elena Afanasyeva

HS: Helmut Siekmann

JY: Jinhyuk Yoo

MB: Michael Binder

RB: Robert Beyer

TT: Tobias Tröger

VW: Volker Wieland

## Events

### Conferences

IMFS Conference on Monetary and Financial Stability

10.03.2015 Day 1: IMFS-CEPR Research Meeting on “Global Banking and Bank Resolution”

11.03.2015 Day 2: The ECB and Its Watchers XVI

### IMFS Working Lunches

29.01.2015 Prof. Michael Binder, Goethe University

25.02.2015 Prof. Tobias Tröger, Goethe University

27.04.2015 Prof. Helmut Siekmann, IMFS and Goethe University

18.05.2015 Prof. Michael Haliassos, Goethe University

01.07.2015 Tobias Adrian, Ph.D., Federal Reserve Bank of New York

15.07.2015 Dr. Ludger Schuknecht, Federal Ministry of Finance

15.09.2015 Dr. Emanuel Mönch, Deutsche Bundesbank

23.11.2015 Prof. Stavros Gadinis, University of California, Berkeley

09.12.2015 Prof. Katharina Pistor, Columbia Law School

14.12.2015 SAFE Policy and IMFS Lecture, Prof. Volker Wieland, IMFS



## I. Conferences

### IMFS Conference on Monetary and Financial Stability

The IMFS Conference Series on Monetary and Financial Stability was initiated in 2002. It is designed to provide a platform for the exchange of ideas and views of leading policymakers and outstanding academics on important topics related to monetary and financial stability.

The 2015 edition of this conference was organized as a two-day event. The first day comprised a research meeting titled “Global Banking and Bank Resolution”, whereas the second day was dedicated to the well-established policy conference “The ECB and Its Watchers XVI”.

- Day 1: March 10, 2015  
IMFS-CEPR Research Meeting on “Global Banking and Bank Resolution”  
jointly organized with the Centre for Economic Policy Research (CEPR), Gernot Müller
- Day 2: March 11, 2015  
The ECB and Its Watchers XVI  
jointly organized with the Center for Financial Studies (CFS), Günter Beck

**10.03.2015**

### IMFS-CEPR Research Meeting on “Global Banking and Bank Resolution”

Global banking is undergoing fundamental changes due to new regulations and new supervisory institutions. Therefore, the research meeting especially aimed to bring together recent findings regarding the role of banks, the restructuring of the banking sector and the relationship of banking and state from an economic or legal perspective.



Following the welcome by **Hermann Remsperger** on behalf of the Foundation for Monetary and Financial Stability, the first session focused on global banking. By investigating large samples of data for 17 countries from 1870 to 2012, **Moritz Schularick** from the University of Bonn illustrated how mortgage lending has become the dominant share of bank lending. **Friederike Niepmann** from the Federal Reserve Bank of New York explained the composition of international bank flows.



Moritz Schularick, Herman Remsperger, Friederike Niepmann, Jeffrey Gordon (clockwise)

Looking at the challenges for financial stability, **Agnese Leonello** from the European Central Bank demonstrated that government guarantees present a complicated trade-off. **Anne-Laure Delatte** from the French Institute for Scientific Research (CNRS) and Sciences Po shared her insights on the evolution of international banking integration, concluding that euro area banks have reduced their international exposure inside and outside the euro area while in the rest of the world banking integration has strengthened since the financial crisis.



Keynote speaker **Jeffrey Gordon**, Professor at Columbia Law School, evaluated bank resolution in Europe, highlighting the fact that the link between sovereigns and banks was broken by the implementation of the European Banking Union. IMFS Professor **Helmut Siekmann** analyzed the current situation in Greece by investigating the possibilities of exit, exclusion and parallel currencies in the euro area. **Gerard**

**Hertig**, Professor of Law at ETH Zurich, concentrated on the decision-making during the financial crisis and the question why the Treasury let commercial banks fail. He suggested that once a bail-out program was already on the table it was better to err on the side of rescuing too many rather than too few banks. Finally, IMFS Visiting Scholar **Vikrant Vig** described the political economy of bank bailouts. According to his findings, banks that are bailed out by local politicians experience less restructuring and perform worse than banks supported by the savings bank association.

## Program

8:45 – 9:00	Welcome <b>Hermann Remsperger</b> ( <i>Stiftung Währung und Geld</i> )
9:00 – 10:30	<b>Global Banking</b> “The Great Mortgaging: Housing Finance, Crises, and Business Cycles” <b>Moritz Schularick</b> (University of Bonn); Oscar Jorda; Alan M. Taylor Discussant: <b>Martin Götz</b> (Goethe University Frankfurt)  “What determines the composition of international bank flows” <b>Friederike Niepmann</b> (Federal Reserve Bank of New York); Cornelia Kerl Discussant: <b>Frederic Boissay</b> (European Central Bank)  Chair: <b>Gernot Müller</b> (University of Bonn)
10:30 – 11:00	Coffee break

11:00 – 12:30	<p><b>Financial Stability</b>  “Government guarantees and financial stability”  <b>Agnese Leonello</b> (European Central Bank); Elena Carletti; Franklin Allen; Itay Goldstein  Discussant: <b>Esa Jukivuolle</b> (Bank of Finland)</p> <p>“Securities Trading by Banks: Micro Evidence”  <b>Puriya Abbassi</b> (Deutsche Bundesbank); Rajkamal Iyer; Jose-Luis Peydro; Francesc R. Tous  Discussant: <b>Anne-Laure Delatte</b> (CNRS and Sciences Po)</p> <p>Chair: <b>Reinhard H. Schmidt</b> (University of Frankfurt)</p>
12:30 – 2:00	Lunch
2:00 – 3:15	<p>Keynote Address: “Bank Resolution in Europe: the Unfinished Agenda of Structural Reform”  <b>Jeffrey Gordon</b> (Columbia University)</p> <p>“Exit, Exclusion and Parallel Currencies in the Euro Area”  <b>Helmut Siekmann</b> (Goethe University and IMFS)</p> <p>Chair: <b>Vikrant Vig</b> (London Business School and IMFS)</p>
3:15 – 3:45	Coffee break
3:45 – 5:15	<p><b>Bailouts</b></p> <p>“Decision-making during the Crisis: Why did the Treasury let commercial banks fail?”  <b>Gerard Hertig</b> (ETH Zürich); <b>Ettore Croci</b> (Universita Cattolica del Sacro Cuore); Eric Nowak  Discussant: <b>Daniel Gros</b> (CEPS, Brussels)</p> <p>“The political economy of bank bailouts”  <b>Vikrant Vig</b> (London Business School and IMFS, Frankfurt); Markus Behn; Rainer Haselmann; Thomas Kick  Discussant: <b>Uwe Vollmer</b> (University of Leipzig)</p> <p>Chair: <b>Tobias Tröger</b> (Goethe University)</p>

11.03.2015

“The ECB and Its Watchers XVI”



The sixteenth edition of the conference “The ECB and Its Watchers” on March 11, 2015 set new records with more than 450 participants. As **Mario Draghi**, President of the European Central Bank, said in his speech, euro area developments are “pointing in the right direction”. The ECB buying government bonds and other debt “may be shielding other euro area countries from contagion” from Greece, Draghi told the conference organized by the Center for Financial Studies (CFS) and the IMFS at Goethe University Frankfurt.

