



Institute for  
Monetary and  
Financial  
Stability



Institute for Monetary  
and Financial Stability

*Annual Report*  
2014

**Institute for Monetary  
and Financial Stability**

Goethe University

House of Finance

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Volker Wieland and Helmut Siekmann

From the start, our mission has been to promote public awareness of the benefits of monetary and financial stability and to contribute towards increasing knowledge about the policies that achieve these goals. Given the current situation in the euro area and the upheaval in the regulatory framework, this mission is as topical as ever. In 2014, IMFS researchers kept a critical eye on the monetary policy of the European Central Bank (ECB) and pointed out potential benefits and pitfalls of European Banking Union in scientific articles and press comments.

Volker Wieland and Helmut Siekmann appreciated that Vikrant Vig joined this effort as he spent time at IMFS this year while on leave from London Business School. At the same time, we are all proud of the young scholars that have left IMFS to bring to bear their expertise on solving the problems that institutions such as the Deutsche Bundesbank, the European Commission and the European Central Bank are facing these days. Three of them are sharing their views on what they learned at the IMFS and how their work is related to the interdisciplinary approach of our Institute in this annual report.

We want to thank the Foundation of Monetary and Financial Stability for its support and keep friends and supporters abreast of progress achieved.

Volker Wieland, Managing Director  
Helmut Siekmann, Deputy Managing Director  
Vikrant Vig



Vikrant Vig

## 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 Institute was established as implementation of the project “Currency and Financial Stability” funded by a grant of the *Stiftung Geld und Wahrung* (Foundation of Monetary and Financial Stability). The Foundation of Monetary and Financial Stability was created January 1, 2002 by federal law.

The IMFS consists of three Endowed Chairs in monetary economics, finance, and money, currency and central bank law. These chairs are complemented by three Affiliated Professors from the University’s regular faculty. A Board of Trustees supervises and guides the activities of the Institute.



The 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 by (1) economic and legal research, (2) doctoral and post-doctoral training, (3) economic and legal policy advice, and (4) public outreach and dissemination. It focuses on questions regarding monetary and financial stability that are to be addressed from economic, financial and legal perspectives. The Institute 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.

##### **(i) 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.

**(ii) 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.

**(iii) 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 together 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 that are jointly organized and attended by the IMFS professors and involve researchers from around the world that work on economic, financial or legal aspects of the IMFS research areas. Typically, research findings are first 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 to be 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 as indicated, for example, by publication in a leading international journal or book series, by 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 on 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 sometimes also joint research.

Pre-doctoral members of IMFS research staff typically participate in structured Ph.D. and doctoral programs at Goethe University under the roof of the Graduate School of Economics, Finance and Management and the Law. Training at 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 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 policy makers 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 reputation of the policy publications to which IMFS faculty contribute, the importance of the hearings and government advisory bodies, in which IMFS faculty are invited to participate, and the public visibility and media impact of IMFS faculty contributions on policy issues

### **(4) Public outreach and dissemination**

The IMFS aims to raise and promote awareness among the general public for the significance of a stable currency. The Institute pursues this objective via two channels: Locally, the IMFS reaches out to the financial community in Frankfurt, Germany's financial center, by organizing occasional lectures and seminars with well-known speakers that deal with current issues in the area of monetary and financial stability. In order to reach out to the public on a national and international level, the IMFS professors regularly contribute interviews and commentaries to national newspapers, international newspapers and magazines, English-language websites and blogs and national 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. Furthermore, the frequency of commentaries in leading national and international media provides an indication of the visibility of the IMFS faculty and the Institute as a whole. It is valued especially if detailed in-depth analysis of economic and legal questions concerning monetary and financial stability can be placed in the press and internet-based outlets.



### *The IMFS in numbers*

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	<b>2014</b>
Number of IMFS professors	6
IMFS Working Papers	9
IMFS Interdisciplinary Studies in Monetary and Financial Stability	-
Articles in scientific journals	5
Scientific books	2
Contributions to books	8
Policy papers	3
IMFS Post-Docs placed at universities and central banks	2
Completed dissertations	2
Keynote speeches	3
Conference and seminar presentations	58
Hearings	10
Media references to IMFS research papers	5
Editorials and interviews by IMFS researchers	13
Press portraits of IMFS researchers	2
Short press commentaries of IMFS researchers	55
Radio and TV interviews with IMFS researchers	31
Conferences	2
IMFS Distinguished Lectures	2
IMFS Working Lunches	4
Registered participants at IMFS events	663
Registered media representatives at IMFS events	59

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## II. The Researchers

In 2014, the chair of Monetary Economics is held by Professor Volker Wieland, Ph.D., also Managing Director of the IMFS; and the chair of Money, Currency and Central bank law by Professor Dr. Dr. h.c. Helmut Siekmann. They were joined by Professor Vikrant Vig, Ph.D. in May 2014.

### IMFS Professors

#### **IMFS Managing Director 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, Volker Wieland was involved in the application for the “Currency and Financial Stability” project and has been affiliated with the Institute from its beginning. In June 2012, Volker Wieland was elected Managing Director.

An expert in monetary theory and policy, Volker 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 an Annual Report, which is released 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, Wieland met with ministers and leading officials on a regular basis in 2014.

In his research, Wieland concentrates on monetary and fiscal policy, business cycles and macroeconomic models, inflation and deflation, learning behavior and economic dynamics, numerical methods in macroeconomics. In February 2014, Volker Wieland and his team launched an updated version of the Macroeconomic Modelbase (MMB 2.0), which includes more than 60 macroeconomic models. For the first time, the MMB 2.0 comprises models developed in the aftermath of the financial crisis. Since the release, the number of registered users has increased to more than 5700 at the end of 2014.

Volker Wieland completed his Ph.D. at Stanford in 1995 and worked at the Federal Reserve for the next five years in Washington. His research work has been published in the “American Economic Review”, the “European Economic Review” and the “Journal of Monetary Economics”. Wieland began his professorship at the Frankfurt Goethe University in November 2000. Since then he has also been active as a consultant to 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 entitled “The ECB and Its Watchers”, a public discussion forum with representatives from the ECB, academics and market participants.

### **IMFS Deputy Managing Director 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 IMFS and was the Institute's Managing Director from 2006 to 2010 as well as from September 2011 to May 2012.

Professor 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. Professor Siekmann was awarded an honorary doctor's degree by the University Paris-Dauphine.

His 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, Professor 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, Helmut 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.



### **IMFS Professor Vikrant Vig**



In May 2014, Professor Vikrant Vig, Ph.D. took over the IMFS Endowed Chair of Financial Economics, being on leave from his position as Professor of Finance at London Business School. There 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.

In 2014, Vig gave talks at the University of British Columbia or the University of Washington. On June 23, Vikrant Vig made his debut as new Professor of Financial Economics at the IMFS with a talk on "The Limits of Model-Based Regulation" in the series IMFS Working Lunch, which subsequently appeared as IMFs Working Paper No. 83. Besides, he published a range of articles in scientific journals.

The Affiliated Professors complement the endowed chairs. They are part of the Institute and members of its Executive Board. Affiliated Professors are currently Professor Michael Binder, Ph.D., from the Department of Money and Macroeconomics, Professor Dr. Dr. h.c. Reinhard H. Schmidt from the Finance Department of the Faculty of Economics and Business. In 2014, Tobias H. Tröger from the Department of Law, succeeded Prof. Dr. Dr. h.c. Theodor Baums who served as IMFS Founding Professor from 2006 to 2013.

#### **IMFS Affiliated Professor Michael Binder**



Professor Michael Binder, Ph.D. holds the Chair for International Macroeconomics & Macroeconometrics at Goethe University. He is coordinator of the Frankfurt Node of the FP7 project “Integrated Macro-Financial Modelling for Robust Policy Design (MACFINROBODS)”, 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).

Furthermore, Binder is Vice-Director of the Goethe Graduate Academy (GRADE) and initiator and head of jury of the “Young Innovators Award” of “Finanzforum Vordenken”.

In his research, Binder concentrates on growth and business cycles, global macroeconomic modelling, foreign exchange markets and international capital flows and time-series and panel econometrics. Among other things, in 2014 he published the IMFS Working Paper

No. 78 with Marcel Bluhm titled “On the Conditional Effects of IMF Loan Program Participation on Output Growth”.

#### **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 reinstallation 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 2014, among other things, Tröger contributed the IMFS Working Paper No. 83, taking a closer look at ways of regulating shadow banking. His IMFS Working Paper on the Single Supervisory Mechanism (No. 73) was translated into Polish and published in the series *Nowa Europa*.

### **IMFS Affiliated Professor Reinhard H. Schmidt**



Professor D. Dr. h.c. Reinhard H. Schmidt holds the Endowed Chair of Finance and Accounting, supported by Helaba at Goethe University. He is a member of the European Shadow Financial Regulatory Committee (ESFRC). His research areas are decentralized network structures in financial markets, development finance, especially microfinance, and the comparisons of financial systems.

## 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 Frankfurt. In December 2014 Elena earned her Ph.D. in economics from Goethe University with a dissertation on "Credit Booms: Identification, Modelling, and Policy Responses". In her research, Elena focuses on identifying financial imbalances and structural modelling of banks. She also collaborates with IMFS Professor Volker Wieland, most recently, on recursive estimation, forecasting and learning in macroeconomic models.

**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. Before joining the Institute, he conducted research at the Cluster of Excellence SAFE and the European Central Bank. His interests are in the area of applied macroeconometrics and macroeconomics and his research is broadly related to macroeconomic policies after the great recession. Among others, he is currently working with the IMFS Professor Volker Wieland on a project dealing with monetary cross-checking in practice. In 2014 he presented his research, among others, at the ECB Forum on Central Banking in Sintra/Portugal, at the 60th Economic Policy Panel in Rome/Italy, and at different workshops, for example at DIW, Deutsche Bundesbank and IZA.



**Tilman Bletzinger** has joined the Chair of Monetary Economics at the IMFS as a research assistant in 2012. He is currently doing his Ph.D. at the Graduate School of Economics, Finance, and Management at Goethe-University Frankfurt, where he also obtained his M.Sc. degree in Quantitative Economics in 2014. Prior to entering the Ph.D. programme, he completed his undergraduate studies at Maastricht University and University of California, Los Angeles. In between he was a research intern at De Nederlandsche Bank (the Dutch central bank) and Deutsche Bank. His research focuses mainly on monetary and fiscal policies since the financial crisis.

**Martina Jančoková** has been working at the institute since April 2013. She pursued her undergraduate studies at the University of Economics in Bratislava and holds a diploma in economics from the University Rostock. In 2009, Martina joined the Ph.D. in economics program at the Goethe University, for which she was a recipient of the Ph.D. scholarship from the Foundation of Monetary and Financial Stability. In 2014, the Slovakian-born researcher worked as a consultant at the External Developments Division of the European Central Bank. Her joint work with Alexander Al-Haschimi, Stéphane Déés and Filippo di Mauro (all ECB) “Linking Distress of Financial Institutions to Macrofinancial Shocks” was published in the ECB Working Paper Series in December 2014. Martina’s 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.



In September **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 Kuété Ngouing 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.

Ass. iur. **Helene Minor** initially joined the Endowed Chair of Money, Currency and Central Bank Law as a student assistant from September 2006 until August 2010. In August 2012 she returned to the Institute as a research assistant. In 2014 she passed her second state examination in law. The lawyer is mainly interested in financial constitutional law and European law. She is recently supervising the Erasmus+ program of the European Union between Goethe University and Turgut Özal University Ankara (Turkey).





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, she is interested in banking and capital markets law.

In her research **Pinar Topal** focuses on fiscal policy, public debt and labor market issues. The Turkish economist came to Freiburg to pass her M.A. in Internet Economics, obtained a M.Sc. degree in Quantitative Economics and subsequently took up the Ph.D. program in Economics at Goethe University Frankfurt. She was a Ph.D. intern at the Research Centre of Deutsche Bundesbank from September 2013 to March 2014, where she has conducted a chapter of her dissertation. After six years at the Institute Pinar Topal has joined the SAFE research project team in July 2014, working on new fiscal institutions for Europe.



As a pre-doc at the Endowed Chair of Money, Currency and Central Bank Law, Diplom-Jurist **Patrick Tuschl** is involved with the EU recovery and resolution directive and the German bridge bank tool.

