



Kiel Institute

for the World Economy

Top Research in Global Economic Affairs





The Kiel Institute is one of the major centers for

- Research in global economic affairs,
- economic policy Advice and
- economic Education

The Institute regards research into potentially innovative solutions to urgent problems of the world economy as its main task. On the basis of this research work, it advises decisiontakers in politics, the economy and society, and keeps the interested public informed on important matters of economic policy.

As a portal to world economic research, it manages a broadly cast network of national and international experts, whose research work flows directly or indirectly into the Kiel Institute's research and advisory activities.

The Kiel Institute attaches particular value to economic education and further training and closely cooperates with the world's largest library in the economic and social sciences.



The research of the Kiel Institute focuses on creating solutions to urgent problems in global economic affairs that meld economic efficiency and social justice and offer adequate incentives for economic activity based on individual initiative. In order to quickly react to new challenges in economic research, the Kiel Institute's research activities are organized in relatively small Research and Project Areas (organization structure). The currently seven Research Areas are working on well-defined research projects within our Programs „The International Economy and International Economic Policy“, „Economic Policies for Sustainable Development“, and „Macroeconomic Activity and Policy“. This decentralized structure allows for a flexible allocation of researchers to Research Areas and Project Areas and facilitates the establishment of new fields of research.

The research activities are supported by the services of the Kiel Institute's Centers. The centers provide consulting services to socio-economic policy decision makers, generate the Kiel Institute economic forecast report, coordinate the post-graduate Advanced Studies in International Economic Policy Research Program, maintain the Kiel Institut's research networks, inform the media and general public about current Institute activities, and provide infrastructure development services.



Research

Program 1: The International Economy and International Economic Policy

Program 1 deals with the causes and consequences of a growing integrated world economy. The unifying research theme aims at a better understanding of the changing roles of certain tasks and skills, sectors, and regions in the structure of output and employment of a dynamic world economy. Specific research projects include the interaction of international trade and investment with growth, the impact of globalization on firm and labor market adjustment, the transitions of economic, political, and cultural variables in the process of long-run development, and the agglomeration and knowledge accumulation across regions.

Research Areas

- The Global Division of Labor
- Knowledge Creation and Growth

Research Area: The Global Division of Labor

Activities in this research area address the challenge of integrating an increasing number of countries into the international division of labor without widening the income gap between these countries, as well as the corresponding challenge of adjusting the pattern of specialization of integrating countries without widening the income differences within these countries.

Research Area: Knowledge Creation and Growth

This research area which is primarily concerned with the determinants of growth and inequality in the world economy is strongly focussed on knowledge creation, diffusion and application as the presumably most important forces behind growth and inequality. However, as more traditional growth determinants remain important several projects deal with growth determinants other than knowledge such as institutions, infrastructure and economic policy.





Research

Program 2: Economic Policies for Sustainable Development

Program 2 focuses on two major aspects of sustainable development, namely global climate and environmental issues and strategies for poverty reduction in developing countries. Since globalization appears to weaken many traditional economic institutions and policy instruments, new policy approaches at both the national and the supra-national level are needed. Specific research projects concentrate on policy fields where the impact of globalization has been particularly strong. Examples include the complex interaction of energy demand, the supply of exhaustible fossil energy and climate goals; the environmental consequences of increasing global trade and investment flows, the role of rural development in reducing poverty, and the allocation and effectiveness of foreign aid.

Research Areas

- The Environment and Natural Resources
- Poverty Reduction, Equity and Development

Research Area: The Environment and Natural Resources

Research activities in this research area focus on the allocation of environmental and natural resources. We investigate the factors influencing the increasing scarcity of natural resources. Moreover, we assess their impact on the allocation of production factors and on the changes they bring to the world economy. The research focuses especially on the evaluation of international and national aspects of environmental policy measures leading to proposals for a rational and efficient use of environmental policy instruments.

Research Area: Poverty Reduction, Equity and Development

Broadly, the group deals with questions related to economic development in low income countries with a focus on equity and poverty. Our research revolves around the following themes that we consider particularly relevant for a number of poor countries:

- the role of rural development in reducing poverty;
- the challenge of allowing the poor to benefit from natural resource wealth;
- the impact of globalization – in particular trade integration and migration – on growth, inequality and poverty;
- the allocation and effectiveness of foreign aid.