Two days earlier the ECB had started its quantitative easing (QE) program, which was set to induce monthly purchases of up to 60 billion euros of eurozone government debt, along with private sector assets and the debt of eurozone institutions.



Participants and journalists follow the speech of ECB President Mario Draghi.



After welcome remarks by organizer **Günter Beck**, Research Fellow of both the CFS and the IMFS, and the President’s address, the first session chaired by CFS President **Otmar Issing** questioned the effectiveness of non-standard monetary policy measures.

ECB Board Member **Peter Praet** pointed out in his speech that thanks to policy measures taken by the ECB since the summer the nominal cost of bank borrowing for euro area companies had gone down sharply. **Jordi Gali** of the Barcelona-based research institute CREI considered the non-standard measures positive but likely insufficient to jumpstart growth of the euro area economy.

According to **Volker Wieland**, Director of the IMFS and longtime organizer of the conference series, the impact of earlier measures by the ECB were already sufficient given the outlook. “The ECB needs to take into account the reactions of governments to ECB actions in estimating the impact of the actions on growth and inflation,” Wieland argued.



Hermann Remsperger, Peter Praet, Volker Wieland and Jordi Gali (clockwise)

With the ECB taking up the responsibility of banking supervision in November 2014, in the second session entitled “Monetary Policy within the New European Financial Regulatory Architecture” Bank of Finland Governor **Erkki Liikanen**, **Stephen Cecchetti** of Brandeis University and **Casper de Vries**,

member of the Dutch Council of Economic Advisors, discussed the challenges resulting from the ECB's double role.



Casper de Vries; Stephen Cecchetti; Hans Helmut Kotz, Erkki Liikanen and Stephen Cecchetti; Günter Beck and Elga Bartsch (clockwise)

Against this background, Liikanen acknowledged risks like insufficient macroprudential tools. In his view, however, the new regulatory framework has contributed to growth in financial intermediation. De Vries pointed out that “empirical research shows that the main effect of QE is through the exchange rate”. As proposed by de Vries, an “official intervention without sterilization would have been perfectly in line with the European Treaties”. Cecchetti, former chief economist of the Bank for International Settlements (BIS), regarded time-varying policies unlikely to be effective.

With a panel bringing in perspectives from Asia, South America and Europe, the international challenges for monetary policy were in the center of the conference's third session. While **Ewald Nowotny**, Governor of the Austrian central bank, would not speak of a currency war with the ECB pushing the balance sheet back to early 2012 levels, former Brazilian central banker **Arminio Fraga Neto** stated that forward guidance and QE drove longer term interest rates down considering a “currency war as the next step”.



Arminio Fraga Neto, Ewald Nowotny, Richard Koo, Michael Binder (from left to right)

Comparing the situation in the United States with that of Japan 15 years ago, Nomura chief economist **Richard Koo** warned that in a situation like that “the government has to help until the private sector balance sheet is repaired”. Referring to the Bank of Japan, “the exit of QE is extremely difficult”, he went on. “Once QE is removed in the United States, the budget deficit will not be 500 billion dollars but a trillion”, Koo said. **Andre Sapir** of the Université libre de Bruxelles, on the other hand, showed himself rather optimistic concerning QE in the euro area. “QE is going to have a significant impact on the southern countries of the euro area countries”, he was convinced.

## II. Working Lunches

These regular academic seminars deal with new research on a range of legal, monetary and financial topics. The Working Lunches usually take place between 12 to 1 pm. They are attended by Ph.D. students, IMFS faculty and researchers and also attract many participants from central banks, financial institutions and law firms in Frankfurt.

**29.01.2015**

**Prof. Michael Binder, Goethe University**

**“Determinants and Output Growth Effects of Debt Distress”**

The recent developments in the euro area have put public debt levels back into the limelight. During the IMFS Working Lunch on January 29, Prof. Michael Binder analyzed the relationship between public debt levels and sovereign default but also between public debt levels and output growth. Together with Sebastian Kripfganz, Goethe University, and Tihomir Stučka of the World Bank, Binder investigated these relations for more than 50 developing and emerging market countries over 38 years.



As a starting point, Binder and his colleagues looked at whether a country had been in debt distress: “We asked: what are the driving forces of the probability of debt distress?” In this regard, debt distress was defined either as years in which the sum of arrears exceeds five percent of total public and publicly guaranteed external debt outstanding or in which a country receives balance-of-payments support from the International Monetary Fund (IMF) in excess of 50 percent of the country's IMF quota or receives a debt-relief from the Paris Club.

Estimating probabilities of debt distress, Binder and his colleagues found that factors such as the public external debt burden and the policy and institutional track record strongly contribute to explaining cross-country differences in debt distress probabilities, but that inertia is the single-most important factor for debt distress. In this sense, there was psychology in the markets according to Binder.

Turning to the relationship between public debt levels and output growth, standard models encompass only one equation to measure the strength of this relationship, Binder and his colleagues used two equations: Having estimated the probability of debt distress in their first equation, the second equation can shed light on how much rises in the level of external public debt affect output growth, simultaneously accounting for the implied changes of the probability of debt distress, Binder warned. In contrast to the well-known findings of Carmen Reinhart and Kenneth Rogoff, Binder and his colleagues found that there was not a single threshold beyond which changes in the public debt level would be detrimental for output growth. “The story starts at much earlier levels of external public debt”, Binder emphasized.

While there were relatively small or insignificant direct effects of increases in the public external debt burden on output growth even in episodes of debt distress, there was an overall significant effect when increases in the debt burden notably increased the probability of debt distress. According to Binder and his colleagues, the magnitude in the overall effects is country-specific, depending beyond the level of external public debt inter alia on the policy and institutional track record.

Being asked what their findings implied for Greece, Binder cautioned against directly transferring the numbers from his study to the case of Greece. He nonetheless conjectured that for Greece “there is a very long road ahead”. Even if Greece was implicitly or explicitly granted further debt relief, financial markets would see any subsequent increase of debt as a significant threat, and it would be essential for Greece to run primary budget surpluses.

**25.02.2015**

**Prof. Tobias Tröger, Goethe University**

**“How special are they? Targeting systemic risk by regulating shadow banking”**



In the Working Lunch on February 25, IMFS Affiliated Professor Tobias Tröger shared his insights on how financial stability concerns associated with shadow banking could be addressed. In his lecture, Tröger doubted the underlying consensus of regulation, putting into question that rule-makers have to close loopholes in the existing framework by coming up with ever more detailed specifications. In his view, shadow banking can be described in part as a reaction to regulation or “a race between a hare and a tortoise”, making use of regulatory

arbitrage. This quest for regulatory arbitrage opportunities engages talent in an unproductive endeavor, Tröger, Chair of Private Law, Trade and Business Law and Jurisprudence at Goethe University, warned.

As an example for the loopholes of regulation, Tröger cited asset-backed commercial paper conduits, which could be treated as off-balance-sheet exposure with ‘full risk’ or ‘low risk’ depending on the maturity. Since a maturity up to one year entailed a classification as ‘low risk’, financial instruments were designed according to these specifications with a maturity of 364 days.

