



Excellence in
Management
Education

Activity Report 2015/2016

Chair of Monetary Economics
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Foreword



The Chair of Monetary Economics was established in 2007 with the appointment of Professor Ralf Fendel. The team is completed by Johanna Amberger and Frederik Neugebauer who act as Research Assistants at the Chair of Monetary Economics. Parallel to its integration into the WHU teaching program in economics, the main focus of the Chair is on research activities. The areas of research are monetary theory and policy as well as international monetary economics and applied macroeconomics.

Professor Dr. Ralf Fendel

Vallendar, September 2016

1. Team



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2. Teaching

2.1 Bachelor of Science Program

Principles of the Market Economy

Professor Dr. Ralf Fendel, Professor Dr. Michael Frenkel

Fall Term 2015, 1st Semester, 2 SWS

The course introduced participants to principles of economics and demonstrated the basic functioning of a market economy. It also discussed the role of the public sector in market economies. The material covered both microeconomic and macroeconomic topics.

European Economic Integration

Professor Dr. Ralf Fendel

Fall Term 2015, 5th Semester, 2 SWS

The course covered the main aspects and the current developments of the economics of European integration. The topics of the course were related to the creation of the Single European Market, the European Monetary Union, and Fiscal Policy in the European Union. The focus was on the discussion of the rationale, the content, and the implications of various policies in the context of European integration mainly from an economic perspective.

Introduction to International Economics

Professor Dr. Ralf Fendel

Spring Term 2016, 4th Semester, 2 SWS

The course explained the basic concepts of monetary and trade linkages between economies. It began with a part on trade theory and trade policy, within which the main theories of international trade as well as the effects of protectionism were discussed. The second part was devoted to the balance of payments and its dependence on exchange rate movements. In the final part the reasons for the exchange rate movements themselves were analyzed.



European Economic Integration

Professor Dr. Ralf Fendel

Spring Term 2016, 4th Semester, 2 SWS

The course covered the main aspects and the current developments of the economics of European integration. The topics of the course were related to the creation of the Single European Market, the European Monetary Union, and Fiscal Policy in the European Union. The focus was on the discussion of the rationale, the content, and the implications of various policies in the context of European integration mainly from an economic perspective.

2.2 Master of Science Program

Economics of Financial Markets

Professor Dr. Ralf Fendel

Fall Term 2015, 1st Semester, 2.5 SWS

The course deepened students' understanding of financial markets and its paramount role within market economies. It, therefore, explicitly related the financial market to the macroeconomic environment. It first reviewed the key economic issues of financial markets, its institutions and its links to the real economy. It then examined the behavior of central banks and the design of monetary policy. Furthermore, the issue of financial stability and how it can be safeguarded to avoid financial crises both on a national and an international level was discussed.

2.3 Research Seminar in Economics

As part of the WHU Research Seminar in Economics the following guest lectures were organized by the Economics Group:

Fall Semester 2015

Karim Abadir (Imperial College London, London, United Kingdom)
Lies, Damned Lies, and Statistics? Examples from Finance and Economics

Robert Unger (Deutsche Bundesbank, Frankfurt, Germany)
Asymmetric Credit Growth and Current Account Imbalances in the Euro Area

Spring Semester 2016

Harold Houba (Vrije Universiteit Amsterdam, Amsterdam, Netherlands)
Bargaining in the Presence of Condorcet Cycles: The Role of Asymmetries

Tim Lohse (HWR Berlin, Berlin, Germany)
Do Individuals Put Effort into Lying? – Evidence from a Compliance Experiment

Sebastian Watzka (Ludwig-Maximilians-University Munich, Munich, Germany)
Spanish Household Debt, Deleveraging, and Unemployment

Ostap Okhrin (TU Dresden, Dresden, Germany)
Copulae in Practice

Anindya Banerjee (University Birmingham, Birmingham, United Kingdom)
Structural FECM: Cointegration in Large-Scale Structural FAVAR Models

Alexander Mayer (WHU – Otto Beisheim School of Management, Vallendar, Germany)
Testing for Strict Exogeneity in Fixed-Effects Panel Data Models

