



Money, Credit, and Finance

Economics Master's Program

WU Vienna

Guido Schäfer

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Instructors

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Structure and Contents

Oct- Dec.: Monetary Policy and the Financial Sector (Schäfer)

- Lectures, discussions and assignments based upon original research articles
- Theoretical and empirical foundations
- Weekly sessions

January: One-day Workshop with Prof. Schubert and a prominent guest speaker

- Focus on current policy topic
- Students present their own research projects
- Topics in earlier years:
European Banking Union, unconventional monetary policy and inflation,...
- Previous guest speakers:
Prof. Hans Helmut Kotz, former board member, Deutsche Bundesbank
Thomas Mayer, former Chief Economist, Deutsche Bank Research
Jürgen Stark, former Chief Economist, European Central Bank

Topics

Economics of the monetary and financial sector

E.g., economic foundations of money and banking, optimal monetary policy, liquidity trap, inflation and deflation, effects of unconventional monetary policies, financial intermediation, moral hazard and regulation, ...

Current topics in monetary and regulatory policy

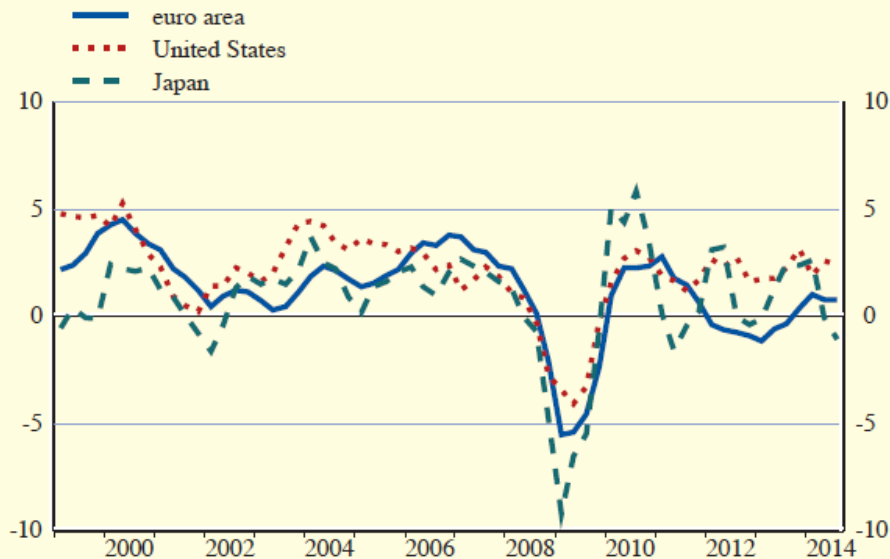
World Financial Crisis, Crisis in the Eurozone, European Banking Union, Too-Big-To-Fail, Macroprudential Regulation, Secular Stagnation ...

⇒ **World Financial Crisis as a Watershed Event!**

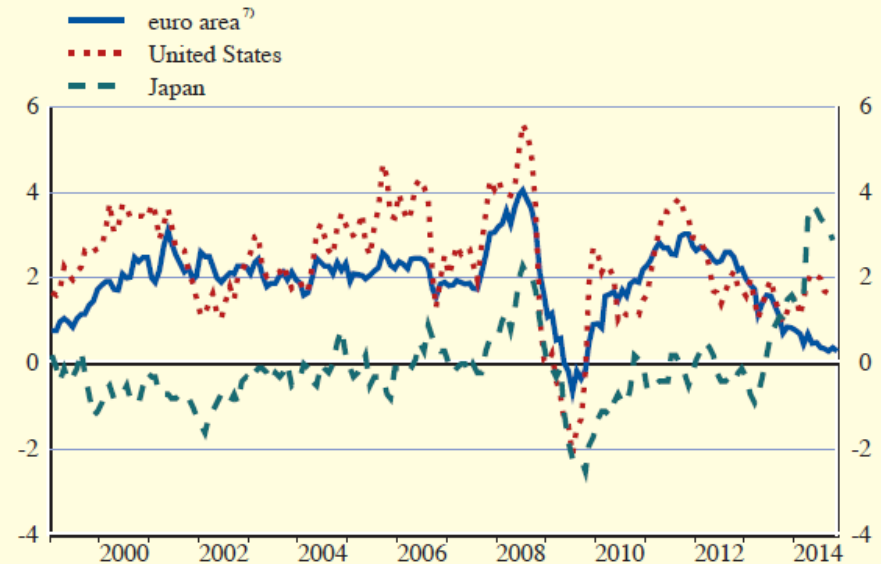
⇒ **Revolution versus Evolution in Economic Policy and Research!?**

Has Inflation Targeting become obsolete?