Instead of this, Tröger endorsed alternatives that pay close attention to the policy rationales that underpin existing regulation and leave discretion to supervisors in dealing with individual cases by way of a more normative interpretation of prudential rules and standards. By preferring a normative approach rather than a legalistic one, the need to permanently update and amend the regulatory framework was limited, he explained. “The normative approach does not demand knowledge of the ultimate risks for the financial system and the cost of compliance are identical.” However, there were also limits and drawbacks, Tröger warned as the normative approach required engaging skilled and courageous personnel. Furthermore, it did not necessarily cover all occurrences of alternative credit intermediation.

**27.04.2015**

**Prof. Helmut Siekmann, IMFS and Goethe University**

**“Legal limits for the outright purchase of sovereign debt by the ESCB”**



Outright purchases of sovereign debt by the European System of Central Bank (ESCB) has been a topic of debate among legal scholars since the ECB (European Central Bank) started to purchase covered bonds with underlying sovereign debt. The controversies increased when the ECB publicized its decision to install Outright Monetary Transactions (OMT). New legal questions arose when the ESCB started its debt purchasing program which is known under the name Quantitative Easing (QE). Since its start in March 2015 the ECB has purchased just

over 85 billion euro in government and agency bonds by the end of April. But what is the legal framework the ECB is moving in?

In the Working Lunch on April 27, IMFS Professor Helmut Siekmann gave an overview about the history of different programs announced by the ECB, reminding that the powers transferred to the ECB were strictly limited. “Not all the competences of the monetary union are transferred to the ECB”, he pointed out. With the judgment of the European Court of Justice (ECJ) on the ECB’s OMT still pending, he delineated the legal limits for the outright purchase of sovereign debt.

Regarding one of the major holdings against the OMT, the transgression of the so-called mandate, Siekmann explained that the designation mandate was not used in the primary law and even had a completely different meaning. From a legal point of view, the ECB has competences instead of a mandate. Furthermore, the disruption of the monetary policy transmission mechanism as another major justification was rather irrelevant, he said. Since there was a vast amount of imaginable disruptions this could lead to handing power to the ECB, Siekmann warned.

Although the ECJ was widely expected to act in favor of the ECB after the opinion of the Legal Counsel was published in January 2015, Siekmann remained rather critical on this. “The document is not as clear as it appears at first sight”, he added, claiming it would not give plain power to the ECB. “The limits to the ECB could be even closer than the ECB thinks”.

Hence, Siekmann made clear that there were distinctive differences between OMT and the new QE program, the Expanded Asset Purchase Programme (EAPP), as QE featured no special selection of member states and it was not conditionally tied to measures of economic policy.

**18.05.2015**

**Prof. Michael Haliassos, Goethe University**

**“The Greek Crisis: Where to Next?”**

In his lecture Prof. Michael Haliassos, Chair of Macroeconomics and Finance at Goethe University and Director at the Center for Financial Studies, presented the political origins of debt buildup in Greece and proposed some simple reforms that could ensure the viability of the country in the eurozone.

Looking at the political process during the last 30 years, Haliassos described how a state-dependent private sector was built and, at the same time, the public sector became highly inefficient and tax evasion was encouraged. The debt crisis hit Greek banks much harder than the average Eurozone

country, Haliassos stated, who is an advisor to the European Central Bank on the construction of the Eurozone Survey of Household Finances and Consumption. Greece was the most home-biased country in the Eurozone. Consequently, solvency problems of the Greek banks spilled over to the Greek state and vice versa, Haliassos explained. Since 2010 Haliassos is one of the editors of the policy blog “Greek economists for reform”. While the standard measures in a fiscal crisis as well as the adjustment program controlled by the troika rather concentrated on the reduction of government spending and the increase of taxes, the creation of a repayment potential has been neglected. Haliassos warned that “very little has been done since the beginning of the crisis in terms of creating productive potential”.



Thus, he sees an enormous scope for reforms and large exploitable margins. As far as the legal framework in Greece is concerned, enforcing a contract takes 1300 days whereas in OECD countries this is 529 days on average, Haliassos gave as an example. He also denounced the missing support for excellent research in the country. “85 percent of the Greek scientists of high reputation live and work outside Greece”, Haliassos pointed out. Regarding the exportation of Greek goods, he cited the National Bank of Greece estimating that export revenues from olive oil could be enhanced significantly if oil was not exported in bulk and bottled in Italy but standardized and branded in Greece. “Simple measures can make a big difference but they are not done”, Haliassos concluded.

**01.07.2015**

**Tobias Adrian, Ph.D., Federal Reserve Bank of New York**  
**“Global Pricing of Risk and Stabilization Policies”**



To what extent is the impact of the global pricing of risk on countries’ risk and growth altered by monetary, fiscal and macroprudential policies? This was the main question of the IMFS Working Lunch lecture by Tobias Adrian, Federal Reserve Bank of New York. In his lecture Adrian, who is Associate Director of the Research and Statistics Group, introduced a new framework of thinking about economic policies.

As a starting point, Adrian referring to a paper with his co-authors Daniel Stackman and Erik Vogt looked at the global risk appetite as reflected by the volatility index VIX for the S&P 500. “Since most people delegate their asset allocation to financial institutions constraints of those institutions impact the global pricing of risk,” Adrian pointed out. According to their findings, volatility forecasts future returns in a highly nonlinear fashion, capturing the impact of global institutions on the pricing of risk. Countries’ exposure to this key state variable measures its respectiveness riskiness. Based on data from 27 countries, Adrian, who is also an IMFS research fellow, showed correlations between output, inflation, policy rate, and equities across countries demonstrating that there was a risk-return tradeoff. “Countries with higher exposure to the global economic cycle and the pricing of risk have a higher growth but also higher volatility”, Adrian said.

In a last step, he investigated how economic policies interact with the pricing of risk and made evident that there was a relationship between the macro risk-return tradeoff, global risk exposures,

and stabilization policies. Economic policies can mitigate the impact of the global pricing of risk on the domestic risk-return tradeoff, Adrian concluded. Based on these stylized facts he suggested rethinking economic policies in the light of global financial institutions' role in the transmission in the pricing of risk.

**15.07.2015**

**Dr. Ludger Schuknecht, Federal Ministry of Finance**  
**“Stability in the Eurozone: Challenges and Solutions”**



The triangle of stability in the eurozone, consisting of the real economy, the fiscal side and financial markets, were in the focus of the lecture of Dr. Ludger Schuknecht during the Working Lunch on July 15. The Chief Economist and Director General for Economic and Fiscal Policy Strategy and International Economy and Finance in the Federal Ministry of Finance explained how deficit rules, national structural reforms and smart regulation contribute to achieve sound public finances, a competitive real economy and robust financial markets.

Starting his analysis with the fiscal side, Schuknecht argued that the public debt ratio in the eurozone countries was much higher after the crisis than at the start of the monetary union. After a peak in 2014, however, it was beginning to decrease. “We do not know exactly what the sustainable debt ratio is”, Schuknecht pointed out. Nevertheless, this was not a desirable situation to remain in. “The challenge consists in regaining resilience”, he said, advocating a risk-based approach in public finances. Like households, governments should hold expenditures in line with income growth.

Regarding the second area of challenge in the triangle of stability, Schuknecht commented on macroeconomic imbalances endangering the real economy. Although the unique labor costs in crisis countries like Spain had gone down after the crisis, in other countries the size of the productive sector had shrunk significantly like in France. Taking a look at the current account imbalances, “crisis countries show a much higher export orientation than before the crisis with Ireland being the great success story”, Schuknecht said. Unemployment as another indicator also showed a development in the right direction.