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, the lawyer 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 furthermore interested in banking and capital markets law. Since September 2014, she is an elected member of the IMFS Executive Board as representative of the academic research and teaching staff.



**Jinhyuk Yoo** came to Goethe University in 2010, starting the Ph.D. program. Born in South Korea, he had 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 from 2002 to 2010. With Meguy Kuété Ngouing and Elena Afanasyeva, Jinhyuk Yoo forms the Macro Model Base team of Volker Wieland, collaborating with him as a teaching assistant on macroeconomic model comparison.

## The Fellows

By appointing IMFS Fellows, the Executive Board aims to affiliate with the IMFS selected scientists and distinguished persons from the area of monetary policy and financial economics. The appointment is for a period of three years. Reappointment is possible.

**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 and further collaborate with key institutions. There can be up to six IMFS Distinguished Fellows. 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.

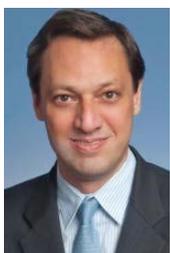
### **IMFS Distinguished Fellow Prof. Dr. Daniel Zimmer, LL.M.**



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 since July 2012. 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 a MSc from London School of Economics. He also holds MAs 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, Günter W. 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 of 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. 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.

## The Graduates

All Endowed Chairs at the IMFS contribute to the training of the doctoral students as a part of structured Ph.D. and doctoral programs. For this purpose the chairs have offered several lectures and seminars at doctoral level. In addition, many doctoral candidates work as research assistants in IMFS research projects. Supervision of individual projects is also available.

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 of particular importance.

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 temporarily work at the IMFS. Thus, the subsequent placement of post-docs also represents an important benchmark of the success of doctoral and post-doctoral training.

## Recent Placements and Completed Dissertations of IMFS Researchers

In 2014, several pre-docs and post-docs started working or completed their dissertations.



On September 1, **Klodiana Istrefi**, a pre-doctoral researcher in the research team of Volker Wieland, took up a position in the Banque de France. Klodiana Istrefi, 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.

**Anamaria PiloIU**, research assistant at the Endowed Chair of Monetary Economics at the IMFS, started working as an economist at Deutsche Bank Research in Frankfurt as of June 1, 2014. The Romanian-born economist is now covering developed markets in the Global Macro and Sovereign Risk Team. During her time at the IMFS, Anamaria PiloIU concentrated on empirical macroeconomics, monetary economics and micro-financial linkages, along with internships at the ECB and the IMF.





**Elena Afanasyeva** completed her dissertation on “Credit Booms: Identification, Modelling, and Policy Responses”, earning her Ph.D. at the Endowed Chair of Monetary Economics in December 2014.

For the dissertation of **Rasa Pusinskaite** titled “Essays on Macroeconomic and Financial Intermediation” in August 2014 Volker Wieland acted as second examiner.

**IMFS Professor Vikrant Vig**  
**“Our findings have important policy implications”**

As an expert for corporate finance, law and finance and banking, IMFS Professor Vikrant Vig presented the findings of a paper with his co-authors Markus Behn and Rainer Haselmann in a lecture in the series IMFS Working Lunch. The researchers investigate how model-based regulation affects the stability of the financial sector. The paper has been published as IMFS Working Paper No. 82 “The Limits of Model-Based Regulation”.



**How would you describe the situation your paper takes up?**

Following the financial crisis of 2008, policy makers around the world have concentrated their efforts on designing a regulatory framework that increases the safety of individual institutions as well as the stability of the financial system as a whole. In this context, an important innovation has been the introduction of complex, model-based capital regulation that was meant to promote the adoption of stronger risk

management practices by financial intermediaries, and – ultimately – to increase the stability of the banking system as defined by the Basel Committee on Banking Supervision in 2006.

In this paper, we examine how the introduction of model-based capital regulation affected the measurement and the overall level of banks’ credit risk. Prior to the introduction of model-based regulation, the regulatory environment was considered to be too coarse, leading to excessive distortions in lending. In contrast, regulation under Basel II relies on a complex array of risk models, designed and calibrated by banks themselves and subsequently approved by the supervisor. By tying capital charges to actual asset risk, banks are no longer penalized for holding very safe assets on their balance sheets, so that the distortion in the allocation of credit that accompanied the simple flat tax feature of Basel I is eliminated. However, given the wide prevalence of informational and enforcement constraints in the lending process, the effect of sophisticated, model-based regulation on banks’ credit risk remains an open question.

**What was the most surprising outcome of the study?**

To study this question, we exploit the institutional details of the German Basel II introduction in 2007, as well as the high granularity of our loan-level data set obtained from Deutsche Bundesbank. Following the reform, banks were allowed to choose between the model-based approach (referred to as the internal ratings-based approach, shortened to IRB) in which capital charges depend on internal risk estimates of the bank, and a more traditional approach that does not rely on internal risk parameters (referred to as the standard approach, shortened to SA). Importantly, among those banks that opted for the new approach, the so-called IRB banks, the introduction of the model-based approach was staggered over time. Risk models were certified by the supervisor on a portfolio basis, and supervisors delayed the approval of each model until they felt comfortable about the reliability of the model. Now comes the interesting or the surprising part. At the aggregate level, we find that reported probabilities of default (PDs) and risk-weights are significantly lower for portfolios that were already

shifted to the IRB approach compared with SA portfolios still waiting for approval. In stark contrast, however, ex-post default and loss rates go in the opposite direction – actual default rates and loan losses are significantly higher in the IRB pool compared with the SA pool. We also examine the interest rate that banks charge on these loans, as interest rates give us an opportunity to assess the perceived riskiness of these loans. Interest rates in the IRB pool are significantly higher than in the SA pool, suggesting that banks were aware of the inherent riskiness of these loan portfolios, even though reported PDs and risk- weights did not reflect this. These results are present in every year until the end of the sample period in 2012 and are quite stable across the business cycle.

### **Which consequences would you draw from your analysis regarding the banks and their size?**

The high compliance costs associated with the model-based approach meant that only the larger banks adopted it. These large banks benefited from the new regulation and expanded their lending, potentially at the expense of smaller banks. Specifically, we find that banks that opted for the introduction of the model-based approach experienced a reduction in capital charges and consequently increased their lending by about 9 percent relative to banks that remained under the traditional approach. Thus, this complex, model-based regulation created barriers to entry and subsidized larger banks. This seems rather paradoxical, given the systemic risk associated with larger banks.



IMFS Working Lunch on "The Limits of Model-Based Regulation"

### **What do your findings imply for banking regulation?**

Our findings have important policy implications. As a response to the financial crisis in 2007-08, the Basel Committee has drafted a third revision of the regulatory framework for banks, which is Basel III. This framework continues to rely on model-based regulation, but further increases complexity to address substantial weaknesses of the old framework. While the measures might make sense individually, our results suggest that further increases in complexity are unlikely to increase financial stability. The evidence presented in this paper provides support for the view that simpler and more transparent rules would be more effective in achieving the ultimate goal of financial stability.

**Janine Schenk, Deutsche Bundesbank**  
**“Good networking opportunities”**

*Janine Schenk studied law at Frankfurt's Goethe University. She now works in the Banking and Financial Supervision Department, where her main tasks relate to governance. Before she started working at Deutsche Bundesbank in 2014, she gained experience as a lawyer in an international law firm in the field of banking and finance. From 2008 to 2012, she worked at the IMFS as a research assistant to the Endowed Chair of Money, Currency and Central Bank Law while writing her dissertation on the transformation of Germany's Landesbanken pursuant to requirements under German and European Law.*



**How did you join the Bundesbank?**

Influenced by my work as a research assistant at the IMFS and in light of the financial crisis, it was most exciting for me to understand the developments in both the supervision of financial institutions and the functioning of the financial system. My main interests in this regard were the banking system, banking supervision and reforms launched at the European level. Working at the Bundesbank provides me with the best opportunity to pursue my interests in banking supervision in an exciting, dynamic time.

**What are your main tasks at the Bundesbank?**

I work in the Banking and Financial Supervision Department. My main tasks relate to governance as I am a member of the Subgroup on Governance and Remuneration (SGGR) at the European Banking Authority (EBA). This primarily means accompanying the legal transformation process of European regulations and directives with focus on issues pertaining to governance and, in particular, drafting guidelines required pursuant to Capital Requirements Directive IV (CRD IV). I also review legal questions and prepare comments on governance-related topics.



**How is this job related to your research at the IMFS?**

Working as a research assistant at the IMFS gave me an overview of the banking system and enabled me to monitor the development of the restructuring – and increasing Europeanization – of banking supervision. This job therefore established the fundamental basis for my knowledge of the banking and financial system from a legal and economic perspective, which proves helpful in properly pinpointing and assessing legal issues.

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

I benefited in a variety of ways. The IMFS organizes various types of events, which include conferences, working lunches and distinguished lectures. Participants at these events are renowned legal, economic and financial experts such as scientists, central bankers and supervisors. I was therefore able to learn a lot about different legal and economic views on current issues in the banking and financial sector. Moreover, I particularly benefited from the interdisciplinary seminars held by Professor Remsperger and Professor Siekmann each semester in Eltville. I appreciated the participation of banking supervisors and central bankers, who contributed to lively discussions. Furthermore, I met many research assistants, both legal and economic, who are working at different institutions such as the European Central Bank (ECB), the Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank. Hence, the IMFS also provided good networking opportunities.

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

I appreciated having had the opportunity to spend a lot of time monitoring and analyzing current developments in the banking sector from a legal perspective. It was also a great pleasure for me to contribute to and participate in the interdisciplinary seminars held in Eltville, which provided an enriching platform for lively discussions on current issues.

**Matthias Burgert, European Commission**  
**"The ECB and Its Watchers" conference was my personal highlight"**

*In 2013, Matthias Burgert, pre-doctoral researcher in the research team of Volker Wieland, was hired for a research staff position in the economic modelling group of the Directorate General Economic and Financial Affairs (DG ECFIN) at the European Commission. He is a co-author of Wieland on a paper entitled "The role of tax policy in fiscal consolidation: Insights from Macroeconomic Modelling" that appeared in the conference proceedings volume "The role of tax policy in times of fiscal consolidation".*



**How did you join the European Commission?**

I joined the European Commission in mid-2013. Prior to joining, I had the opportunity to attend a conference at the European Commission in 2012 in Brussels and to present a paper I had co-authored with Professor Wieland. On the fringe of the conference I learnt about interesting aspects of the work agenda of DG ECFIN, in particular on their macroeconomic modelling. It turned out that the work of the modelling group was closely related to what we were working on at the IMFS. When the group opened a vacancy in spring 2013 it was a good occasion for me to apply.

**What are your main tasks as researcher at the European Commission?**

My work here in DG ECFIN covers a range of topics. With our modelling tools we do quantitative analyses of the effects of policy measures. These policy measures comprise e.g. a range of structural reforms, fiscal and monetary policy. To have the capacity to model prevalent policy questions it is essential to develop the model further on a permanent basis. Besides that we provide training on the application of the modelling tools within the DG but also to institutions in EU member states. Not least, we dedicate our time to research and regularly attend research seminars and conferences.

**How is this work related to your research at the IMFS?**

At the IMFS I was for example assigned to work with the Macroeconomic Model Data Base. In particular, the broad set of models I got acquainted with in this context are helpful to me in my day-to-day work at the European Commission.

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

I appreciated the conferences and events taking place at the institute with my personal highlight being the annual "ECB and Its watchers" conference. As a doctoral student I could benefit a lot from the debates and encounters at these events.

*For more information:*

*"The role of tax policy in fiscal consolidation: Insights from macroeconomic modelling", with Volker Wieland published in: "The role of tax policy in times of fiscal consolidation," Savina Princen and Gilles Mourre, 2013. European Economy - Economic Papers 502, DG ECFIN, European Commission.*

## **Sebastian Schmidt, European Central Bank**

***“At the nexus between academic research and monetary policy”***



*Since 2012, Sebastian Schmidt has been working as economist in the Directorate General Research at the European Central Bank (ECB). In 2012, he earned his doctorate at the Endowed Chair of Monetary Economics of Volker Wieland with a dissertation titled “Essays on Monetary and Fiscal Stabilization Policy”.*

### **What are your main tasks as economist in the Directorate General Research at the European Central Bank?**

My main tasks can be grouped into three categories. First, I am expected to do original research, presenting my work at conferences and publishing it in academic journals. This part is very similar to an academic career at a University. The second responsibility is to provide research-based policy analysis and advise, for instance in the form of analytical

notes, policy seminars, speaking points or contributions to official ECB publications. To give an example, last year I participated in a huge model comparison project on fiscal multipliers in the Working Group on Econometric Modelling. This group consists of representatives from the ECB and the national European central banks, so there is also a lot of interaction with colleagues from other central banks. Some of the results of this project have recently been published in an ECB Working Paper (No. 1760). Finally, the third task consists of model and tool development for policy analysis.