3. Theses



3.1 Bachelor of Science Program

Niels Bihn
The International Role of the Euro

Nicola Dornbusch
The International Role of the Renmimbi

Lukas Mahler
Deflation and the Zero-Lower-Bound of Interest Rates

Johannes Meininger
Forward Guidance in Monetary Policy

Lea Montermann
European Financial Market Regulation

Anh Thi Nguyen
Exchange Rates and Trade Dynamics

3.2 Master of Science Program

Xenia Brandstetter
Islamic Finance and Financial Stability

Marius Beckermann
How Effective Are Macroprudential Policies?
Evidence from an EU Panel Data Analysis

Han Chen
Auction Behavior in Takeover Contest with Toehold

Samuel Deichmann
Bazooka or Peashooter? – An Assessment of Three Experiences with Quantitative Easing

David Dorndorf
Edogenous Credit Booms, Leverage Cycles and Financial Stability: An Empirical Analysis of the Role of Credit in Business Cycles

Yan Goa
The International Role of the Chinese Renmimbi

Carmen Pirker
Inflation Expectations and the Strategic Behavior of Professional Forecasters

Philip Schnabel
The Success of Unconventional Monetary Policy in the US and the Euro Area: An Event-Study-Based Comparison

3.3 Doctoral Program

Dissertation (Second Advisor)

Andreas Tudyka
Accounting for Time-Varying and Nonlinear Relationships in Macroeconometric Models

4. Teaching Innovation



Students participating in the courses offered by the Chair are regularly given a course packet and required and recommended references are emphasized. In some courses, students are referred to internet tools which provide sources of information of tools for efficient learning.

Whenever reasonable and useful, new media like video clips are used in the lectures alongside with nevertheless the traditional ones like blackboard and PowerPoint presentations.

5. Research

5.1 Self-Authored Books

Frenkel, M., Fendel, R. and John, K. D. Volkswirtschaftliche Gesamtrechnung, 8th edition, Verlag Franz Vahlen, Munich, Germany.

5.2 Articles in Refereed Journals

Amberger, J., Fendel, R. and Stremmel, H. Improved Output Gaps with Financial Cycle Information? An Application to G7 Countries' New Keynesian Phillips Curves. forthcoming: Applied Economics Letters.

Amberger, J. and Fendel, R. Understanding Inflation Dynamics in the Euro Area: Deviants and Commonalities across Member Countries. forthcoming: Empirica – Journal of European Economics.

Fendel, R. and Stremmel, H. Characteristics of Banking Crises: A Comparative Study with Geographical Contagion. Journal of Economics and Statistics, Vol. 236(3), 349-388.

5.3 Participation in Academic Conferences

Fendel, R. (Organizer) February 2016. Annual Conference of the Verein für entwicklungsökonomische Forschungsförderung, Montabaur, Germany.

Fendel, R. April 2016. ECB Watcher's Conference, Frankfurt, Germany.

Fendel, R. May 2016. Chair of the Session: International Cooperation: Monetary Policy in the European Union. 2016 CEUS-Workshop on International Trade, Labor Markets and Finance in Germany, WHU – Otto Beisheim School of Management, Vallendar, Germany.

Stremmel, H. September 2015. CEPR Financial Regulation Initiative Conference 2015. London, United Kingdom.

Stremmel, H. October 2015. Financial Stability Conference 2015. Berlin, Germany.

Stremmel, H. October 2015. Quantitative Finance Symposium „QuattroPole++“. Trier, Germany.

Stremmel, H. December 2015. SUERF Conference on Banking Reform. London, United Kingdom.

Stremmel, H. February 2016. 32nd SUERF Colloquium and the Deutsche Bundesbank/IMFS Conference on "The SSM at 1". Frankfurt, Germany.

5.4 Presentations

Amberger, J. October 2016. Understanding Inflation Dynamics in the Euro Area: Deviants and Commonalities across Member Countries. Viadrina Days on Empirical Economics, Frankfurt (Oder), Germany.

Fendel, R., Frenkel, M. and Günther, C. November 2015. The Economic Effects of the Refugee Crisis for Germany and Europe. WHU – Otto Beisheim School of Management, Vallendar, Germany.