With regard to the financial markets as the third part of the triangle, Schuknecht, who had worked at the International Monetary Fund, the European Central Bank and the World Trade Organization earlier, demonstrated that many countries in the eurozone still had a private debt overhang by presenting statistics that showed numbers well above 160 percent of outstanding debt of gross domestic product (GDP) for households and nonfinancial corporations. In France private debt was almost 180 percent in 2014, in Spain 182 percent and in Portugal 209 percent. In his view, the nexus between banks and governments was too tight as shown by the share of sovereign bonds held by domestic banks, which was up at 29 percent in Spain or 24 percent in Portugal in April of this year. “We further need to strengthen the institutional framework”, Schuknecht concluded.

15.09.2015

**Dr. Emanuel Mönch, Deutsche Bundesbank**

**“In Search of a Nominal Anchor: What Drives Inflation Expectations?”**



According to many central bankers, successful monetary policy relies on anchored inflation expectations. The stability of long-run inflation expectations is no inherent feature of the economy, though. In his lecture, Emanuel Mönch, head of research at the Bundesbank, investigated the conditions under which inflation expectations remain anchored. In a joint paper Mönch and his co-authors Carlos Carvalho, Stefano Eusepi, and Bruce Preston have developed a model of expectation formation based on learning.

In the model, price-setting agents act as econometricians who update their beliefs about long-run inflation. They set prices according to their views about future inflation, generating a feed-back between inflation expectations and actual inflation. “If agents observe that they make systematic mistakes in the short run, they update their views about long-run expectations,” Mönch explained in his lecture. Thus, long-term inflation expectations react to a series of short-term inflation surprises.

By using actual inflation data and short-run inflation forecasts from surveys for the United States, Japan and various European countries, Mönch demonstrated how long-run inflation expectations can become unanchored. As he pointed out, except for Japan, the model implied that all countries considered had anchored inflation expectations as of 2014. “The model captures quite well the rise and decline of long-term inflation expectations that we have seen in the U.S. over the last few decades, and also the development in Japan since the 1990s,” Mönch concluded.

23.11.2015

**Prof. Stavros Gadinis, University of California at Berkeley**

**“Three Pathways to Global Standards: Private, Regulator, and Ministry Networks”**

Why do some international standards get adopted as law although they are not binding? This was one of the questions Stavros Gadinis, Assistant Professor of Law at the University of California at Berkeley, elaborated on in his lecture in the Working Lunch series. Based on his findings in “Three Pathways to Global Standards: Private, Regulator, and Ministry Networks”, Gadinis offered a roadmap for understanding how international networks organize their operations and which mechanisms of network standard setting they apply.

Analyzing the adoption of international accounting standards, Gadinis distinguished between private market professionals, national regulators, and ministry executives. These networks work according to different mechanisms. “As private firms can’t mandate standards, they try to get market professionals to adopt standards like IFRS”, Gadinis explained. In order to achieve this, private firms “have to convince others that they do what is best for the industry”. As for the regulators, Gadinis recognized reciprocity as the underlying



mechanism. In this case, regulators are looking for others that are similarly affected. On the ministry level, the mechanism is determined by government influence.

Comparing the development of these networks, Gadinis found out that the networks grow at a different pace. By calculating the relative likelihood that a network will adopt a set of standards at a particular point of time, Gadinis came to the conclusion that private networks promote stricter standards but at a slow speed whereas regulator networks can fight misconduct but privilege better-resourced regulators. Ministry networks, on the other hand, can promote their objectives fast. Here, the preferences of powerful countries are reflected.

**09.12.2015**

**Prof. Katharina Pistor, Columbia Law School, New York**

**"The Legal Code for Global Capital"**

Professor Katharina Pistor of Columbia Law School, New York, presented the way how finance is coded in law in her lecture on December 9. Building on her legal theory of finance, Pistor, who was honored with the Max Planck award in 2012 for her research at the intersection between law and finance, examined the way law is needed to enforce certain rights on financial markets, especially in times of bankruptcy or financial crises.

Given the need to avoid a run on entities or markets, "how is global finance sustained without a global state and global law?" Pistor asked. By outlining a deal of mortgage-backed securities based on home-owners in California, she described the different international banks and trusts involved and their respective property rights. Financial



transactions of this kind, graphically shown as the "spaghetti bowl of derivatives", include two legal systems of law at the same time: on the one hand, the official system, which is subject to regulation, and on the other hand, the shadow banking system that is organized around private contracts and where the governing law is chosen depending on where the entity is based. According to Pistor, this leads to "regulatory competition" with the players trying to "create contracts that get around the rules without violating them".

When these systems collide in case of bankruptcy of an entity, "who decides who gets to hold the joker?" Pistor formulated as the key question. "That has always been the game", she said, pointing out that this was nothing new. However, in her opinion, what had changed were the scale and scope of this phenomenon and its implications in a world with a very complex legal system "where we have ceded some rights to others". As New York and England are the two legal systems that cover most financial claims and counter-claims, "these two systems hold the key to change the whole system", Pistor concluded.

14.12.2015

Prof. Volker Wieland, IMFS

Focus on Future Viability: the Annual Report 2015/16 of the German Council of Economic Experts



The risks of the European Central Bank's (ECB) low interest rate policy were in the focus of the lecture of Professor Volker Wieland during a joint event of SAFE and the IMFS. At the moment, economic growth in Germany is sustained by domestic consumption and based on high employment and high increases in real wages, Wieland said. However, this growth is not independent from the development abroad because of the significant role of the export sector in sustaining employment and wage growth. Regarding the euro area, Wieland

pointed out that special factors such as the lower effective exchange rate and low interest rates support aggregate demand. To the extent that economic growth depends on easy monetary policy it is not sustainable in the long-run. Looking at the performance in euro area countries that started adopting structural reforms early like Ireland or Spain, it becomes clear that those countries benefitted from a faster economic recovery than those that delayed reforms.

The German Council of Economic Experts remains critical of the expansive monetary policy of the ECB and did not see any reason for additional quantitative easing. Instead, the experts worry about risks for financial stability. Especially for banks and insurance companies, the low interest rate policy poses risks for the business model. The longer the low interest rate policy lasts, the greater the risk for bank solvency when the ECB finally starts to tighten policy, because of the amount long-term low interest rate loans on banks' balance sheets, Wieland warned. Furthermore, he criticized the slackening reform efforts by the governments in the euro area. Easy monetary policy of the ECB introduces incentives for governments to postpone or abandon politically costly structural reform efforts.

Concerning the challenges posed by refugee migration Wieland warned against overly optimistic assessments of the likelihood that accepted asylum seekers quickly take up new jobs in Germany. Specifically, he referred to estimates by the European Commission that were based on employment assumptions based on earlier integration of better trained and educated immigrants from other countries. The integration of immigrants on the labor market is a long process, Wieland emphasized. Furthermore, in the Council's assessment, many economic policy measures in Germany are not helping improve the long-term viability of the German economy. Hence the title "Focus on Future Viability". Measures such as increased pension benefits ("Mütterrente"), early retirement options, the minimum wage and new rent control policies constitute obstacles for sustainable economic growth.