### **How did your doctorate at the IMFS prepare you for this job?**

I spent about half a year at the IMFS. During that stay I was responsible for maintaining and expanding the Macroeconomic model data base which also contains a number of medium and large-scale models from central banks and other policy institutions. Hence, this allowed me to familiarize myself with these relatively complex models already before starting to work at a policy institution.

### **You had several offers at the job market. Why did you choose the ECB?**

Due to my research focus, I was very interested to work in a research department of a central bank, that is, at the nexus between academic research and monetary policy. The Directorate General Research at the ECB is a fantastic place to pursue this goal. Within my division there are several excellent macroeconomists working on related issues. We have a lot of seminars with speakers from the top international academic institutions and a number of visiting professors that come to the ECB on a regular basis. At the same time, there is the component of contributing to important policy discussions which can be very exciting.

### **What would you recommend Ph.D. candidates applying at the IMFS?**

If you want to continue doing research after your Ph.D. your job market paper and your research agenda are very important. So you should start relatively early to think about a topic and to choose a supervisor who is working in this area. On the job market one has to convince people who are often working in other areas of economics that one addresses an interesting question and that one is providing original insights. I recommend to interact a lot with faculty at the IMFS and Goethe University to obtain feedback and advice. Also, presenting your work at international conferences helps to advertise your work, to receive comments and to get in contact with other researchers working on similar questions.

## Publications and Presentations

### I. IMFS Working Papers

The IMFS Working Paper series helps disseminate the research of the IMFS professors, post-docs, pre-docs, and IMFS research fellows among the general public before they are published, for example in scientific journals.



- No. 85 (2014)** Elena Afanasyeva and Jochen Güntner: Lending Standards, Credit Booms and Monetary Policy
- No. 84 (2014)** Athanasios Orphanides: Are Rules and Boundaries Sufficient to Limit Harmful Central Bank Discretion? Lessons from Europe
- No. 83 (2014)** Tobias H. Tröger: How Special Are They? Targeting Systemic Risk by Regulating Shadow Banking
- No. 82 (2014)** Markus Behn, Rainer Haselmann, Vikrant Vig: The Limits of Model-Based Regulation
- No. 81 (2014)** Volker Wieland, Maik Wolters: Is there a threat of self-reinforcing deflation in the Euro area? A view through the lens of the Phillips curve
- No. 80 (2014)** Hermann Remsperger: Der makroprudenzielle Komplex: der Prozess, das Schloss, das Urteil
- No. 79 (2014)** Athanasios Orphanides: What Happened in Cyprus? The Economic Consequences of the Last Communist Government in Europe
- No. 78 (2014)** Michael Binder, Marcel Bluhm: On the Conditional Effects of IMF Loan Program Participation on Output Growth
- No. 77 (2014)** Helmut Siekmann: Zur Offenlegung der Bezüge von Sparkassenführungskräften im Internet

**No. Elena Afanasyeva and Jochen Güntner**

**85 "Lending Standards, Credit Booms and Monetary Policy"**

One of the explanations of the credit boom that led to the recent financial crisis is that banks took excessive risks because of monetary policy rates had been "too low for too long". In their new IMFS Working Paper, Afanasyeva and Güntner show that low monetary policy rates may also induce banks to lower their lending standards that is to grant more and riskier loans. In their analysis, IMFS researcher Afanasyeva and Güntner, Assistant Professor at the University of Linz, have focused on U.S. banks' risk attitude before the financial crisis. They found out that the U.S. banks significantly lowered their lending standards, such as the collateral requirements for firms, in response to an unexpected reduction in interest rates. Thus, the banks want to gain a larger "share of the pie". This effect increases with the degree of interest-rate smoothing in the monetary policy rule. As a consequence, companies become more leveraged and thus more likely to default.

**No. Athanasios Orphanides**

**84 "Are Rules and Boundaries Sufficient to Limit Harmful Central Bank Discretion? Lessons from Europe"**

Recently, newspaper articles about the minutes of the European Central Bank before the Cyprus bailout have made clear again how controversial the short-term loans were among central bankers. In his Working Paper, IMFS Research Fellow Athanasios Orphanides analyzes how the ECB and the Cypriot central bank "created a grey area" for the decision and looks at the consequences. According to an article of the "New York Times", the ECB approved the so-called emergency liquidity assistance, or ELA, for the Cyprus Popular Bank although depositors were withdrawing their savings in large numbers and some members of the ECB Governing Council opposed. Orphanides, who served as governor of the Central Bank of Cyprus and, thus, as member of the Governing Council of the ECB between 2008 and 2012, explains how "political considerations associated with the February 2013 elections in Cyprus appear to have determined the continuation of the ELA provision". Orphanides reproaches the ECB and the Central Bank of Cyprus for effectively "transforming a manageable problem in one institution into an unmanageable catastrophe for the economy of the country". With their decision, the ECB and Cypriot central bank vastly increased the cost subsequently imposed on the people of Cyprus, Orphanides argues. Thereby, the author illustrates that rules and boundaries are not sufficient "to guard us against human failings".

**No. Tobias Tröger**

**83 "How Special Are They? Targeting Systemic Risk by Regulating Shadow Banking"**

Shadow banking is defined as credit intermediation outside the conventional banking system. The global financial crisis revealed that shadow banking can put the stability of the financial system at risk in several ways. In his new IMFS Working Paper, Tobias Tröger analyzes how the risks of the shadow banking sector can be captured more effectively. According to new Global Financial Stability Report of the International Monetary Fund, shadow banking constitutes one-fourth of total financial intermediation worldwide. Since they are closely intertwined with the financial sector, hedge funds or money market funds can easily jeopardize the financial stability. In comparison with the highly dynamic financial industry, the regulators, however, always get the short end of the stick. In his paper, IMFS Affiliated Professor Tobias Tröger argues that a normative construction of available rules limits the scope for regulatory arbitrage and finally is more successful in regulating shadow banking activities.

- No. 82 Markus Behn, Rainer Haselmann and Vikrant Vig**  
**“The Limits of Model-Based Regulation”**  
 In their IMFS Working Paper, Markus Behn, Rainer Haselmann and Vikrant Vig identify the limits of model-based regulation in the financial sector. Based on the data of the introduction of Basel II in Germany in the aftermath of the financial crisis of 2007, the authors of the study have analyzed how the implementation of model-based regulation affects the stability of the financial sector. Hence, they investigated the development of default rates and interest rates. The authors suggest "that simpler rules may increase the efficacy of financial regulation".
- No. 81 Volker Wieland and Maik Wolters**  
**“Is there a threat of self-reinforcing deflation in the Euro area? A view through the lens of the Phillips curve”**  
 In their Working Paper, Volker Wieland and Maik Wolters come to the conclusion that the risk of self-reinforcing deflation in the Euro zone remains very small. Based on their analysis with the help of the Phillips curve, Wieland sees no need for additional monetary stimulus by the European Central Bank during the meeting in October: “The ECB best awaits the impact of the long-term refinancing operations decided in June that have the potential to induce substantial monetary accommodation once implemented for the first time in September”.
- No. 80 Hermann Remsperger**  
**“Der makroprudenzielle Komplex: der Prozess, das Schloss, das Urteil“**  
 The banking union provides for new rules. The determining factors for all financial market participants are changing as macro-prudential policy and monetary policy are closely intertwined. In his Working Paper, Hermann Remsperger draws a preliminary balance when the financial regulations are in a state of flux. Remsperger, who is head of the Foundation Council of the Foundation of Monetary and Financial Stability and head of the Board of Trustees of the IMFS, analyzes the relationship between macro-prudential policy and the respective tools on the one hand and monetary policy on the other. Moreover, he scrutinizes the various institutions on national and European level, like the German financial stability committee (Ausschuss für Finanzstabilität, AFS), the European Systemic Risk Board (ESRB) and the European Central Bank with the Single Supervisory Mechanism (SSM). Finally, the author pursues the question whether the new tools of macro-prudential policy alone can ensure financial stability.
- No. 79 Athanasios Orphanides**  
**“What Happened in Cyprus? The Economic Consequences of the Last Communist Government in Europe”**  
 Although the Cypriot banking system is not in the spotlight in the summer of 2014, its problems are far from being solved. In a new paper, Athanasios Orphanides, IMFS Research Fellow and Senior Lecturer at the MIT Sloan School of Management, has investigated the economic consequences of the last European communist government, which ran the country between 2008, the year when also the euro was introduced, and 2013.
- No. 78 Michael Binder and Marcel Bluhm**  
**“On the Conditional Effects of IMF Loan Program Participation on Output Growth”**  
 What are the effects on a country's output growth when it participates in an International Monetary Fund (IMF) loan? In this paper, Michael Binder and Marcel Bluhm propose a new modeling framework to measure how the output growth of a country is affected when it participates in an IMF loan program. The paper finds evidence that the output growth effects of the IMF loan participation vary systematically with the country's institutional

record, and that the output growth effects are significantly positive only if the loan program participation is coupled with sufficient improvement of this institutional record.

**No. Helmut Siekmann**

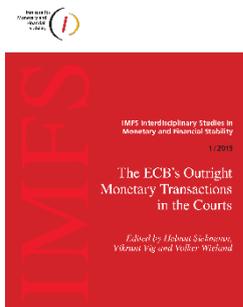
**77 “Zur Offenlegung der Bezüge von Sparkassenführungskräften im Internet”**

Savings banks in North Rhine-Westphalia try to resist higher transparency in the publication of salaries. In his Working Paper, Helmut Siekmann investigates whether board members of municipal savings banks should disclose their remuneration.

## 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 European Central Bank based 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 (Legal Counsel, European Central Bank), Harald Uhlig (University of Chicago) as well as Helmut Siekmann and Volker Wieland.

### 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”**

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

### III. External Publications

A continued theme of collaborative research at the IMFS in 2014 was the Outright Monetary Transactions (OMT) program.



In October when the OMT program was on the agenda of the European Court of Justice, **Helmut Siekmann and Volker Wieland** published a paper in the Policy Insight series of the Centre for Economic Policy Research, CEPR Policy Insight Paper No. 74 "The German Constitutional Court's decision on OMT: have markets misunderstood?"

This joint work was also used as a relevant source in the Annual Report of the German Council of Economic Experts in a chapter that reviewed monetary policy in the euro area member countries.



The project of European Banking Union represents an important step forward in stabilizing and enhancing European Monetary Union. In

November, the European Central Bank assumed the powers of banking supervision in the euro area and a new European framework for bank resolution is being implemented.

However, key features of this framework still need to be improved as argued by a study of the Kronberger Kreis, which includes Lars Feld, Clemens Fuest, Justus Haucap, Heike Schweitzer, Berthold Wigger and IMFS Professor **Volker Wieland**.



The new regulation for bailing-in investors in the case of bank restructuring and resolution contains too many exceptions. The report questions whether there is enough capital readily available for bail-in up to the envisioned minimum of 8 per cent of total liabilities in case a bank gets into difficulties. Thus, taxpayers may still be on the hook for bank losses to a greater extent than necessary. Therefore, the Kronberger Kreis group proposes raising the leverage ratio with respect to bank equity over a sufficiently long period to 8 per cent.

Over the course of the year, several papers of **IMFS Professor Vikrant Vig** appeared in leading economic and finance journals. Together with Uday Rajan, University of Michigan, and Amit Seru as co-authors Vig analyzed "The failure of models that predict failure: Distance, incentives, and defaults". The authors look at statistical default models showing that the interest rate on a loan becomes a worse predictor of default as securitization increases. Since September 19, 2014, this paper has been available online in the **Journal of Financial Economics**.