5.5 Editorial Activities

Professor Fendel is the Editor of Chief of the Open Access Journal Economics.

5.6 Referee Activities

Throughout the academic year Professor Ralf Fendel served as a referee for the following journals:

- Journal of Macroeconomics,
- Applied Economics,
- Journal of the European Economic Association,
- Economic Modelling,
- Jahrbücher für Nationalökonomie und Statistik,
- Economic Research.



6 Executive Education & Corporate Connections

6.1 Teaching in Executive Education Programs

Melbourne Business School
European Trade and Monetary Integration
Professor Dr. Ralf Fendel

The course introduced students to some stylized facts about the European Union, the rationale of general trade liberalization and of regional integration and the rationale of monetary integration. The course gave a brief look at the integration process in Europe. Participants learned to understand the business implications of the Single European Market, to comprehend the meaning of a common currency for different sovereign countries and the implications for firms operating in the monetary union, to understand the policy and strategy of the European Central Bank and to realize the implications of the European integration process for the world economy.

6.2 Connections to the Business Community and to Institutions

Verein für entwicklungsökonomische Forschungsförderung

Professor Ralf Fendel took over the chairman position of the “Verein für entwicklungsökonomische Forschungsförderung” which regularly brings together researchers and practitioners from the field of development economics. In doing so, Professor Fendel continued his close cooperation with the Kreditanstalt für Wiederaufbau (KfW), the German development bank. In 2016 Professor Fendel also organized the annual seminar in Montabaur.

World Economic Forum (WEF), Geneva, Switzerland

The cooperation between Professor Ralf Fendel and the WEF began in 2002 and has focused on supporting the WEF in its work on the annually published World Competitiveness Report. This report currently ranks about 150 countries with respect to their current and their growth competitiveness. It is based on officially published data and the results of a survey among business leaders. The chair provides input into collecting data and conducting the survey among German businesses. This cooperation has also led to several publications on the methodology of the World Competitiveness Report, on the performance of Germany compared to other industrial countries, and on the changes in competitiveness of individual European countries.



7. Services Provided to the School



7.1 Involvement on University Committees, including Ad Hoc Committees

Throughout the academic year covered by this report Professor Ralf Fendel served in different functions contributing to the leadership of the WHU – Otto Beisheim School of Management:

- Member of the WHU Senate,
- Speaker of the Economics Group,
- Academic Director of the Studium Generale,
- Academic Director of the Bachelor of Science Program,
- Member of Appointments Committees,
- WHU Liaison Professor for the “Studienstiftung des deutschen Volkes”,
- Member of the Assurance of Learning Group,
- Member of the Board of Directors,
- Participation in the Bachelor student's selection process.

8. Community Outreach

8.1 Responsibility and Sustainability

Sustainability is typically at the core of long-term economic considerations. However, it is well known that in economic policy the political economy affects government decisions more than long-term considerations. Hence, economic courses also during the academic year 2015-2016 discuss the long-term effects of economic policy decisions, the sustainability dimension and reasons why such decisions may be in contrast to sustainability requirements.

The above mentioned text book co-authored with Michael Frenkel and Klaus Dieter John "Volkswirtschaftliche Gesamtrechnung" (8th edition, 2016) includes an extensive chapter on environmental reporting standards in the German national ac-

counting systems ("Umweltökonomische Gesamtrechnung"). Only very few textbooks on national accounting systems includes this topic.

Sustainability questions are also an important element in the analyses that enter the Global Competitiveness Report of the World Economic Forum with which the team cooperates. The Report examines various dimensions of economic policies and, as one crucial issue, focuses on whether or not the policy stance of the countries included in the sample is consistent with requirements of the long run. Most recently a sustainability-adjusted competitiveness indicator has been developed and published.





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Otto Beisheim School of Management

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- ▲ Gebäude / Buildings A, B
- ➔ Gebäude / Building C
- Gebäude / Building D
- ➥ Gebäude / Building E
- ➦ Gebäude / Buildings F, G, H
- ◀ Gebäude / Building K

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