## Research-Based Policy Advice

IMFS researchers constantly provide policy advice on a national as well as international level. As for **Volker Wieland**, the research feeds into his work as a member of the German Council of Economic Experts. In 2015, the developments in the Greece crisis were one of the major concerns among politicians and economists. At the height of the Greek crisis in July, the Council issued a special report called “Consequences of the Greek crisis for a more stable euro area”, which was widely discussed in the public.



Throughout the year, the Council is in contact with ministers and leading officers of federal associations before finally publishing its Annual Report. On November 11, the Council members presented their new report entitled “Focus on Future Viability” to Chancellor Angela Merkel, Finance Minister Wolfgang Schäuble, Minister of Labour Andrea Nahles, and the Minister of Health Hermann Gröhe. The 2015/16 report concentrated on three topics: the challenges posed by refugee arrivals, the architecture of the euro area, and the conditions for stronger

economic growth in Germany. On September 7, the Council was honored for its work with the award “Deutscher Mittelstandspreis” 2015 by the Small and Medium-Sized Business Association of the CDU and CSU (MIT), recognizing its contribution as driving force for the political debate in Germany. The jury argued that “through its publications and commentaries on economic policy, the German Council of Economic Experts makes a significant contribution to the success of small and medium-sized enterprises (SME) in our country”.

At the beginning of the consultations regarding the reform of the inheritance tax in the German parliament (Bundestag) and the Federal Council (Bundesrat), the six professors forming the Kronberger Kreis, among them Volker Wieland, proposed a uniform inheritance tax rate of ten percent for all legacies, explaining its details in the study “Erbchaftsteuer: Neu ordnen statt nachbessern”.



Regarding the legal expertise of the IMFS, **Helmut Siekmann** took part in a public hearing at the state parliament in North Rhine-Westphalia regarding the implementation of the debt brake on state level. He was also invited as a legal expert to the representation of the state of Hesse, sharing his insights on the decision of the European Court of Justice concerning the Outright Monetary Transactions (OMT) of the European Central Bank. Besides, Helmut Siekmann discussed legal matters on a European level in meetings with the Vice-Presidents of the European Commission, Valdis Dombrovskis and Jyrki Katainen.

### ***Policy Meetings and Hearings at a glance***

11.11.	Berlin	Meeting with German Chancellor Angela Merkel, Federal Minister of Finance Minister Wolfgang Schäuble, Federal Minister of Labor Andrea Nahles and Federal Minister of Health Hermann Gröhe, presenting the Annual Report 2015 of the German Council of Economic Experts	VW
14.10.	Frankfurt	German Council of Economic Experts meeting with the President of the European Central Bank Mario Draghi and Board Member Peter Praet	VW
24.09.	Berlin	German Council of Economic Experts hearings with German Minister of Finance Wolfgang Schäuble, State Secretary of Labour and Social Affairs Jörg Asmussen and leading officers of the Federal Ministry for Economic Affairs and the Federal Ministry of Labour and Social Affairs	VW
10.09.	Frankfurt	German Council of Economic Experts meeting with the President of Deutsche Bundesbank Jens Weidmann	VW
10.07.	Frankfurt	Presentation and evaluation of the situation in Greece and the Eurozone after the termination of the second support program in behalf of the Consulate General of the People's Republic of China	HS
19.06.	Berlin	German Council of Economic Experts meeting with members of the Conseil d'Analyse Economique, a Council of Economic Advisers for the government of France	VW
18.06.	Berlin	Legal expert on the OMT decision of the European Court of Justice at the representation of the state of Hesse in Berlin	HS
18.06.	Berlin	German Council of Economic Experts meeting with leading officers of DIHK and BDI (Association of German Chambers of Commerce and Industry and the Federation of German Industries) and the German trade union confederation DGB	VW
17.06.	Berlin	German Council of Economic Experts workshop with senior officials from the Chancellor office, the Ministry of Finance, and the Ministry of the Economy and Energy	VW
22.04.	Berlin	Working dinner with Vice-President of the European Commission Valdis Dombrovskis	HS
20.04.	Düsseldorf	Legal expert at public hearing at the state parliament of North Rhine-Westphalia regarding the implementation of the debt brake on state level with introductory presentation and a detailed written statement, available as IMFS Working Paper No. 98	HS
30.01.	Frankfurt	Meeting with Vice-President of the European Commission Jyrki Katainen	HS, MB

## Public Outreach and Press

In its public outreach efforts, the IMFS aims at informing the academic and financial community as well as the interested public. Three to four times a year, news about the researchers, their research findings, and the latest events are concisely presented in a **newsletter**, the **IMFS Update**, which is received by more than 2,500 subscribers worldwide from Tokyo to Mexico City or San Francisco. The newsletter is also available on the institute's website **www.imfs-frankfurt.de**, where one can register for the newsletter.



In seeking to stay in touch with researchers, universities, and organizations of any kind, the IMFS has enhanced its visibility by engaging in **social media activities**. For news about the institute and upcoming events, internet user can follow its **Twitter account @IMFS\_Frankfurt**.



Thus, the IMFS was also able to connect with the media in real time during important events like "The ECB and Its Watchers" conference.



Interested people from all over the world can keep track easily of press comments by IMFS researchers, short summaries of the institute's events or the papers related to the lectures.

During the first half of the year, news coverage was dominated widely by the uncertainty about the political developments in Greece and the economic consequences respectively. In this context, IMFS researchers were popular interview partners among the media. Nearly 20 times, Helmut Siekmann and Volker Wieland commented the **Greek crisis on TV or in radio interviews**, among them evening programs with high view ratings such as *ZDF-Heute*, *ZDF-Spezial* and *ARD-Tagesthemen*.



At the preliminary height of the Greek crisis in summer, Wieland advised against dividing the eurozone into two parts in a 20-minute TV program. This was part of a special TV project by a group of students and is available at the *Offener Kanal Rhein-Main*. In an interview with *Deutsche Welle TV*, he endorsed the establishment of an insolvency regime.



In an interview with the German news channel *n-tv*, Wieland expressed his skepticism regarding the new rescue program for Greece. As the situation in Greece had deteriorated, he commented on the bank closures in *Die Welt* and on the state of the monetary union in *Wirtschaftswoche*.

The ongoing quantitative easing of the ECB as well as the **diverging monetary policies of ECB and Fed** ranked among the most frequent issues IMFS professors were asked to comment on in national and international radio and TV programs on *ZDF* or *CNBC*. Wieland regularly commented on the interest rate decisions and the **quantitative easing** of the ECB before and after monetary policy meetings of the ECB's Governing Council. The same goes for the Federal Market Committee (FOMC) meetings of the Federal Reserve. On the occasion of the FOMC meeting in September, Wieland explained in various interviews with *FAZ*, *NDR-Info*, and *Reuters* why raising interest rates was overdue.

The combination of economic and legal expertise was especially in demand regarding the approval of the European Court of Justice of the **ECB's Outright Monetary Transactions (OMT)**. Helmut Siekmann put the court rulings into perspective for the evening news in *ARD-Tagesthemen* as well as on the news station *n-tv* and in various print interviews with *Börsen-Zeitung*. As the ball went back with the German Constitutional Court, Siekmann explained the consequences for the ECB and the situation in the eurozone. The risk of a potential conflict had not decreased, he said. Meanwhile, "the ECB is turning into a financier of banks and public authorities whose ability to pay is very questionable".