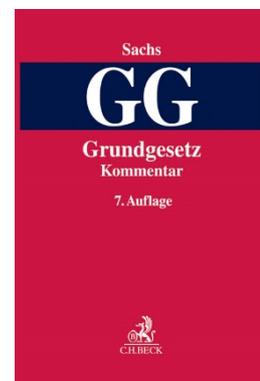
In collaboration with Raymond Fisman and Florian Schulz, Vikrant Vig investigated “Private Returns to Public Office”, which was published by the **Journal of Political Economy**. Furthermore, he dealt with “Labor Regulation and Leverage”. In 2014, this paper with Elena Simintzi and Paolo Volpin appeared online in the **Review of Financial Studies**.



In the series of the International Society for New Institutional Economics (ISNIE), Vig analyzed “How Organizational Hierarchy Affects Information Production” with Janis Skrastins as his co-author. Moreover, Vig presented the paper at various conferences at the University of British Columbia in Vancouver/Canada, the University of Washington in Seattle/USA and at the 2014 Real Estate Symposium in Monterey/USA.

As work in progress, Vig and his co-authors Julian Frank and Oren Sussman focus on the fire-sale discount. Besides, together with Francesca Cornell and Elena Simintzi, Vig is investigating “What makes teams tick”.

In 2014, the standard-setting work on the "Grundgesetz", the German basic law, appeared in a new edition: In October, the seventh edition of the commentary on the German Federal Constitution, edited by Michael Sachs, was published. **IMFS Professor Helmut Siekmann** has contributed significant parts to this benchmark work from its beginning, specifically on all sections dealing with government finances, fiscal equalization, taxes, contributions and other levies, budgets and deficits, and social security charges. Special emphasis was put on Article 88, the section on central banks. It was updated extensively also taking into account analysis from Siekmann's treatise on the European monetary union, published in 2013.



Also the IMFS Affiliated Professors contributed to various books. **IMFS Affiliated Professor Tobias Tröger** elucidated the redemption of shares and compensation payment, published in “Corporate Law in Discourse”, as well as the regulation through private law in a book on new challenges for European business law. Furthermore, he explained the contract law of crisis, being part of a book on Drafting and Adapting Contracts in Times of Crisis, which Tröger edited with Antonis Karampatzos. Additionally, Tröger wrote two case notes on the judgement of the German Federal Court.

**IMFS Affiliated Professor Reinhard Schmidt**, among other topics, investigated the persistence of the three-pillar system in Germany and the core values of microfinance, published in Alternative Banking and Financial Crisis and Microfinance 3.0.

**IMFS Affiliated Professor Michael Binder** pursued his projects on “Determinants and Growth Effects of Debt Distress” (co-authors: Sebastian Kripfganz and Tihomir Stučka), “Measuring Global Financial Connectedness” with co-author Soroosh Soofi Siavash and “Mixed Frequency Panel Vector Autoregressions and the Inequality vs. Growth Nexus” (co-author: Melanie Krause).

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

### **Articles in scientific journals**

- VV "Private Returns to Public Office"  
Co-authors: Raymond Fisman and Florian Schulz  
Journal of Political Economy, Vol. 122 (4) 2014, pp. 806-862
- Preview: VV available online since 19 September 2014:  
"The failure of models that predict failure: Distance, incentives, and defaults"  
Co-authors: Uday Rajan and Amit Seru  
Journal of Financial Economics, Vol. 115 (2) Feb. 2015, pp. 237-260
- Preview: VV available online since 18 August 2014:  
"Labor Regulation and Leverage"  
Co-authors: Elena Simintzi and Paolo Volpin  
Review of Financial Studies, 28 (2) 2015, pp.561-591
- TT The Single Supervisory Mechanism (SSM) – Panacea or Quack Banking Regulation?, 15 Eur. Bus. Org. L. Rev. 449-497 (2014) = IMFS Working Paper Series No. 73  
Polish translation  
Panaceum czy szarlataneria? Wstępna ocena nowego systemu nadzoru ostrożnościowego nad bankami z udziałem Europejskiego Banku Centralnego, 17 Nowa Europa 46-113 (2014)
- TT Case Note on the Judgement of the German Federal Court (Bundesgerichtshof, BGH) of 4/29/2014 - II ZR 395/12, Entscheidungen zum Wirtschafts- und Bankrecht (WuB) II A. § 221 AktG 1.14
- TT Case Note on the Judgement of the BGH of 17/12/2013 - II ZR 21/12, WuB II C. § 46 GmbHG 1.14 (joint with Philipp Scheibenpflug)
- RS "Caisses d'Épargne et Banques Cooperatives en Europe"  
*Revue d'Économie Financière*, Vol. 111 (2013), pp. 159-188 (English version as SAFE-White Paper Series No.5, Frankfurt 2013) (with Dilek Bülbül and Ulrich Schüwer)

### **Books**

- VW „More confidence in market processes” – Annual Report of the Council for Economic Experts 2014/15

RS *"From Microfinance to Inclusive Finance"*  
Wiley and Sons, 2015 (with Hans-Dieter Seibel and Paul Thomes)

**Contributions  
to books**

HS Art. 88, 91a-e, vor 104a, 104a – 115, 120, 120a, 125c,  
143c-d, published in: Sachs, Michael (ed.)  
Grundgesetz, Kommentar, Beck Verlag, 7<sup>th</sup> edition,  
2014

TT Anteilseinziehung und Abfindungszahlung  
[Redemption of Shares and Compensation Payment],  
in: Gesellschaftsrecht in der Diskussion 2013  
[Corporate Law in Discourse 2013] 23-77  
(Wissenschaftliche Vereinigung für Gesellschaftsrecht  
(ed.), Cologne: Dr. Otto Schmidt, 2014)

TT Regulierung durch Privatrecht [Regulation through  
Private Law] in: Das Europäische Wirtschaftsrecht vor  
neuen Herausforderungen [New Challenges for  
European Business Law], (Klaus J. Hopt & Dimitris  
Tzouganatos (eds.), Tübingen: Mohr Siebeck, 2014)

TT Marktkonzeptionen im Frankfurter Wirtschaftsrecht  
[Concepts of the Market in Business Law in Frankfurt]  
in: Festschrift des Fachbereichs Rechtswissenschaft  
100 Jahre Goethe-Universität [Festschrift of the  
Department of Law celebrating the 100th anniversary  
of Goethe University ] 535-46 (2014)

TT Das Vertragsrecht der Krise [The Contract Law of  
Crisis], in: Gestaltung und Anpassung von Verträgen  
in Krisenzeiten [Drafting and Adapting Contracts in  
Times of Crisis] 49-74 (Tobias Tröger & Antonis  
Karampatzos (eds.), Tübingen: Mohr Siebeck, 2014)

RS "The Persistence of the Three-Pillar System in  
Germany"  
in *Alternative Banking and Financial Crisis, London:*  
Pickering and Chatto, ed. by Olivier Butzbach and K.  
von Mettenheim, pp.101-121 and 256-259 (with  
Dilek Bülbül and Ulrich Schüwer)

RS "Core Values of Microfinance under Scrutiny: Back to  
Basics? "  
In *Microfinance 3.0: Reconciling Sustainability with  
Outreach and Responsible Delivery*, ed. by Doris  
Köhn, Heidelberg: Springer, pp. 41-67

RS "Bewertung und Fehlbewertung von  
Mikrofinanzinstitutionen"

In *Rechnungslegung, Prüfung und Unternehmensbewertung*. Festschrift for Wolfgang Ballwieser, ed. by M. Dobler, D. Hachmeister, Ch. Kuhnert and St. Remmert, Stuttgart: Schäffer-Poeschel, pp. 717-743 (with Felix Noth)

### Editorships

- TT Gestaltung und Anpassung von Verträgen in Krisenzeiten [Drafting and Adapting Contracts in Times of Crisis] 49-74 (Tobias Tröger & Antonis Karampatzos (eds.), Tübingen: Mohr Siebeck, 2014), pp. XIV, 244
- TT Critical Quarterly for Legislation and Law (CritQ), Baden-Baden: Nomos
- TT Frankfurter wirtschaftsrechtliche Studien, Frankfurt: Peter Lang

### Policy Papers

- VW "Die Europäische Bankunion zwischen Haftung und Hoffnung" (European Banking Union), Kronberg Scientific Council Study No. 59
- VW "Neustart in der Energiepolitik jetzt!" (A new start in energy policy now"), Kronberg Scientific Council Study No. 58, Berlin
- HS/VW "The German Constitutional Court's decision on OMT: Have markets misunderstood?", CEPR Policy Insight No. 74

### Working Papers

- VW "Is there a threat of self-reinforcing deflation in the Euro area? A view through the lens of the Phillips curve"  
Co-author: Maik Wolters  
IMFS Working Paper Series No. 81 and Kiel Policy Brief No. 79
- VV "The Limits of Model-Based Regulation"  
Co-authors: Markus Behn and Rainer Haselmann  
IMFS Working Paper No. 82
- VV "How Organizational Hierarchy Affects Information Production"  
Co-authors: Janis Skrastins  
ISNIE Papers 2014
- HS "Zur Offenlegung der Bezüge von Sparkassenführungskräften im Internet" ("Should Board Members of Municipal Savings Bank disclose their Remuneration?"), IMFS Working Paper Series

	No. 77 and House of Finance SAFE Newsletter Q2, 2014, p. 10
MB	Determinants and Output Growth Effects of Debt Distress Co-author: Sebastian Kripfganz (Goethe University) and Tihomir Stučka (World Bank)
MB	When is Inequality Detrimental to Growth? Perspectives from a Novel Cross-Country Approach Co-author: Melanie Krause (Goethe University)
MB	Measuring Global Financial Connectedness Co-author: Soroosh Soofi Siavash (Goethe University)
TT	“How Special Are They? – Targeting Systemic Risk by Regulating Shadow Banking” IMFS Working Paper Series No. 83
TT	Corporate Groups - A German's European Perspective (9-22-2014)
TT	Regulierung durch Privatrecht: Folgenorientierung in der Privatrechtswissenschaft als Konsequenz latenter oder intendierter Verhaltenssteuerung durch privatrechtliche Normen (5-19-2014) [Regulation through Private Law: Consequentialism in Private Law Scholarship as a Result of Latent or Intended Behavior Control through Private Law]
EA	“Atypical Behavior of Credit: Evidence from a Monetary VAR” revise and resubmit at the Journal of Money, Credit and Banking
EA	“Lending Standards, Credit Booms and Monetary Policy”, joint work with Jochen Güntner (University of Linz)
EA	“Interactions of Monetary and Macroprudential Policies in a Model of the Korean Economy”, joint work with Meral Karasulu (IMF)
EA	“Effectiveness of Macroprudential Policies: Evidence from South-East Asia”, joint work with Sudipto Karmakar (Banco de Portugal)
RB	“Labour Market Adjustments and Migration in Europe and the US: How Different?” with Frank Smets
TB	“Calculation of interest rate prescriptions for the Fed and the ECB”
TB	"The interbank market and the ECB's standing facilities"
MKN	“Balance Sheet Policies And Quantitative Effects of Money In New Keynesian Models ”

AP	“Economic Policy Uncertainty and Inflation Expectations Co-author: Klodiana Istrefi Banque de France Working Paper No. 511, October 2014 and CESifo Working Paper No. 4294, June 2013
PT	“New fiscal institutions for Europe?,” (with Alfons J. Weichenrieder, Shafik Hebous, Vilen Lipatov)
PT	“Is fiscal consolidation less harmless if labor markets are more rigid?”
JY	“Aggregate and Distributional Effects of Increasing Taxes on Top Income Earners”
MJ	“Linking Distress of Financial Institutions to Macrofinancial Shocks”

AP:	Anamaria Piloiu	PT:	Pinar Topal
EA:	Elena Afanasyeva	RB:	Robert Beyer
HS:	Helmut Siekmann	RS:	Reinhard H. Schmidt
JY:	Jinyhuk Yoo	TB:	Tilman Bletzinger
MB:	Michael Binder	TT:	Tobias Tröger
MJ:	Martina Jančoková	VV:	Vikrant Vig
MKN:	Meguy Kuété Ngouing	VW:	Volker Wieland