Research



Program 3: Macroeconomic Activity and Policy

Program 3 studies sources and consequences of macroeconomic fluctuations and instability of the financial sector as well as the repercussions of macroeconomic shocks and dysfunctions of financial markets on the welfare system. Topics of particular interest include the effectiveness of monetary policy with imperfect commodity and labor markets; the identification, measurement, and forecasting of risk and volatility in the financial sector in light of the complex structure of interactions between various types of market participants; and the challenges for reform policies in the welfare society arising from changes in macroeconomic structures, demographic shifts, and a closer global economic integration.

Research Areas

- Globalization and the Welfare State
- Macroeconomic Policy under Market Imperfections
- Financial Markets and Macroeconomic Activity

Research Area: Globalization and the Welfare State

The central questions of this research area are:

- What are the challenges for the welfare society created by global changes, due to technological progress, organizational change, and especially globalization?
- How should welfare states—with their objectives to provide social insurance, redistribution, lifecycle transfers, and access to services subject to market failures (such as education and health services)—respond to these challenges?
- How should reform policies be designed to enhance people's adaptability, so that they can turn themselves from losers into winners on their own?

Research Area: Macroeconomic Policy under Market Imperfections

The research area analyzes the transmission mechanism and the effectiveness of monetary policy in a world of rigidities and market imperfections. As a starting point, the group takes the observed inflation and output persistence, which is difficult to explain with standard new Keynesian models. Augmenting these models with real-world features like imperfect competition and unemployment, the group expects to improve the model fit.



Research Area: Financial Markets and Macroeconomic Activity

Banking systems are inherently fragile. Banking crises have been more or less regularly recurring events throughout economic history; in a way they have been a feature of the market economy. The links between individual risks at the level of a single bank and the macroeconomy are not well understood in theory. Robust empirical evidence on these links is largely missing. Two projects aim at improving the present state of research.



Policy Advice

Economic Policy Analyses

The Kiel Institute prepares replies on current, essential questions of economic policy in detailed sponsored reports for international organisations such as the European Union, the World Bank, the International Monetary Fund and the OECD, and for national ministries at Federal and Land level in Germany.

Policy Workshops

With our Policy Workshops, we have developed a new instrument for economic advice that stands out clearly from traditional sponsored research. The focus of this innovative activity is a theme-centred workshop with specialist papers, open discussion rounds and further interactive elements. The emphasis and specific points of a workshop are jointly identified with the client in preliminary discussion.



Kiel Institute Barometer of Public Debt



The Kiel Institute barometer of public debt calculates whether or not public debt in EU countries is sustainable in the long term and reveals the level of haircut necessary for affected countries to shoulder their debt on their own again.

Macroeconomic Forecasts

The Forecasting Center produces regular forecasts for the world economy and for Germany in particular. The Center cooperates with other economic research institutes in Germany in the joint economic forecast and in the European context with the **EUROFRAME** group and the **AIECE**. A major event for the Center is the traditional “Kieler Konjunktorgespräch”. At this conference, the outlook for the world economy and current issues of economic policy are discussed with international experts. Other projects include the regular report on subsidies in Germany. A central task for the Center is to evaluate economic policies, especially monetary and fiscal policy, and to give advice to policy makers on the basis of the analysis of macroeconomic developments.



Education

Advanced Studies in international Economic Policy Research

The Kiel Institute's Advanced Studies Program in International Economic Policy Research was established in 1984.

The ten-month program offers:

- first-rate academic and applied training in global economic research;
- compact, high-level courses, taught by leading scholars from various universities;
- top conditions for own applied research through direct access to the world's largest economics library plus support from experienced researchers of the Kiel Institute;
- excellent foundations for a successful career with international organizations, domestic policy and academic institutions, and international corporations.



Kiel Summer School on Economic Policy

The summer school addresses junior members of policy institutions as well as doctoral students with a strong interest in economic policy issues. The topics of the summer school are closely connected to the research areas at the Kiel Institute and are organized in cooperation with them. The summer school has found a strong interest in many countries; on average there were around 70 applications for the 25 places each year.



Global Economic Symposium

The GES provides the opportunity for leading policy makers, business executives, academics and other representatives of civil communities to find solutions for pressing global problems. Comparable existing events also offer a global perspective, an interdisciplinary approach and international participants. What sets the GES apart is that it is:

Action-Oriented: Its central question is „What is to be done?“ It aims to formulate and review policy and business strategies for addressing global problems.

Research-Based: Its sessions are all supported by state-of-the-art research and its outcomes are meant to generate new research agendas.

Interactive: The stakeholders of the GES interact in the Virtual GES (the GES internet platform) before and after the Symposium, as leverage to the exchange of ideas during the event.