With Denmark and Sweden taking initiatives to reduce **the role of cash in the economy**, for example, by announcing that restaurants or small shops do not need to accept credit cards anymore, some voices advanced similar proposals in Germany. Siekmann spoke up against these positions taking a legal perspective in an article in *Handelsblatt*.

Taken altogether, IMFS professors gave **40 radio and TV interviews** in 2015, a number that had not been reached before. With **75 comments in print and online newspapers**, the researchers set **another record**, being regular interview partners for *Börsen-Zeitung*, *Handelsblatt*, *FAZ*, *Süddeutsche Zeitung*, news agencies like *Reuters* or *Bloomberg*, and also international media such as *USA Today*

and *CNBC*. Volker Wieland also took up current aspects of monetary policy or further explanations of the architecture of the euro area in several **op-eds** for *n-tv.de*, and together with colleagues from the Council of Economic Experts or the Kronberger Kreis for the *Wall Street Journal* and *FAZ*. In an opinion piece for the insurer's magazine *Positionen*, he called for strengthening the no-bail-out-clause in order to improve the stability of the euro architecture. Helmut Siekmann, on the other hand, published an opinion piece regarding the legal aspects of a grexit in the Greek newspaper "*Kathimerini*".

This also illustrates that the topics the Institute is concerned with – price stability and financial stability – remain of great public interest. The developments in the euro area and regulation efforts in the aftermath of the financial crisis will continue to create needs for explanations by experts.

Furthermore, the conference series "**The ECB and Its Watchers**" also continued the media impact of previous years. About 90 journalists registered for the event on March 11 when academics, market participants and policy makers discussed the intended and unintended consequences of ECB policy. Newspaper correspondents of the *Financial Times*, *Börsen-Zeitung*, *FAZ*, *Süddeutsche Zeitung*, *Handelsblatt*, and *Die Welt* followed the discussions, reporting about the event. Real-time reporting was provided by the news agencies *Bloomberg*, *Reuters*, *Dow Jones*, and *Market News*. Especially the keynote speech by ECB President Mario Draghi was broadcasted by various TV stations.



The whole conference was covered in a live stream by the news agency *Bloomberg*. Also many correspondents from foreign countries covered the conference such as the *International New York Times*, *Het Financieele Dagblad* or the *Diari Ara* from Catalonia. Others used the conference for background information, e.g. *Finanz und Wirtschaft* from Switzerland, *Il Sole 24 Ore*, *Les Echos* or *La Tribune*.

### *Public Outreach and Press at a glance*

#### **Media References to IMFS research papers and IMFS research**

12/15	<b>Bundesbank Magazin</b>	Stiftung Geld und Wahrung – Im Auftrag fur stabiles Geld (Foundation of Monetary and Financial Stability – on behalf of a stable currency)	HS/VW
05.03.	<b>Bloomberg</b>	Economists’ biggest failure	VW
21.02.	<b>FAZ</b>	Wirtschaftsweise: Grexit konnte Euroraum starken (Grexit could strengthen the euro area)	VW
20.02.	<b>FAZ.NET/Die Welt/ n-tv/Stern.de</b>	Wirtschaftsweise: Grexit konnte Euroraum starken (Grexit could strengthen the euro area)	VW

#### **Guest Editorials**

17.12.	<b>n-tv</b>	Bescherung an den Finanzmarkten (Christmas gifts for the financial markets)	VW
03.12.	<b>Wall Street Journal</b>	The Danger of Diverging Monetary Policies	VW
17.09.	<b>n-tv</b>	Fed sollte zur Normalitat zuruckkehren (Fed should return to normality)	VW
10.09.	<b>Positionen (GDV-German insurers)</b>	Umdenken in Euroland (Rethinking in the euro area)	VW
27.07.	<b>FAZ</b>	Kein europaisches Schatzamt! (No European Treasury) (with Lars P. Feld, Christoph M. Schmidt, and Isabel Schnabel, GCEE)	VW
02.07.	<b>n-tv</b>	Grexit und Drachme sind keine Losung (Grexit and drachma are no solution)	VW
22.03.	<b>Kathimerini</b>	Opinion piece on Grexit	HS
13.03.	<b>FAZ</b>	Richtige und falsche Preise (Correct and wrong prices) (with Kronberger Kreis)	VW
20.02.	<b>VoxEU</b>	Greece: No escape from the inevitable (with Lars P. Feld, Christoph M. Schmidt, Isabel Schnabel and Benjamin Weigert, GCEE)	VW

#### **Interviews**

18.12.	<b>Borsen-Zeitung</b>	Die Zinswende der Fed kommt der EZB entgegen (The interest rate turnaround suits the ECB well)	VW
30.06.	<b>Borsen-Zeitung</b>	Wie es mit Griechenland und der Eurozone weitergeht (The future of Greece and the eurozone)	VW

24.06.	<b>Focus Money</b>	Das Bargeld verschwindet (Cash is disappearing)	HS
17.06.	<b>Börsen-Zeitung</b>	Gefahr eines Konflikts ist nicht kleiner geworden (Risk of a conflict has not decreased)	HS
02.05.	<b>Reutlinger General-Anzeiger</b>	Kalte Progression und Soli sollen weg (Cold progression' and solidarity surcharge have to disappear)	VW
15.04.	<b>Schwäbische Post</b>	Wirtschaftsweiser aus Bopfingen (The wise man from Bopfingen)	VW
14.04.	<b>Aalener Nachrichten</b>	Konjunkturprogramm wäre ein Fehler (Economic stimulus package would be a mistake)	VW
31.03.	<b>Handelsblatt</b>	Weiter kann der Zins nicht runter (Interest rate cannot drop further)	VW
18.02.	<b>Börsen-Zeitung</b>	Die EZB kann nicht alles mit sich machen lassen (The ECB cannot put up with everything)	VW
15.01.	<b>Börsen-Zeitung</b>	Keine Freistellung von gerichtlicher Kontrolle (No release from judicial control)	HS

#### Profiles

25.09.	<b>Wirtschaftswoche</b>	Bericht zur ökonomischen Lage der Nation (Report on the economic state of the nation)	VW
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#### Commentary and Mentions

18.12.	<b>Börsen-Zeitung</b>	Märkte reagieren moderat auf US-Leitzinsanhebung (Markets react only moderately to the interest rate rise of the Fed)	VW
15.12.	<b>Börsen-Zeitung</b>	S&P warnt vor Desintegration der EU – Flüchtlingskrise als neuer Stresstest (S&P warns about desintegration of the EU – refugee crisis as a new stress test)	VW
04.12.	<b>CNBC.com</b>	ECB vice-president: The markets got it wrong	VW
02.12.	<b>FAZ</b>	EZB soll Anleihekäufe bremsen (ECB should slow down bond-buying program)	VW
01.12.	<b>Dow Jones</b>	Wirtschaftsweiser Wieland warnt vor mehr EZB- Anleihekäufen (Economic advisor Wieland warns about expanding the bond-buying program)	VW
24.11.	<b>FAZ</b>	Wer kauft Anleihen, für die man draufzahlt? (Who buys bonds for which you end up losing money?)	VW
13.11.	<b>Frankfurter Rundschau</b>	Nach der Finanzkrise ist vor der Finanzkrise (Before the financial crisis is after the financial crisis)	TT