#### IV. Presentations

##### ***Presentations and Conferences at a glance***

12.12.	Frankfurt/Germany	ECB Public Finance Conference, Discussant of the paper “Jump-Start in the Euro area recovery: would a rise in core fiscal spending help the periphery” by Olivier Blanchard, Christopher Erceg, and Jesper Linde	VW
08.12.	Frankfurt/Germany	Conference on interest rates (Zinsforum), Discussion on the current state of the financial and banking system with Thomas Mayer, CFS	VW
01.12.	Frankfurt/Germany	SAFE Policy Center, Presentation of the outcome of the annual report of the German Council of Economic Experts	VW
27.11.	Bingen/Germany	Savings Bank Rhein-Nahe, Presentation of the outcome of the annual report of the German Council of Economic Experts.	VW
27.11.	Frankfurt/Germany	Second SAFE Policy Center Roundtable, “Future Structure of Banking”	TT
24.11.	Frankfurt/Germany	European Central Bank, Presentation “Measuring Global Financial Connectedness”	MB
18.11.	Frankfurt/Germany	Studienstiftung des deutschen Volkes, Presentation of the outcome of the annual report of the German Council of Economic Experts	VW
17.11.	Frankfurt/Germany	Euro Finance Week, Discussion on “Are the global financial markets more secure today as before the crises?”	VW
06.11.	Mannheim/Germany	MaCCI Law & Economics Conference 2014 – Financial Regulation and Competition, “Shadow Banking and Competition”	TT
30.10.	New York/USA	United Nations Development Program, Presentation “When is Inequality Detrimental to Growth? Perspectives from a Novel Cross-Country Approach”	MB
24.10.	Rome/Italy	60 <sup>th</sup> Economic Policy Panel Meeting, Presentation of “Labour Market Adjustments and Migration in Europe and the US: How Different?”	RB
20.10.	Bratislava/Slovakia	IZA/NBS/CELSI Conference on European Labour Markets and the Euro Area during the Great Recession: Adjustment, Transmission, Interactions, presentation of “Labour Market Adjustments and Migration in Europe and the US: How Different?”	RB
16.10.	Frankfurt/Germany	Invited Presentation (Keynote) at the MathWorks Conference “Quantitative Modelling in Finance and Economics”, presentation on “Comparative Macro-Financial Modelling: Tools from the Macroeconomic Model Database”	EA
10.10.	Bad Homburg/ Germany	SAFE Conference on Bank Resolution and Reorganization, “Relevant Actors and Decision-making Processes within the SRM”	TT
03.10.	Vancouver/Canada	University of British Columbia, Seminar on “How Organizational Hierarchy Affects Information Production”	VV

01.10.	Seattle/USA	University of Washington, Seminar on “How Organizational Hierarchy Affects Information Production”	VV
01.10.	Frankfurt/Germany	Symposium at the Institute for Banking and Financial History Research on finance and growth in the Federal Republic and the relevance of financial intermediaries	RS
30.09.	London/United Kingdom	Opening of the Legal Year Seminar of the Bar Council of England and Wales and the Law Society, “The Financial Crisis - Coping with the Aftermath”	TT
18.09.	Frankfurt/Germany	Institute for Law and Finance and Association Européenne pour le Droit Bancaire et Financier Joint Seminar on Bail-in, “Objectives and Implementation Issues of the Bail-in Tool”	TT
12.09.	Mannheim/Germany	Frankfurt-Mannheim Macro Workshop, “Bank ‘Home Bias’ and Credit Traps in a Monetary Union” by Giuseppe Corbisiero	EA
12.09.	Mannheim/Germany	Frankfurt-Mannheim Macro Workshop 2014, Presentation on “Aggregate and Distributional Effects of Increasing Taxes on Top Income Earners”	JY
10.09.	Hamburg/Germany	Annual conference of the “Verein für Socialpolitik”, Panel discussion on unconventional monetary measures	VW
09.09.	Hamburg/Germany	Annual conference of the “Verein für Socialpolitik”, Key note speaker on “Real-time model-based fiscal and monetary policy analysis”	VW
08.09.	Istanbul/Turkey	Yildiz Technical University, Istanbul Conference of Economics and Finance, Presentation on “Is fiscal consolidation less harmless if labour markets are more rigid?”	PT
28.08.	Toulouse/France	European Economic Association 2014, Presentation on “Aggregate and Distributional Effects of Increasing Taxes on Top Income Earners”	JY
25.08.	Toulouse/France	EEA-ESEM 2014 Conference, Presentation on “Linking Distress of Financial Institutions to Macrofinancial Shocks”	MJ
03.07.	Munich/Germany	Ludwig-Maximilians-University, International Conference on European Banking Regulation, “Shadow Bank Regulation”	TT
xx.07.	Frankfurt/Germany	Goethe University, internal research/doctoral seminar, Chair of Public Finance, Presentation on “Is fiscal consolidation less harmless if labour markets are more rigid?”	PT
26.06.	London/Great Britain	1 <sup>st</sup> IAAE Annual Conference, Presentation on “Linking Distress of Financial Institutions to Macrofinancial Shocks”	MJ
25.- 26.06.	Paris/France	Workshop with the French Conseil d’analyse Economique, Presentation on “The Policy Mix in the Eurozone”	VW
23.06.	Frankfurt/Germany	IMFS Working Lunch, Presentation on “The Limits of Model-Based Regulation”	VV
21.06.	Frankfurt/Germany	German Stanford Alumni Association, Keynote speech on “The ECB and the Fed Responses to the Financial Crisis”	VW

15.06.	Monterey/USA	2014 Real Estate Symposium, Presentation of “How Organizational Hierarchy Affects Information Production” with Janis Skrastins	VV
06.06.	Frankfurt/Germany	SAFE Policy Center workshop on financial regulation: a transatlantic perspective	HS
06.06.	Frankfurt/Germany	SAFE Policy Center workshop on financial regulation “The Single Supervisory Mechanism - Panacea or Quack Banking Regulation?”	TT
06.06.	Washington/USA	International Monetary Fund, Presentation “Measuring Global Financial Connectedness”	MB
06.06.	Hannover/Germany	Lower Saxony Savings Bank Day, Presentation on the financial markets in the Eurozone.	VW
12.06.	Thessaloniki/Greece	13th Annual EEFS Conference, Presentation on “Is fiscal consolidation less harmless if labour markets are more rigid?”	PT
19.06.	Minneapolis/USA	2014 North American Summer Meeting of Econometric Society, Presentation on “Aggregate and Distributional Effects of Increasing Taxes on Top Income Earners”	JY
23.05.	Ludwigshafen	Conference on “Central Banks, Financial Stability and Legal Issues in East Asia”, “Central Banking – The Legal Framework in Europe”	HS
23.05.	Oxford/Great Britain	Oxford University, Oxford-LSE Law & Finance Conference, “Does Say on Pay Matter? Evidence from the German Natural Experiment”	TT
23.05.		Vietnamese-German University, Presentation “Determinants and Output Growth Effects of Debt Distress”	MB
13.05.	Singapore	Presentation at Singapore Meetings of Research Group on Econometrics of Macroeconomic Panel Data, “Determinants and Output Growth Effects of Debt Distress”	MB
05.05.	Frankfurt/Germany	Deutsche Bundesbank, Presentation on “Is fiscal consolidation less harmless if labour markets are more rigid?”	PT
02.05.	Washington/USA	World Bank, Presentation “When is Inequality Detrimental to Growth? Perspectives from a Novel Cross-Country Approach”	MB
02.05.	Eltville/Germany	Workshop of Bundesbank and IMFS, Panel discussion on “Economic Reforms in Europe and Asia”	VW
29.04.	Frankfurt/Germany	Steuben Schurz Society, Presentation on the challenges for the European Monetary Union in the aftermath of the financial crisis	VW
24.04.	Vienna/Austria	SMYE, “Unconventional Monetary Policies and the Bank Lending Channel” by José Olmo and Marcos Sanso-Navarro	EA
24.04.	Vienna/Austria	Vienna University of Economics and Business, 19th Spring Meeting of Young Economists (SMYE), Presentation on “Is fiscal consolidation less harmless if labour markets are more rigid?”	PT

27.03.	New York/USA	Fordham University, Comparative Corporate Governance Distinguished Lecture Series, "New Rules for Corporate Groups in Europe"	TT
25.03.	Philadelphia/USA	University of Pennsylvania Law School, "Is Corporate Governance Converging in the European Union?"	TT
19.03.	Washington/USA	World Bank, Presentation on "Measuring Global Financial Connectedness"	MB
14.03.	Frankfurt/Germany	Goethe University, First SAFE Policy Center Roundtable, "Future Structure of Banking"	TT
06.03.	Frankfurt/Germany	Deutsche Bundesbank, "Consequences of the order of reference of the German Constitutional Court regarding OMT, discussion with representatives of Deutsche Bundesbank"	HS
27.02.	Frankfurt/Germany	ECB symposium on Financial Stability and the Role of Central Banks, Chair in panel on "A broader role for central banks following the crisis – imperial overstretch or a better paradigm".	VW
26.02.	Frankfurt/Germany	Conference of Handelsblatt Research Institute: "Ökonomie neu denken", Discussion about "New thinking in monetary theory and monetary policy"	VW
26.02.	Sofia/Bulgaria	Business and Education Conference "How Economics and Business Administration in Frankfurt Gained Recognition"	RS
14.02.	Frankfurt/Germany	Meeting of "Verein für Socialpolitik", Presentation on "Comparative analysis with macroeconomic models: A new platform and applications"	VW
xx.02.	Paris/France	Banque de France, Presentation on "Economic Policy Uncertainty and Inflation Expectations"	AP
xx.02.	Budapest/Hungary	Bank of Hungary, Presentation on "Economic Policy Uncertainty and Inflation Expectations"	AP
09.01.	Frankfurt/Germany	Conference on Banking Union, Presentation	VW

AP:	Anamaria Piloiu	PT:	Pinar Topal
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MB:	Michael Binder	VV:	Vikrant Vig
MJ:	Martina Jančoková	VW:	Volker Wieland

## Events

### **Conferences**

12.03.2014 The ECB and Its Watchers XV. (jointly organized with the Center for Financial Studies)

29./30.09.2014 Twelfth German Turkish Forum for Constitutional Law

### **IMFS Distinguished Lectures and Working Lunches**

28.01.2014 Andreas Dombret, Deutsche Bundesbank

12.02.2014 Prof. Joachim Englisch, University of Münster

05.03.2014 Jaime Caruana, Bank for International Settlements (BIS)

23.06.2014 Prof. Vikrant Vig, IMFS

18.09.2014 Prof. Sean Griffith, Fordham University

03.12.2014 Prof. Mirko Wiederholt, Goethe University

## I. Conferences

### 12.03.2014 The ECB and Its Watchers XV.



2014 marked the fifteenth year of the conference series “The ECB and Its Watchers” that is jointly organized with the Center for Financial Studies. Many topics were hotly debated among policy makers and market participants. In his opening remarks Volker Wieland, co-organizer with Günter Beck, welcomed the participants for the first time at Goethe University’s Westend Campus.

The first session of the conference focused on central bank communication. In this regard, Peter Praet, member of the Governing Council of the European Central Bank, pointed that opinions had fundamentally changed within the ECB. Since the ECB wants to benchmark the discussion, the ECB is planning to publish minutes after its policy meetings. They will be called “Accounts of the monetary policy meeting”. These accounts will reveal the arguments exchanged at those meetings, but not associate the arguments with the respective Council members.

Charles Goodhart of the London School of Economics interpreted Praet’s suggestions regarding greater transparency as an indication that the ECB was moving towards an individualistic committee rather than a collegial committee as it had asked to be from the outset.

Paul Sheard, Chief Global Economist of Standard and Poor’s, emphasized the differences in the issues the various central banks had to face. Whereas the Federal Reserve and the Bank of England had been dealing with a “plain vanilla financial crisis”, the ECB had to face existential questions whether the Eurozone as a construct would actually survive. According to Sheard, the complexity is much higher for the ECB.

Donald Kohn of Brookings Institution highlighted central bank communication as key to influencing inflation expectation and financial conditions. When the policy interest rate is extremely low, central

banks are increasingly relying on words to influence financial conditions. After the crisis, central banks needed to explain themselves better. However, they also need to recognize the limits of communication Kohn said.



Peter Praet (above), John B. Taylor

ECB board member Benoit Cœuré deliberated on whether the Eurozone is back to a “new normal” during the conference’s second session. He put emphasis on the new set of questions that have arisen with inflation being low and remaining low.