C43 Real gross domestic product
(annual percentage changes; quarterly data)



C44 Consumer price indices
(annual percentage changes; monthly data)

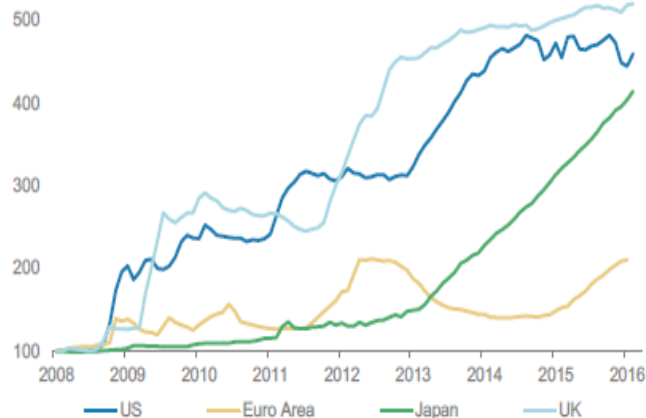


Source: ECB Monthly Bulletin

Unconventional monetary policy – stimulus versus distortions?

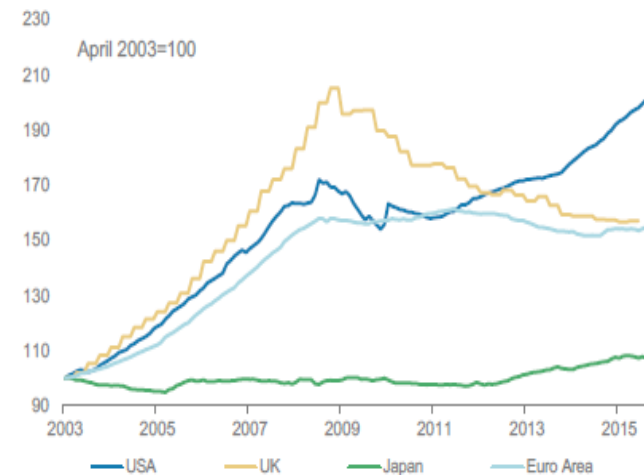
Exhibit 3: G4 Monetary Base Expanded Rapidly

Monetary Base, (Jan 2008 = 100)



Source: Morgan Stanley Research, Bank of England, Bank of Japan, European Central Bank, US Federal Reserve Board

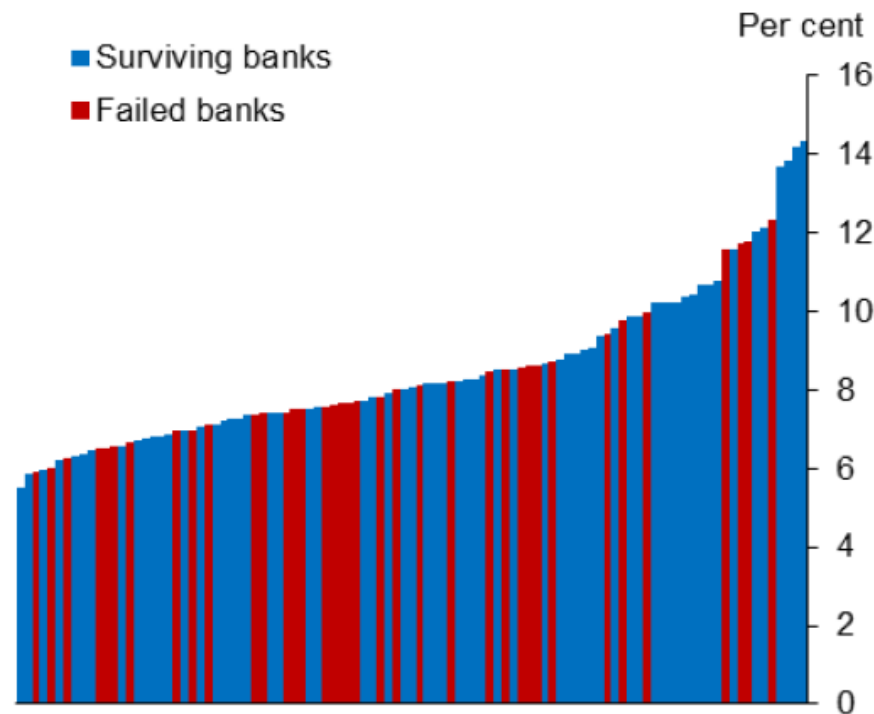
Exhibit 4: G4 Bank Lending Remained Sluggish



Source: FRB, ECB, BoJ, BoE, Morgan Stanley Research

Risk-based capital requirements as a major pillar of financial regulation?

Chart 3: Risk-based capital ratios of major global banks, end-2006^(a)



Source: Capital IQ, SNL, published accounts, Laeven and Valencia (2010).

(a) The classification of bank failure is based on Laeven and Valencia (2010), updated to reflect failure or government intervention since August 2009.

Learning process

- Language of Instruction: English
- Students work through research articles before class
- Lectures and discussions in class about key concepts
- Students prepare their own research projects for the Workshop
- Students get broader perspective and deeper understanding of a current policy topic at the Workshop
- Grading
 - Essays about papers, class participation
 - Student Project presented at Workshop



Job prospects

About 20 percent of our graduates work in the financial sector!

Good preparation for jobs in central banks, regulatory agencies, finance ministries, banks, insurance companies, investment firms,...