12.11.	<b>Bayernkurier</b>	Ifo fordert Abschaffung des Mindestlohns (Ifo demands abolition of minimum wage)	VW
12.11.	<b>Nordwest-Zeitung</b>	Wirtschaftsweise bei Flüchtlingen gelassen (Economic advisors keep cool regarding refugee arrivals)	VW
12.11.	<b>Handelsblatt</b>	Fehlende Ideen (Missing ideas)	VW
11.11.	<b>Deutsche Welle.com</b>	Fünf Weise: Zuwanderung finanziell tragbar (Wise men: immigration is financially manageable)	VW
11.11.	<b>Bloomberg</b>	Merkel advisory panel urges ECB to phase out easing earlier	VW
11.11.	<b>Reuters</b>	Germany takes aim at ECB policy	VW
11.11.	<b>Reuters</b>	Wirtschaftsweise: Nullzins birgt Risiken für Finanzstabilität (German Economic advisors: low interest rates pose risks for financial stability)	VW
14.10.	<b>Handelsblatt</b>	Spaniens Notenbank kritisiert Ratingregeln (Spanish central banks criticizes rating rules)	HS
01.10.	<b>FAZ</b>	Euro-Inflation rutscht unter die Nulllinie (Euro area inflation slips below zero)	VW
30.09.	<b>FAZ.NET – FAZIT-Blog</b>	Wozu braucht man Geld für die Geldpolitik? (Why do you need money for monetary policy?)	VW
25.09.	<b>Süddeutsche Zeitung</b>	Zehn Prozent Erbschaftsteuer, fertig (Inheritance tax rate of ten percent and that's it)	VW
19.09.	<b>Frankfurter Neue Presse</b>	Fed lässt Geldschleusen offen (Fed leaves floodgates open)	VW
18.09.	<b>Süddeutsche.de</b>	Angst vor der eigenen Courage (Taking fright at the own courage)	VW
18.09.	<b>Reuters (ARD.de, N24.de, Volksblatt.at, Cash.ch)</b>	Wirtschaftsweiser: Fed zögert Zinswende zu lange hinaus (Top economic advisor: Fed is waiting too long with interest rate turning point)	VW
16.09.	<b>FAZ</b>	Amerikas Notenbank zögert mit der Zinswende (U.S. central bank is holding off the interest rate turning point)	VW
07.09.	<b>Zeit Online – Blog Herdentrieb</b>	Eurozone stärker integrieren – möglich und nötig? (Integrating the eurozone stronger – possible and necessary?)	VW
04.09.	<b>Reuters</b>	Dim prospects for Europe boost chances of extra money printing	VW
20.08.	<b>Handelsblatt</b>	Das riskante Spiel mit den Sicherheiten (The risky game with collaterals)	HS
19.08.	<b>CNBC.com</b>	Why the IMF is wrong on a Greek debt haircut	VW
28.07.	<b>Wiwo.de</b>	Staaten sollen Pleite gehen können (States should be able to go bankrupt)	VW

28.07.	<b>Dow Jones</b>	Idee einer europäischen Arbeitslosenversicherung erhitzt Ökonomen-Gemüter (Idea of a European unemployment insurance stirs up emotions among economists)	VW
28.07.	<b>Reuters</b>	Wirtschaftsweise springt Schäuble in Grexit-Debatte bei (Economic advisor backs Schäuble in discussion about Grexit)	VW
28.07.	<b>WDR.de</b>	Brauchen Insolvenzregeln für Staaten (We need sovereign insolvency mechanism)	VW
28.07.	<b>Reuters</b>	Firmenbilanzen und Fusionen geben Börsen Auftrieb (Financial statements and mergers are boosting the stock markets)	VW
28.07.	<b>Reuters</b>	No need to cut German growth forecasts due to China; economic adviser	VW
25.07.	<b>Euro am Sonntag</b>	Sie fragen – wir antworten (You ask – we answer)	HS
22.07.	<b>Wirtschaftswoche</b>	Wie Blackrock & Co. Flugtickets verteuern (How Blackrock & Co. drive up the prices for flight tickets)	MB
20.07.	<b>Marketpulse.com</b>	Greece Starts Paying Back the ECB: IMF Report	VW
20.07.	<b>Newsmax.com</b>	Analysts Debate Greece's Future; Should Germany Exit Eurzone	VW
14.07.	<b>FAZ</b>	Athen ist nicht aus dem Schneider (Athens is not out of the woods)	VW
14.07.	<b>NZZ</b>	Der Tatbeweis von Tsipras steht noch aus (Tsipras' factual proof is still pending)	VW
13.07.	<b>Reuters</b>	ECB's Greek bank support buys lawmakers short time on aid deal	VW
09.07.	<b>FAZ</b>	Grexit gefährdet weder den Euro noch Europa (Grexit neither endangers the euro nor Europe)	VW
09.07.	<b>Börsen-Zeitung</b>	Athen lotet seine letzte Chance aus (Athens is exploring its last chance)	VW
01.07.	<b>FAZ</b>	Deutschland muss Athen rauswerfen (Germany has to expulse Athens)	HS
30.06.	<b>Die Welt</b>	Warnung vor katastrophalen Folgen der Bankenschließung (A warning of the devastating consequences of closed banks)	VW
29.06.	<b>Die Welt</b>	Wir erleben erst den Beginn einer Katastrophe (We are just experiencing the beginning of a catastrophe)	VW
25.06.	<b>Wiwo</b>	Willkommen in einer anderen Währungsunion (Welcome to a different monetary union)	VW

26.06.	<b>Börsen-Zeitung</b>	Die Deutschen haben keine Angst um ihr Geld (The Germans are not afraid for their money)	HS
12.06.	<b>Handelsblatt</b>	Schlecht für sozial Schwache (Bad for the socially deprived)	HS
08.06.	<b>Handelsblatt</b>	Das Bargeld-Experiment (The cash experiment)	HS
07.06.	<b>Bild am Sonntag</b>	Finanz-Experte trickst GEZ aus (Financial expert outwits broadcasting fee collection center GEZ)	HS
18.05.	<b>Handelsblatt</b>	Ist Bares noch Wahres? (Is cash still the real thing?)	HS
02.05.	<b>Südwest Presse</b>	Geldpolitik bringt kein Wachstum (Monetary policy does not entail growth)	VW
28.04.	<b>Handelsblatt</b>	Draghis problematische Doppelrolle (Draghi's problematic dual role)	VW
22.04.	<b>Süddeutsche Zeitung</b>	Der Grexit und drei Alternativen (Grexit and three alternatives)	VW
18.04.	<b>Aalener Nachrichten</b>	Italien ist entscheidender als Griechenland (Italy is more critical than Greece)	VW
07.04.	<b>Frankfurter Neue Presse</b>	Frankfurt, Stadt des Euro (Frankfurt, city of the euro)	VW
27.03.	<b>Welt online</b>	Deutschlands Manager fürchten keine Überhitzung (German managers are not afraid of overheating)	VW
23.03.	<b>Les Echos</b>	Le QE à l'épreuve du juge allemande (QE under examination by German judge)	HS
19.03.	<b>Handelsblatt Global Edition</b>	Bundesbank and ECB – The Sleeping Giant	VW
14.03.	<b>Euro am Sonntag</b>	Das Dilemma des Mr. Euro (The dilemma of Mr Euro)	VW
14.03.	<b>Diari Ara</b>	Dubtes al limit de l'abisme (Doubts on the brink)	VW
11.03.	<b>NYTimes.com</b>	ECB bond buying program is pointing in the right direction, Draghi says	VW
11.03.	<b>Deutschlandfunk.de</b>	EZB-Chef Draghi an der Uni Frankfurt (ECB President Draghi at Frankfurt University)	VW
10.03.	<b>Metropolnews.info</b>	Die EZB macht Frankfurt zu einem Finanzstandort mit weltweiter Ausstrahlung (The ECB turns Frankfurt to a financial center with worldwide impact)	VW
04.03.	<b>USA Today online</b>	Germany benefits from weak euro policies it depletes	VW
23.02.	<b>FAZ</b>	Sind die Wirtschaftsweisen von Gestern? (Are the wise men 'of yesterday'?)	VW
15.02.	<b>FAS</b>	Die neue Welt der Negativzinsen (The new world of negative interest rates)	VW
15.02.	<b>Reuters (+ Daily Mail Online)</b>	Bank funding powers make Greece vulnerable to ECB pressure	VW
15.02.	<b>Reuters (+ Handelszeitung,</b>	Notgelder und Ramschbonds: Hellas-Banken unter Druck	VW