Lucrezia Reichlin of London Business School pointed out some of the key problems in the euro area nowadays, looking at the fragility of banks and financial segmentation. “Although we are in a recovery, nominal GDP is still very weak”, Reichlin warned. In her opinion the ECB has to experiment with new tools and clarify its view on the tradeoffs. Lars E.O. Svensson of Stockholm University discussed during his presentation whether the ECB does have enough policy instruments. He indicated the big difference that might occur between the official policy rate and the Eonia rate. “Why not have a smaller corridor?” Svensson suggested, citing the Riksbank’s fine-tuning system as an example. Concerning negative interest rates Svensson appealed to the ECB not to be nervous about experimenting.

John B. Taylor of Stanford University focused in his presentation on the consequences of unconventional monetary policy. Looking at the Federal Reserve, Taylor pointed out that forward guidance had been unpredictable. Analyzing possible exit strategies, Taylor called for a more rules-based system with the central banks explaining deviations from benchmark rules. Most of all, “an exit should include a statement about the policy strategy in the future”, Taylor said.

The challenges the ECB has to face as banking supervisor were in the center of the conference’s third session. In this regard, ECB board member Yves Mersch referred to the protection of the monetary policy independence as the first objective. Furthermore, talking about individual corporations and decisions, confidentiality is another objective.

In his speech Stefan Gerlach, Deputy Governor of the Bank of Ireland, reminded the participants of the fact that central banks had been the original supervisors and that supervision was not a new activity for central banks. According to Gerlach, separation of monetary policy and supervision is done very differently in various countries. "There is no one size fits all", Gerlach added.

For Nouriel Roubini, however, there was a much bigger dilemma for central banks than the separation of banking supervision and monetary policy. "All central banks were created in the first place to achieve financial stability", he said. Thus, central banks have to deal with two goals, price stability and financial stability. "But central banks do not know if they have a second instrument to do it right" he concluded.

Dirk Schoenemaker of Duisenberg School of Finance argued that the ECB is now becoming a full central bank by taking on the responsibility of banking supervision. From the experience in the Netherlands, Schoenemaker gave the advice that the head of banking supervision should appear on television and in parliament if something happens in the banking sector, not the governor of the central bank, thus, avoiding reputational risks.

**29./30.09.2014**

### **Twelfth German Turkish Forum for Constitutional Law**

How to maintain price stability and financial stability in Germany and Turkey was the leading question during the German-Turkish Forum for Constitutional Law on September 29 and 30. At the conference, which had been organized this year by the IMFS, legal experts, central bankers and market participants from both countries discussed ways of safeguarding price stability and explored the limits of credit financing.



Professor Christian Waldhoff of Humboldt University explained the legal framework of price stability in German constitutional law and on the European level. In his speech IMFS Professor Helmut Siekmann analyzed how price stability was maintained in the Eurozone and described its role within the European System of Central Banks. In this regard, he made clear why the OMT program of the European Central Bank was not in line with the legal basis of the ECB. In comparison to that, Şebnem Özbek Uygun of the Turkish Central Bank, delineated the situation in Turkey, illustrating the possibilities of maintaining price stability on the basis of the Turkish legal system. Furthermore, Ismail Can gave an overview about the judicial and decision-making bodies of the Turkish Court of Accounts. Professor Werner Heun of the University of Göttingen depicted the debt rules according to German constitutional law combined with the rules and regulations on the European level. Without the cost of the reunification Germany would be one of the countries with fewest debt in the world reaching a debt level of about 40 per cent, Heun said. Finally, the participants discussed the monetary and fiscal policy in Germany and Turkey and their respective legal framework.



The German Turkish Forum for Constitutional Law aims at the academic exchange of ideas about basic issues of constitutional law in both countries. The conference series was established by Otto Deppenheuer, Ilyas Dogan and Osman Can and takes place alternately in Germany and Turkey.

## II. Distinguished Lectures and Working Lunches

### 28.01.2014 Andreas Dombret, Deutsche Bundesbank

In the aftermath of the financial crisis, many people have lost confidence in the economic system. During this time, the links between bank risks and sovereign risks have become much stronger. In the IMFS Distinguished Lecture on Tuesday, 28 January, Andreas Dombret, member of the Executive Board of the Deutsche Bundesbank took a closer look at how the lines between the public and the financial sector have faded and could be redrawn again. Due to implicit guarantees a close relationship between the state and the bank has evolved. The links between bank risks and sovereign risks have become much stronger in recent years, the central banker, who is in charge of Financial Stability and Risk Controlling, warned in his speech "The State as a Banker?". "Blurring the lines between the state and banks risks deforming our market economy and our thinking about it", he said.



According to Mr Dombret the lines between the state and the banks can only be successfully redrawn if the state provides a framework in which the private sector can operate. Therefore, Mr Dombret emphasized the need to establish the Single Resolution Mechanism as a central pillar of the European banking union, implementing the bail-in principle as a rule as it is currently foreseen by the finance ministers of the EU. By this means, if banks incur losses in the future, shareholders and creditors will be first in line to bear these losses; taxpayers come last.

Five years after the Lehman insolvency, according to Mr Dombret the "too big to fail" problem could still damage the global financial system. In his opinion, only a credible threat of failure would encourage banks to behave prudently. In order to achieve this, a consistent legal framework is required across the European Union. "We need well-designed and credible bail-in procedures", Mr Dombret said in his speech referring to practicable bail-in procedures and higher capital buffers as two sides of the same coin. "The state is not a good banker and should not try to become a banker", the central banker said. The state should only take on this role in the most exceptional cases, if at all.

**12.02.2014 Joachim Englisch, University of Münster**  
**The Pitfalls of the Financial Transaction Tax**



The project of a financial transaction tax in Europe has great difficulty in making progress with the member states still discussing basic aspects. On February 12, 2014, Professor Joachim Englisch, Managing Director of the Department of Tax Law at the University of Münster, explained the worries and concerns regarding the financial transaction tax seen from the perspective of public international law.

After long negotiations the EU countries did not agree on a common approach. Eleven governments are willing to impose the tax, starting in 2016. However, the finance minister are still debating about the range of the underlying securities and further criteria as the country the financial institute is based. Hence, the predicted tax revenue for Germany oscillates significantly.

**05.03.2014 Jaime Caruana, Bank for International Settlements (BIS)**

In his Distinguished Lecture on March 5, the General Manager of the Bank for International Settlements (BIS), Jaime Caruana, described global liquidity as the “ease of financing” in the global financial system. He pointed out in his speech that we were entering a new phase of global liquidity and urged the central banks to stay the course of normalization.



As central banks return prudently to more normal policy settings “it is crucial that they do everything they can to manage expectations, both about their plans and about the uncertainties,” Caruana said. Expectations shifted and portfolios adjusted during this process, followed by a certain degree of volatility in financial markets he explained. Therefore, central banks should not allow themselves “to be distracted by the bumpiness associated with this adjustment,” Caruana added. According to the head of the BIS they should not be overly concerned by occasional disinflationary pressures.

However, Caruana emphasized that monetary policy was “only part of the picture”. Therefore, he appealed to adhere to the reforms of the financial system and the real economy. “Countries need to pursue structural reforms,” he said. “Debts need to be paid down and resolved or restructured where appropriate.”

As the financial cycle tends to have a longer duration than the conventional macroeconomic business cycle imbalances were often difficult to protect Caruana underlined. Thus, in its analysis of the financial cycle the BIS takes a closer look at GDP growth, the flows of funds, changes in asset prices and monetary policy.

The aim of BIS is to serve central banks in their pursuit of monetary and financial stability, to foster international cooperation in those areas and to act as a bank for central banks. Therefore, the Basel-based BIS is often referred to as the central banks’ central bank.

Established on May 17, 1930, the BIS is the world's oldest international financial organization. The BIS currently has 60 member central banks, all of which are entitled to be represented and vote in the General Meetings.

Jaime Caruana has held the position of General Manager of the BIS since 2009. As the Bank's chief executive officer, he carries out the policy determined by the Board of Directors. From 2000 to 2006, Mr Caruana was the Governor of the Bank of Spain and, in that capacity, served on the Governing Council of the ECB.



### **23.06.2014 Vikrant Vig, IMFS The Danger of Complex Regulation**

In his talk at the IMFS Working Lunch, Prof. Vikrant Vig investigated the ways large banks make use of capital regulation, demonstrating the danger of complex requirements. Instead of enhancing financial stability, model-based capital regulation can harm financial stability.

The 45 top European banks command about more than half of the market share. In a paper with Markus Behn and Rainer Haselmann, Prof. Vikrant Vig investigated how large banks exploited the introduction of model-based capital regulation.

Under the Basel 2 guidelines, banks are allowed to use their own estimated risk parameters for the purpose of calculating the regulatory capital. However, this refers only to banks meeting certain minimum conditions and disclosure requirements in estimating capital for various exposures. All of the large banks opted for introducing the new approach based on internal-ratings (IRB approach) instead of sticking to the traditional approach. Since the national supervisors only authorized them to shift to this approach gradually, a whole set of data was created.

By analyzing loans and balance sheets of German banks between 2004 and 2012, Prof. Vig found out that the internal risk estimates systematically underpredicted the actual default rates. Furthermore, he concluded that the banks that used the internal ratings approach increased lending in the aftermath of the financial crisis of 2007. "The 45 big banks could afford a complex regulation and could benefit from it," Prof. Vig pointed out. Their expansion took place at the expense of the smaller banks which implemented the traditional approach.

"The model-based regulation is a regulation that subsidizes size," Prof. Vig said, criticizing the trend for more and more requirements. According to his study, however, not only the big banks come out of this as winners but also the regulators who create lots of new jobs, building themselves an empire. The ones who finally suffer from financial instability are the tax payers, he summarized.

**18.09.2014 Sean J. Griffith, Fordham University**  
**“How to make a Market in Derivatives Regulation”**

In the year seven after the outbreak of the global financial crisis, regulators all over the world are still struggling how to avert another crisis of this dimension. Since derivatives involve a high credit risk their default could make a crisis spread across the financial system. In his presentation in the series IMFS Working Lunch on September 18, Sean J. Griffith, Professor of Law at Fordham Law School, New York, analyzed the possibilities to regulate derivatives, while trying to avoid spillover effects that lead to a systemic risk.



Based on the G20 plan of the Pittsburgh summit 2009, all standardized OTC derivative contracts should be traded on exchanges or trading platforms and cleared through central counterparties. But “is mandatory clearing really such a good idea?” Griffith asked. In bilateral trading, parties to a contract are directly and indirectly exposed to each other, while in a centralized world a single counterparty acts as counterparty to all counterparties. Consequently, as Griffith pointed out, all risks “accumulate in the middle”. Besides, the clearinghouses themselves become “a dangerous entity that is too big to fail”, the professor of business law warned. According to Griffith, clearinghouses even increase the systemic risk by fragmenting netting, especially if different asset classes have different clearinghouses or if different jurisdictions demand their own clearinghouses. Thus, clearinghouses “merely shift the risk, they do not eliminate it”.

As a possible alternative, Griffith cited Manmohan Singh. The economist and former Indian Prime Minister proposed to introduce a punitive tax on the residual derivative liabilities of systemically important financial institutions. Another approach comes up with an entity licensed by regulators to collect variation margin collateral across all derivative products on a netted basis. However, as Griffith indicated, “you cannot evaluate these approaches because of the single mandatory clearing principle”. Since uniformity in regulation created risk, “we should allow for alternatives”, Griffith appealed. He proposed an U.S. review committee to allow for “substituted compliance” with foreign regulatory regimes that are at least as effective at containing systemic risk as U.S. regulation. Thus, “the importance of U.S. financial markets can give the U.S. a leading role in regulation”, Griffith concluded.

**03.12.2014 Mirko Wiederholt, Goethe University**  
**“Inflation Expectations, Monetary Policy and the Zero Lower Bound”**



After the GDP contracted sharply in 2008 the zero lower bound became binding in the United States. As a consequence, the Federal Reserve started using announcements about the future path of monetary policy, the so-called forward guidance. Within this framework, households' inflation expectation play a crucial role. So long as the nominal interest rate is at zero, the only variable that remains are inflation expectations.

