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Call for papers

### Debt – Blessing or Curse?

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More than ten years after the outbreak of the Great Financial Crisis and almost ten years since the beginning of the European sovereign debt crisis, questions about the opportunities and risks of debt and debates about debt brakes have remained acute.

Debt is the driving force behind investment, economic growth and prosperity: without the indebtedness of private households, companies and governments, there are no interest-bearing investments in which savers can invest. Real interest rates are generated by productive investments in the real economy. The current low interest rates point to insufficient investment activity and a surplus of savings. On the other hand, the global financial crisis was a crisis of over-indebtedness resulting from unproductive investments in non-valuable financial instruments. Over-indebted banks had to reduce their debts, reorganise themselves or had to be rescued by the state. Countries that borrowed on the international capital markets had to pay higher interest rates, fell into a crisis and received new debt through "rescue packages". At the same time, debt ceilings represent an obstacle to overcoming crises through credit-financed investments. Similarly at the level of private households: on the one hand, they need loans for productive participation in economic life and for business start-ups; on the other hand, consumers with lower incomes or liquidity are vulnerable to over-indebtedness. In order to avoid insolvency, they often have to accept rescheduling loans or revolving loans with expensive residual debt insurance policies that further increase their debt burden. In this context, the question arises to what extent consumers are affected by irresponsible or usurious lending and what regulatory measures are necessary to prevent this. Market failures in credit markets, whether due to usury, exclusion of customer groups or speculative exuberance in the pricing of bonds, can be corrected by government intervention in order to increase welfare.

This issue of the Quarterly Journal of Economic Research deals with the economic and social effects of debt and its appropriate regulation. Central questions can be among others:

- Economic and social effects of private sector debt (households, non-financial and financial enterprises) and public sector debt
- Development of global debt
- Is there an optimal level of indebtedness and if so, why?
- Do debts have to be limited and what effects do debt brakes have? Should the state behave like a "Swabian housewife"?
- Market failures in credit markets and opportunities for correction: Usury, market power, rationing, exclusion, discrimination, speculative exuberance
- Influence of private debt (households and enterprises) on investment and consumption
- Link between debt growth, asset prices and financial stability
- Link between public debt and economic growth
- Debt sustainability of households, enterprises and governments
- Over-indebtedness: causes, problems and possible solutions

- Responsible vs. usurious lending
- Transaction lending vs. relationship lending, role of long-term credit relationships
- Debt of banks compared to non-financial corporations, regulation of bank debt
- Effects of debt relief and debt restructuring
- Monetary policy and national debt, debt of central banks
- Impact of the low interest rate environment and unconventional monetary policy on the debt and debt sustainability of the public and private sector
- Economic Thought History of Debt, Modern Monetary Theory
- Economic history: origination of money by debts, credit cycles

Theoretical and empirical contributions are welcome. Political implications of the analyses should be presented and discussed. Position papers from associations, politics and business can also be submitted.

Authors wishing to submit a contribution (German or English) are asked to submit an abstract (maximum 1 page) to Peter Hennecke, Doris Neuberger & Dorothea Schäfer by March 15, 2019 ([peter.hennecke@fom-net.de](mailto:peter.hennecke@fom-net.de), [doris.neuberger@uni-rostock.de](mailto:doris.neuberger@uni-rostock.de), [dschaefer@diw.de](mailto:dschaefer@diw.de)). Authors will receive feedback on whether the proposal is accepted no later than April 1, 2019. Final contributions should not exceed 30,000 characters and have to be submitted by September 1, 2019. Final contributions will be subject to copyediting and a review process. The issue is scheduled to be published by the end of 2019.