	<b>Wirtschaftsblatt, Tiroler Tageszeitung, Der Standard, Cash)</b>	(ELA and junk bonds: Greek banks under pressure)	
01.02.	<b>Deutsche Wirtschaftsnachrichten</b>	Italien kann in Griechenland-Sog geraten (Italy may get caught in the undertow of Greece)	VW
23.01.	<b>Börsen-Zeitung</b>	Ökonomenumfrage zur politischen Rolle der EZB in der Eurozone (Survey among economists regarding the political role of the ECB in the euro zone)	VW
22.01.	<b>Wallstreet online</b>	Das sagen Ökonomen zu möglichen Staatsanleihekäufen (That's what economists say regarding possible government bond purchases)	VW
15.01.	<b>Börsen-Zeitung</b>	EuGH winkt EZB-Anleihekäufe durch – Bundesverfassungsgericht brüskiert (ECJ nods through ECB bond buying program – Constitutional Court rebuffed)	HS
14.01.	<b>Wiwo.de</b>	Kippt Karlsruhe doch Draghis Geldpolitik? (Will Karlsruhe stop Draghi's monetary policy?)	HS
08.01.	<b>FAZ</b>	Janet Yellen beruft deutschen Chefberater (Janet Yellen appoints German chief advisor)	VW
08.01.	<b>Süddeutsche Zeitung</b>	Thomas Laubach – deutscher Ökonom an der Seite der Fed-Chefin  (Thomas Laubach – German economist alongside Fed chair Janet Yellen)	VW
<b>TV and radio interviews</b>			
17.12.	<b>HR-Info</b>	Fed und EZB gehen unterschiedliche Wege (Fed and ECB are moving into different directions)	VW
16.12.	<b>ZDF-Heute Journal</b>	Statement regarding the Fed's interest rate decision	VW
14.12.	<b>HR-Info</b>	Statement regarding the refugee in Germany and the effect on economic growth	VW
04.12.	<b>CNBC</b>	Case for more ECB easing overplayed: Wieland	VW
03.12.	<b>ARD-Tagesthemen</b>	Statement regarding ECB interest rate decision	VW
11.11.	<b>ARD-Tagesschau</b>	Council of Economic Experts presents Annual Report to Chancellor Merkel	VW
11.11.	<b>ZDF-heute</b>	Council of Economic Experts presents Annual Report to Chancellor Merkel	VW
18.09.	<b>NDR-Info</b>	Interview after the Fed decision	VW
17.09.	<b>NDR-Info</b>	Fed vor schwieriger Zinsentscheidung Interview regarding monetary policy in the U.S.	VW
03.09.	<b>CNBC</b>	Live interview on ECB interest rate decision	VW

26.08.	<b>Deutsche Welle TV</b>	Grundsatzfragen nach der Griechenlandrettung (Has money destroyed the EU's ideals?)	VW
25.08.	<b>ARD-Mittagsmagazin</b>	Interview zur Krise in den Schwellenländern (Interview regarding the crisis in the emerging markets)	VW
20.08.	<b>CNBC</b>	Live interview regarding the German Bundestag voting on Greece	VW
19.08.	<b>HR-Info</b>	Statement on ECB liquidity assistance for Greece	VW
18.08.	<b>Offener Kanal Rhein-Main</b>	Europa hautnah: Die Wirtschafts- und Währungsunion (Europe close up: the economic and monetary union)	VW
28.07.	<b>WDR 5-Profit</b>	Euro area needs sovereign insolvency mechanism	VW
28.07.	<b>ARD-Tagesschau</b>	Interview regarding the special report of the German Council of Economic Experts on Greece	VW
28.07.	<b>n-tv</b>	Interview regarding the special report of the German Council of Economic Experts on Greece	VW
20.07.	<b>CNBC</b>	Live interview on Greece and third rescue program	VW
16.07.	<b>HR-Info</b>	Comments on Greece and ECB monetary policy	VW
16.07.	<b>HR-Info</b>	Interview on ECB and Greece before meeting of ECB Governing Council	VW
13.07.	<b>n-tv</b>	Interview regarding Greece	VW
13.07.	<b>n-tv-Telebörse</b>	Die Einigung wird nicht zum Erfolg führen (The agreement will not lead to a success)	VW
13.07.	<b>ARD-Radio</b>	Statement on the developments in Greece	VW
07.07.	<b>HR-Info</b>	Statement regarding solutions for Greece	VW
06.07.	<b>ARD-Tagesthemen</b>	Statement after the referendum in Greece	VW
30.06.	<b>ARD-Tagesthemen</b>	Statement on the situation in Greece	VW
29.06.	<b>ZDF-Spezial</b>	Statement regarding the situation in Greece	HS
22.06.	<b>CNBC</b>	Statement on the issues at stake in Greece	VW
19.06.	<b>ARD-Tagesschau</b>	Statement regarding the situation in Greece	VW
15.06.	<b>n-tv</b>	Interview regarding the OMT program	HS
25.05.	<b>CNBC</b>	Live interview on the situation in Italy	VW
25.05.	<b>CNBC</b>	Live interview on the increase of ECB bond purchases	VW
25.05.	<b>CNBC</b>	Live interview on the situation in Greece	VW
15.04.	<b>CNBC</b>	Live interview on ECB interest rate decision: Will the ECB run out of bonds to buy?	VW
09.04.	<b>ARD-Mittagsmagazin</b>	Live interview regarding German trade surplus	VW
11.03.	<b>CNBC</b>	ECB in a difficult position: German expert	VW
14.02.	<b>ZDF-heute</b>	Statement on German GDP in Q4	VW
15.01.	<b>ARD-Tagesthemen</b>	Interview regarding the opinion of the ECJ's General Advocate on the OMT program	HS

05.01. **ARD-Tagesschau**

Interview on the ECB's monetary policy

VW

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Linda A. Cicero / Stanford News Service: p. 20

Kronberger Kreis: p. 56

Oxford University Press: p. 31

private: p. 14, 16, 17, 18, 19, 24

Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung: p. 56

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