In his presentation at the IMFS Working Lunch, Mirko Wiederholt, Chair of Macroeconomics at Goethe University Frankfurt explained the relationship between "Inflation Expectations, Monetary Policy, and the Zero Lower Bound".

According to his paper, most of the propagation of shocks at the zero lower bound comes from movements in inflation expectation. Monetary and fiscal policy mainly act on consumption by changing inflation expectations. Therefore, Wiederholt modelled inflation expectations in a way that they were consistent with survey data on inflation expectations with households having heterogeneous expectations and responding sluggishly to shocks to future inflation. Based on the revised theory, Wiederholt comes to the conclusion that the deflationary spiral takes off more slowly in bad times and the government spending multiplier is smaller. Besides, forward guidance is less effective and can even have negative effects whereas uncertainty shocks can have first-order effects.

## Research-Based Policy Advice

Throughout the year, IMFS professors were able to contribute advice based on their research in various ways to the policy making process. As a member of the German Council of Economic Experts, Volker Wieland participated in several meetings with Chancellor Angela Merkel, Finance Minister Wolfgang Schäuble and the Minister for Economic Affairs and Energy, Sigmar Gabriel. Furthermore, the Council members came together with leading officers of DIHK, BDI and DGB, the Association of German Chamber of Commerce and Industry, the Federation of German Industries and the German Federation of Trade Unions.



On November 12, 2014, the Council presented its Annual Report titled “More confidence to market processes” to Chancellor Merkel in Berlin. It contained an analysis of economic developments and a critical review of government’s policy including the areas of labor markets, pension system and energy. The report discussed the current account surplus of the German economy and took the stance that there was no need for massive increases in fiscal spending. The Council also reviewed the case for the massive

easing of monetary policy in the euro area in order to reduce the risk of sustained deflation. On balance, the report concluded against further massive easing, for example via extensive government debt purchases, at that time.

The chapter on the macroeconomic adjustment processes in the euro area member countries and monetary policy, also benefitted from joint research by Volker Wieland and Helmut Siekmann on the Outright Monetary Transactions (OMT) program of the European Central Bank as summarized in their joint CEPR paper “The German Constitutional Court’s decision on OMT. Have markets misunderstood?” The sections on banking union and the euro area institutions benefitted from the discussions of Wieland with Helmut Siekmann and Tobias Tröger regarding the legal framework.



The European banking union was also in the focus of the Kronberger Kreis, which is the Scientific Council of the Market Economy Foundation. In December, it published a study titled “Vom Prinzip Hoffnung zum Prinzip Haftung”, pointing out benefits and weaknesses of the banking union. The Kronberger Kreis group proposed to raise the leverage ratio up to 8 percent. In its Study No. 85, the Kronberger Kreis Scientific Council proposes a major reform of Germany’s energy policy.

As for the legal expertise of the institute, Helmut Siekmann took part in a public hearing on savings banks in North Rhine-Westphalia, which try to resist higher transparency in the publication of salaries. In this regard, he gave his opinion on draft legislation by the Piraten party in the State Parliament of North Rhine-Westphalia concerning the question “Should Board Members of Municipal Savings Banks disclose their Remuneration?”

***Presentations and Hearings at a glance***

12.11.	Berlin	Meeting with German Chancellor Angela Merkel, Federal Minister of Finance Minister Wolfgang Schäuble, Federal Minister of Labor Andrea Nahles and Federal Minister for Economic Affairs Sigmar Gabriel, presenting the Annual Report 2014 of the German Council of Economic Experts	VW
01.10.	Berlin	German Council of Economic Experts meeting with Finance Minister Wolfgang Schäuble	VW
25.09.	Berlin	German Council of Economic Experts meeting with the Minister for Economic Affairs Sigmar Gabriel and Energy and the Minister of Labour and Social Affairs Andrea Nahles	VW
24.09.	Frankfurt	German Council of Economic Experts meeting with the President of Deutsche Bundesbank Jens Weidmann	VW
22.05.	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)	VW
08.05.	Berlin	“Future Prospects and Challenges for the EU” confidential discussion with Johannes Laitenberger, Chief of Staff of EU Commission President José Manuel Barroso	HS
15.04.	Berlin	German Council of Economic Experts meeting with the Minister for Economic Affairs Sigmar Gabriel	VW
19.03.	Berlin	German Council of Economic Experts meeting with Chancellor Angela Merkel	VW
06.03.	Frankfurt	“Consequences of the order of reference of the German Constitutional Court regarding OMT discussion with representatives of Deutsche Bundesbank	HS
13.02.	Düsseldorf	“Should Board Members of Municipal Savings Bank disclose their Remuneration?” (“Gesetz zur Offenlegung der Bezüge von Sparkassenführungskräften im Internet”) Public hearing and opinion on draft legislation by the Piraten party at the State Parliament, North Rhine-Westphalia	HS

HS: Helmut Siekmann

VW: Volker Wieland

## Public Outreach and Press

Throughout the year, IMFS Professors were popular interview partners for newspapers, online media and TV stations regarding current issues of monetary policy and questions of financial stability. Especially on the occasion of the monthly meetings of the Governing Council of the European Central Bank (ECB), IMFS Professors gave interviews on national and international news programs like *n-tv Telebörse* or *CNBC*. In 2014, IMFS Professors gave nine interviews to daily newspapers and online magazines, wrote five opinion pieces and guest editorials and commented more than 50 times on all questions of monetary and financial stability. Apart from that, IMFS Professors appeared on more than ten occasions in TV and radio interviews with national and international media.

According to *Frankfurter Allgemeine Zeitung*, Volker Wieland ranked 21st among Germany's most influential economists in 2014. Based on scientific citations, media mentions, and feedback by government officials, in September the FAZ published its list of the 100 most influential economists in Germany.



On several occasions, the media reported on **IMFS research** or research done by IMFS Professors. In September, *Handelsblatt* and *Manager Magazin Online* as well as the weekly magazine *Wirtschaftswoche* picked up an IMFS Working Paper by Volker Wieland and IMFS graduate Maik Wolters on the debate about whether there was a threat of self-reinforcing deflation in the euro area. Other newspapers like *Frankfurter Allgemeine Zeitung* described the advantages of the Macroeconomic Model Data Base as presented by Volker Wieland during the annual conference of the Verein für Socialpolitik. From the legal side, the commentary on the European monetary union, edited by Helmut Siekmann, was taken up by *Fachbuch Journal* and the *Zeitschrift für öffentliches Recht (ZÖR)* and referred to as extremely worth reading with the upcoming decision of the European Court of Justice regarding the Outright Monetary Transactions (OMT) program. In a guest editorial for *Börsen-Zeitung* concerning the European elections in May, Helmut Siekmann illustrated the problems of enforcement of the law and the lack in acceptance in the euro area.

The presentation of the Annual Report of the Council of Economic Experts called "More confidence in market processes" on November 11 attracted very much attention and was widely reported by German news agencies, newspapers as well TV and radio stations and in English-speaking media. Moreover, in an opinion piece in the German weekly *Die Zeit* four members of the Council of Economic Experts including Volker Wieland presented the key results of the Annual Report.

In a joint piece for *VoxEU*, IMFS Professors Helmut Siekmann and Volker Wieland analyzed the OMT program of the European Central Bank: "Have markets misunderstood the German Court's decision on OMT?" In general, the economic problems in the euro zone and the various programs and funds were crucial issues for the IMFS Professors during the course of the year. On February 7, 2014 when Germany's Constitutional Court referred the case onward to the European Court of Justice in Luxemburg, Helmut Siekmann was much asked for as interview partner by the media, namely *Börsen-Zeitung* and



*Spiegel Online*. When the German Constitutional Court confirmed the legality of the permanent bailout European fund ESM in March 2014, Helmut Siekmann commented on the green light for the ESM on *CNBC*. The health check of the euro banks as well as the new European banking supervision were other prominent topics the media asked IMFS researchers to comment on. Before taking up the oversight of the 128 biggest banks in the euro area in November 2014, the ECB had conducted an Asset Quality Review and a stress test of the region's lenders with the help of national supervisors and external auditors. In statements in *Süddeutsche Zeitung* as well as *Frankfurter Allgemeine*, Helmut Siekmann pointed out the difficulties during this process.

Regularly, Volker Wieland commented on the future course of the monetary policy in the euro area, *analyzing in Frankfurter Allgemeine Zeitung and Börsen-Zeitung* in November whether the ECB's recent steps towards quantitative easing could trigger a larger program. When the European Central Bank surprised the financial markets with another set of new measures in September, Volker Wieland commented in TV interviews with *n-tv* and *CNBC* right before the decision of the Governing Council that the ECB should rather wait and see how the targeted longer-term refinancing operations (TLTROs) unfold before announcing other measures. The interest rate decision of the European Central Bank along with the negative deposit rate and the details of the targeted LTROs were the primary focus of ECB watchers at the beginning of June. Volker Wieland commented on this in *Handelsblatt* and *Spiegel Online*. Especially the comments on *Spiegel Online* were taken up repeatedly by other media as well. He also explained the recent measures in a blog entry on *Markt-Ruf* for the Market Economy Foundation, gave a TV statement on *Heute Journal* and was cited by *Frankfurter Allgemeine Zeitung*.

The expertise of IMFS Professors was also asked for outside of Germany. In an interview with the magazine *Wi* of the **German-Polish Chamber of Industry and Commerce** Volker Wieland talked about the new European banking supervision, the economic outlook in the euro area and the question whether Poland should join the euro zone. In the **Greek newspapers** *To Vima* he concluded in November: "Greece will need a third program".



Helmut Siekmann, on the other hand, explained in an interview with an online magazine for young people, why the crisis in the euro area was still not over and described ways of overcoming this situation. "There is still a lot to do", Siekmann summed up on *Schekker.de*.

Besides, events organized by the IMFS were also taken up by the media. On March 12, academics, market participants and policy makers together with three ECB board members discussed current issues in monetary policy at the conference "**The ECB and Its Watchers**". 232 participants were registered and 44 journalists from various countries signed up for the event. The conference was covered by newspapers like the *Financial Times*, *Börsen-Zeitung*, *Süddeutsche Zeitung*, *Handelsblatt*, *Die Welt* as well as the news agencies Bloomberg, Reuters, Dow Jones and Market News. Other media representatives used the presentations and discussions as background information for subsequent articles like the German weekly *Der Spiegel*, the French *Les Echos* or the *New York Times*.

Regarding the remaining events of IMFS, the Distinguished Lecture of Jaime Caruana, head of the Bank for International Settlements (BIS) on March 5, stood out. National and international news agencies like Bloomberg, Reuters and Efe covered the event, reporting that BIS chief Caruana urged central banks to stay the course of normalization and triggering further press coverage in *Handelsblatt*, *Börsen-Zeitung*, the Swiss *Handelszeitung* and the Austrian *Wirtschaftsblatt*.