Global Economy Prize

The Global Economy Prize is meant to honor those who have proposed creative, path-breaking initiatives to deal with globalization. The challenges of globalization, such as structural change in labor markets, the increasing integration of international financial markets, the development of new products and new production methods, new types of vertical and horizontal integration of multinational companies, increasing worldwide demand for resources, and offshoring and outsourcing, can be deemed to pose a threat, or to constitute a force that unleashes the creative potential of open societies.



Excellence Awards in Global Economics Affairs

The scope of the Excellence Award, first awarded in 2007, is to build a community of the brightest young researchers in the field of global economic affairs. The distinguished researchers are granted intellectual, financial, and administrative support – through the Kiel Institute’s extensive resources – to pursue focused research programs in designated areas.

The prize includes a research stay at the Kiel Institute, made possible by one of four scholarships: the Horst Siebert Fellowship, Porsche Fellowship, State Capital Kiel Fellowship, and Kiel Institute Fellowship.



Economics

Economics is a new type of academic journal in economics. By involving a large research community in an innovative public peer review process, *Economics* aims to provide fast access to top-quality papers. Modern communication technologies are used to find for every research issue the best virtual team out of a network of highly motivated researchers from all over the world. Thus, publishing is seen as a cooperative enterprise between authors, editors, referees, and readers. *Economics* offers open access to all readers and takes the form of an e-journal, i.e. submission, evaluation, and publication are electronic.



www.economics-ejournal.org

Kiel Earth Institute

www.kiel-earth-institute.de

The idea for Kiel Earth Institute emerged from an intensive cooperation between the GEOMAR | Helmholtz Centre for Ocean Research Kiel and the Kiel Institute for the World Economy. The KEI is a virtual research institution concerned with key issues of global change and their socio-economical consequences. Globalisation of economic activities, the scarcity of natural resources, and environmental change are challenges all modern societies have to face. The Kiel Earth Institute aims to develop practical solutions addressing these challenges and communicating them to society.





NKGCF

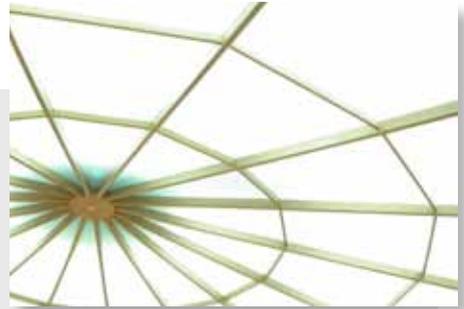
National Committee on Global Change Research

To address the need for interdisciplinary cooperation in the field of global change research, the National Committee on Global Change Research was established to bring together the different scientific approaches in Germany. Within this framework, the committee supports the Earth System Science Partnership in the development of new joint projects. The NKGCF is mainly involved in coordinating German global change research and acts as an interface between the national research funding organisations (DFG and BMBF) and the international global change programmes.

www.nkgcf.org/



Networks



Ensuring Economic and Employment Stability (EES)

The EES is a policy-oriented network project that addresses the link between the business cycle and unemployment. Research within the network aims at offering sound explanations for the size and persistence of fluctuations in unemployment that many European countries have experienced over the past few decades, and how these developments in unemployment are related to inflation and economic activity. In this respect, the network gives particular attention to the interaction between the labor market and the product market in determining fluctuations in the rate of unemployment, output and inflation. Such an integrated approach will advance our knowledge of business cycle fluctuations. More importantly, it will open the door for a better macroeconomic policy design that reduces the severity of recessions, and brings about faster economic recovery.

www.ees.ifw-kiel.de



Networks

Poverty Reduction, Equity and Growth Network (PEGNet)

The Poverty Reduction, Equity and Growth Network (PEGNet) unites researchers specializing in issues revolving around the poverty-inequality-growth nexus in developing countries, and connects them with German development assistance bodies. PEGNet provides a virtual infrastructure that enables efficient research cooperation in addition to promoting physical meetings between network participants by organizing workshops that are generally held at the Kiel Institute.

In addition, PEGNet organizes international conferences and workshops in order to spread research and practical development cooperation results, to foster exchange between researchers and practitioners, and to attract new members for PEGNet.

The logo for PEGNet features the word "PEGNet" in a bold, sans-serif font. The letters "P", "E", and "G" are connected by a horizontal line underneath them. The letter "N" is connected to the "G" by a vertical line on its right side, and the letter "t" is connected to the "N" by a horizontal line underneath them. The entire logo has a slight 3D effect with a shadow.

www.pegnet.ifw-kiel.de

For more information please visit the homepage of the
Kiel Institute for the World Economy at

www.ifw-kiel.de

Editors

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Pictures

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