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

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

06.10.	<b>Handelsblatt</b>	„Nichts für Schwächlinge“ (Not for weaklings)	VW
29.09.	<b>Wirtschaftswoche</b>	„Keine Deflation in Sicht“ (There is no deflation in sight)	VW
08.09.	<b>FAZ</b>	„TÜV für die Wirtschaftspolitik“ (A technical inspection for economic policy)	VW
04.09.	<b>Manager Magazin Online</b>	„Gut gefrühstückt, Signor Draghi?“ (Did you have a good breakfast, Signor Draghi?) with reference to IMFS Working Paper No. 81	VW
06	<b>Fachbuch Journal</b>	“Europarecht – Rezension von EWU – Kommentar zur Europäischen Währungsunion“ (Review of EWU – Kommentar zur Europäischen Währungsunion)	HS

### **Guest Editorials**

14.11.	<b>Die Zeit</b>	„Wachstum geht anders“ (Growth works differently) (with Christoph Schmidt, Isabel Schnabel and Lars Feld, Council of Economic Experts)	VW
03.10.	<b>VoxEU</b>	“Have markets misunderstood the German court’s decision on OMT?“ (joint work)	HS/VW
18.06.	<b>Blog “Markt-Ruf” of the Market Economy Foundation</b>	“Eine Kreditpumpe für die Realwirtschaft“ (A credit pump for the real economy)	VW
17.05.	<b>Börsen-Zeitung</b>	“Europa und die Instabilität des Rechts“ (Europe and the Instability of Law)	HS

### **Interviews**

28.11.	<b>Schekker.de</b>	„Es ist noch viel zu tun“ (There is a lot to do)	HS
16.11.	<b>To Vima</b>	„Griechenland wird ein drittes Paket benötigen“ (Greece will need a third package)	VW
27.08.	<b>Wi</b>	“Währungsunion? Lohnt sich das?“ (Monetary Union? Is it really worth it?)	VW
20.06.	<b>Schwäbische Zeitung /Aalener Nachrichten</b>	„Die Rente mit 63 ist das falsche Signal“ (Lowering the pension age to 63 is the wrong signal)	VW
16.06.	<b>Spiegel Online</b>	Spekulationsblasen: Wirtschaftsweiser warnt vor Gefahren der Niedrigzinsen“ (Speculative Bubbles: Top German Advisor Warns About the Danger of Low Interest Rates)	VW
21.05.	<b>Börsen-Zeitung</b>	Debatte über den EZB-Kurs – „Wenn aus Worten Taten werden“ (Debate About The ECB Course: From Words To Deeds)	VW

24.04.	<b>Handelsblatt</b>	„Der Wechselkurs sollte kein Ziel der Geldpolitik sein“ (The exchange rate should not be a goal of monetary policy)	VW
08.02.	<b>Börsen-Zeitung</b>	“This is not a sure-fire success” (Als Selbstläufer sehe ich es nicht)	HS
19.01.	<b>Euro am Sonntag</b>	„Der falsche Zeitpunkt“ (The wrong moment)	VW
<b>Profiles</b>			
10.03.	<b>FAZ</b>	„Ökonomie zwischen Süß- und Salzwasser“ (Economics between Sweet Water and Salt Water)	VW
07.02.	<b>Uni-Report</b>	„Goethe, Deine Forscher: Volker Wieland, Mitglied im Sachverständigenrat für Wirtschaft“ (Goethe, your Scientists: Volker Wieland, Member of the German Council of Economic Experts)	VW
<b>Commentary/Mentions</b>			
22.12.	<b>Wirtschaftswoche</b>	„Wann funkt es richtig?“ (When will it spark?)	VW
21.12.	<b>dpa / Die Welt</b>	„Ölpreis-Verfall alarmiert EZB – Autofahrer profitieren“ (Falling oil prices alarm ECB –drivers profit)	VW
20.12.	<b>Wiwo online</b>	“Ökonomen warnen EZB vor Verlust der Glaubwürdigkeit” (Economists warn ECB about loss of credibility)	VW
29.11.	<b>Allgemeine Zeitung Mainz</b>	„Kritik an Rente mit 63“ (Criticism for lowering the pension age to 63)	VW
27.11	<b>FAZ</b>	„Staatsanleihekäufe 2015 wahrscheinlich“ (Government bond program probably in 2015)	VW
23.11	<b>Bild am Sonntag</b>	„Immer mehr Banken schließen Strafzins nicht aus“ (An increasing number of banks does not rule out penalty interest)	TT
22.11.	<b>Süddeutsche Zeitung</b>	“Keine Angst vor dem Strafzins” (No fear of penalty interest)	TT
21.11.	<b>Pforzheimer Zeitung</b>	„Keine Zeit für Alarmismus“ (No time for alarmism)	VW
18.11.	<b>Börsen-Zeitung</b>	„Absage an Negativzinsen“ (No negative interest rates)	VW
13.11.	<b>Mitteldeutsche Zeitung</b>	(“Einlagensicherung – Ist mein Geld auf dem Konto in Gefahr?“) (Deposit protection – Is my money safe?)	HS
13.11.	<b>Die Welt online</b>	USA warnen vor „verlorenem europäischen Jahrzehnt“ (United States warn about lost European decade)	VW
13.11.	<b>Die Welt</b>	„Bundeskanzlerin brüskiert ihre eigenen Berater“ (Chancellor Merkel rebuffs her advisors)	VW
13.11.	<b>FAZ</b>	“Kritik der Wirtschaftsweisen perlt an der Regierung ab” (The government does not care about the council’s criticism)	VW
13.11.	<b>Börsen-Zeitung</b>	„Sachverständigenrat spricht Wirtschaft aus der Seele“ (Council of Economic Experts says what German economy is thinking)	VW
13.11.	<b>To Vima</b>	German experts conditionally support a third Greek bailout	VW

12.11.	<b>Bild.de</b>	„So steht es wirklich um Deutschlands Wirtschaft – Was das Gutachten der Wirtschaftsweisen für Otto Normal bedeutet“ (That’s how German economy really is – what the annual report of the „wise men“ means for the average German)	VW
12.11.	<b>T-online.de</b>	„Wirtschaftsweise kritisieren die Bundesregierung“ (Council of economic experts criticize the government)	VW
12.11.	<b>Reuters (plus FAZ.NET, Onvista and regional newspapers)</b>	„Regierung wehrt sich gegen Kritik der Wirtschaftsweisen“ (Government rejects criticism of economic experts)	VW
12.11.	<b>FAZ</b>	„Wirtschaftsweise nehmen Merkel in die Mangel“ (Council of Economic Experts puts pressure on Merkel)	VW
11.11.	<b>Fazit- FAZ-Blog</b>	„Der Sachverständigenrat findet mehr Gehör“ (The council is getting more attention)	VW
11.11.	<b>Tagesspiegel</b>	„Strahlkraft der Wirtschaftsweisen verblasst“ (The fading impact of the Council of Economic Advisors)	VW
02.11.	<b>Frankfurter Allgemeine Sonntagszeitung</b>	„In der Werkstatt der Weisen“ (A glance in the think tank of the “wise men”)	VW
17.09.	<b>Börsen-Zeitung</b>	„Peter Bofinger 60“	VW
29.08.	<b>Börsen-Zeitung</b>	„Jan Pieter Krahen 60“	VW
16.08.	<b>Schwäbische Zeitung</b>	„Ignorierte Frauen und verpestete Luft“ (Disregarded women and air pollution)	VW
16.08.	<b>Schwäbische Zeitung</b>	„Ökonomen in der Sinnkrise“ (The economists’ crisis of purpose)	VW
16.08.	<b>FAZ</b>	„Die geselligen Doktorschieden“ (The convivial training grounds for Ph.D. students)	VW
01.08.	<b>Wetterauer Zeitung</b>	„Städtepartnerschaft zwischen Frankfurt und Philadelphia angestrebt“ (Frankfurt and Philadelphia aim for town twinning)	RS
31.07.	<b>Financial Times</b>	„Bank balance“	RS
24.07.	<b>Frankfurter Rundschau</b>	„Werben um mögliche Partnerstädte“ (Courting possible partner cities)	RS
21.07.	<b>Wirtschaftswoche</b>	„Neue Angst vor Zombie-Banken“ (The new fear of zombie banks)	RS
17.07.	<b>Bloomberg Businessweek</b>	„Germany’s Merkel Avoids Painful Economic Reforms“	VW
14.07.	<b>Finanzen.net</b>	„Droht Deutschland eine Immobilienblase – vielleicht“ (Germany is facing a real estate bubble – maybe)	VW
14.07.	<b>Spiegel Online</b>	„Preisturbulenzen: Mittelfrühen Städten droht Immobilienblase“ (Financial turbulence: Medium sized cities face real estate bubble)	VW
06/07	<b>Dpn Dt. Pensions- u Investmentnachrichten</b>	„Notenbanken und ihr Asset Management: Bedingt anlagebereit“ (Central Banks and their Asset Management: Conditionally Ready To Invest)	VW
03.07.	<b>FAZ</b>	„Wie der Banken-Augeasstall ausgemistet werden soll“ (How the banks’ Augean stables should be cleared out)	HS
20.06.	<b>Bild.de</b>	„Immobilienblase droht zu platzen“ (Housing Market Bubble Is About to Burst)	VW

18.06.	<b>Spiegel Online</b>	„Zinstief: Deutsche Finanzaufseher sehen noch keine Immobilienblase“ (Low Interest Rates: German Supervisors Do Not See A Housing Market Bubble Yet)	VW
18.06.	<b>FAZ</b>	„Am Häusermarkt braut sich etwas zusammen“ (Dark Clouds are Gathering Over The Housing Market)	VW
16.06.	<b>Manager Magazin Online</b>	„Inflation sinkt – Wirtschaftsweiser geißelt Niedrigzinsen“ (Inflation Is Sinking – Top German Advisor Denounces Low Interest Rates)	VW
11.06.	<b>Handelsblatt</b>	„Zweifel an Super-Mario“ (Doubts about Super Mario)	VW
28.05.	<b>Süddeutsche Zeitung</b>	„Der große Bilanzcheck“ (Balance sheets put to the test)	HS
26.05.	<b>Finanz und Wirtschaft</b>	„Die Taylor-Regel“ (The Taylor Rule)	VW
06.05.	<b>Handelsblatt</b>	„Mehr Offenheit wagen – aber wie? Die EZB will Protokolle veröffentlichen“ (How to Become More Transparent? The ECB is thinking about publishing the minutes of their Meetings)	VW
28.04.	<b>Die Welt</b>	„Euro-Panik der Banken ist vorbei, die Sorge bleibt“ (The banks are no longer in panic about the euro but the concerns remain)	VW
23.04.	<b>dpa-AFX (plus Handelsblatt.com, Wiwo.de, Focus online, Wallstreet online, Lausitzer Rundschau online)</b>	„Wirtschaftsweiser Wieland warnt vor aktiver Wechselkurspolitik der EZB“ (German Top Advisor Wieland warns about active exchange rate policy of the ECB)	VW
28.03.	<b>Handelsblatt</b>	„Wie unabhängig sind Deutschlands Top-Ökonomen?“ (How independent are Germany's top economists?)	VW
18.03.	<b>FAZ</b>	„Das Zauberwort zum Gelddrucken“ (The Magic Word for Printing Money)	VW
12.03.	<b>F.A.Z. Rhein-Main-Zeitung</b>	„Wieland bleibt kritischer Beobachter“ (Wieland remains a critical Observer)	VW
27.02.	<b>Börsen-Zeitung</b>	„Asmussen wirbt für stärkere Euro-Integration“ (Asmussen is promoting a stronger integration of the Eurozone)	VW
27.02.	<b>Handelsblatt</b>	„Ökonomen fordern Regeln für das Kasino“ (Economists Demand Rules For the Casino)	VW
26.02.	<b>Handelsblatt</b>	„Das große Experiment“ (The Big Experiment)	VW
14.02.	<b>Handelsblatt</b>	„Sparkassen wehren sich gegen Gehaltstransparenz“ (Savings banks against transparency of remuneration)	HS
07.02.	<b>Spiegel Online</b>	„EZB-Anleihekäufe: Draghis Wunderwaffe darf vorerst weiterfeuern“ (ECB bond buying: Draghi may continue with this silver bullet)	HS
15.01.	<b>Handelsblatt</b>	„Wer schickte die Zentralbank in die Troika?“ (Who sent the central bank into the troika?)	HS

**TV and radio interviews**

18.11.	<b>n-tv-„Telebörse“</b>	Statement at the Euro Finance Week	VW
12.11.	<b>CNBC</b>	Interview regarding the presentation of the annual report of the Council of Economic Experts	VW
12.11.	<b>ZDF-„Heute Journal“</b>	Statement regarding the presentation of the annual report of the Council of Economic Experts	VW
04.09.	<b>n-tv-„Telebörse“</b>	Live interview before ECB interest rate decision	VW
04.09.	<b>CNBC</b>	“ECB should wait and see” (Live interview before ECB interest rate decision)	VW
28.07.	<b>HR-Info</b>	Interview on the constitutional complaint regarding transferring banking supervision to the ECB	HS
23.04.	<b>ZDF-“Heute Journal”</b>	Statement on ECB interest rate cut	VW
23.04.	<b>Deutschlandfunk- Wirtschaft am Mittag</b>	Interview regarding Financial Transactions Tax	HS
18.03.	<b>CNBC</b>	“Expert: ESM ruling is no surprise”	HS
06.03.	<b>CNBC</b>	Live interview before ECB interest rate decision	VW
20.02.	<b>ARD-Börsenstudio</b>	Interview on Asset Quality Review	HS
-	<b>German and international radio stations</b>	approximately 20 short to medium length interviews	RS

# STARS