

The Global Classroom Project:

Class Session: Introduction to Public Banking Law – the U.S. and European Banking Systems, the European Central Bank and Banking Union

Required Reading Prior to Class Session:

- Purpose of the Fed: <https://www.federalreserveeducation.org/about-the-fed/structure-and-functions>.
- Timeline of Financial Crisis from Council on Foreign Relations: <https://www.cfr.org/timeline/us-financial-crisis>
- Assessing What the Fed did and Alternative Scenarios: <https://insight.kellogg.northwestern.edu/article/monetary-policy-great-recession-federal-reserve>
- Articles 3 (4), 13 of the Treaty on European Union (TEU), (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12016M/TXT&from=EN>)
- Articles 3 (1) (c), 5, 119, 120, 121, 123, 126-133, 282-284 of the Treaty on the Functioning of the European Union (TFEU), (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12016E/TXT&from=EN>)
- PROTOCOL (No 4), ON THE STATUTE OF THE EUROPEAN SYSTEM OF CENTRAL BANKS AND OF THE EUROPEAN CENTRAL BANK, (<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12016E/PRO/04&from=EN>)
- Wiggins, Rosalind and Wedow, Michael and Metrick, Andrew, European Banking Union B: The Single Resolution Mechanism (November 1, 2014). Yale Program on Financial Stability Case Study 2014-5B-V1, Available at SSRN: <https://ssrn.com/abstract=2577347> or <http://dx.doi.org/10.2139/ssrn.2577347>
- Wiggins, Rosalind and Wedow, Michael and Metrick, Andrew, European Banking Union A: The Single Supervisory Mechanism (November 1, 2014). Yale Program on Financial Stability Case Study 2014-5A-V1, Available at SSRN: <https://ssrn.com/abstract=2577316> or <http://dx.doi.org/10.2139/ssrn.2577316>
- Goldmann, Matthias, United in Diversity? The Relationship between Monetary Policy and Prudential Supervision in the Banking Union (January 4, 2018). SAFE Working Paper No. 178, Available at SSRN: <https://ssrn.com/abstract=2975998> or <http://dx.doi.org/10.2139/ssrn.2975998>
- [Monetary policy decisions \(europa.eu\)](#)
- Price stability and policy transmission in the euro area. Speech by Christine Lagarde, President of the ECB, 28 June 2022, <https://www.ecb.europa.eu/press/key/date/2022/html/ecb.sp220628~754ac25107.en.html>
- Lagarde, ECB President, Further steps to incorporate climate change into ECB's monetary policy operations, 4 July 2022, [Letter from the ECB President to Irene Tinagli, ECON Chair, on progress on climate-related action plan \(europa.eu\)](#)
- Challenges for monetary policy, Remarks by Luis de Guindos, Vice-President of the ECB, at the Frankfurt Euro Finance Summit, Frankfurt am Main, 4 July 2022, <https://www.ecb.europa.eu/press/key/date/2022/html/ecb.sp220704~9f5fc26b43.en.html>

Class Session Segments and Group Discussion Questions:

****Segment 1: A Look into the global financial crisis of 2008**

*****GROUP DISCUSSION QUESTIONS:**

- How did the financial crisis of 2008 begin?
- What were its main causes?
- How long did it last in US?
- What were the consequences for the US economy and households?
- How was it transmitted to Europe?
- How was Eurozone affected?

ELECTRONIC SOURCES:

(to help explain the financial crisis in the U.S. and the European financial crisis, which was a sovereign debt crisis, that threatened the euro)

- The Financial Crisis Inquiry Report, <https://www.govinfo.gov/content/pkg/GPO-FCIC/pdf/GPO-FCIC.pdf>
- A decade on from the financial crisis: Key data, [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2019\)640145](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2019)640145)
- European Commission, 2007-2019 A TIMELINE OF EU ACTIONS SINCE THE START OF THE CRISIS, https://ec.europa.eu/info/sites/default/files/economy-finance/factsheet_timeline_of_eu_actions.pdf
- Bank of Greece, The crisis in the euro area: an analytic overview, May 23-24 2013, <https://www.bankofgreece.gr/Publications/SCP201328.pdf>

****Segment 2: Financial Policy After 2008: the Dodd Frank Act (2010) and the Creation of the Banking Union in the Eurozone and its 3 Pillars**

The 2008 financial crisis exposed many problems in the EU's banking sector. Many of these were serious and taxpayers ended up coming to the rescue. It became clear that, particularly in the euro area where countries shared a currency, action would need to be taken at EU level rather than relying on national policy measures.

The EU therefore took action to ensure that banks' behavior would never again undermine the foundations of the financial system by proposing the creation of a Banking Union. This would ensure stronger and more strictly supervised banks. The Banking Union was introduced after the financial crisis and gave the European Central Bank (ECB) more powers.

Membership of the Banking Union is obligatory for all Euro Area countries and open to all other EU countries.

The Banking Union consists of:

1. A **Single Supervisory Mechanism (SSM)**, which supervises all significant banks in the euro area directly at EU level. The European Central Bank (ECB) became the main prudential supervisor of Euro Area credit institutions (see below Regulation 1024/2013). The Regulation 1024/2013 gave ECB direct supervisory powers over the Euro Area's banks. Smaller banks (less significant) remain under the direct responsibility of national supervisors. But National Authorities cooperate with

ECB. Furthermore, ECB has become also responsible to authorise any new credit institutions in Euro Area and to withdraw authorisations of existing credit institutions, as well as to assess notifications of the acquisition and disposal of qualifying holdings in credit institutions. ECB is a very powerful institution in Euro Area. It is also the institution responsible for monetary policy (articles 128, 282 of the Treaty on the Functioning of the European Union).

Specific tasks were conferred on the ECB concerning policies relating to the supervision of significant credit institutions within the euro Member States. Which is a significant bank? There are criteria, but at last this is a decision of the ECB.

What are the tasks conferred to ECB? The ECB examines if the banks have adequate internal capital, having regard to the risks to which they may be exposed and the availability of appropriate internal organisation structures and corporate governance arrangements. The ECB has the task of applying requirements ensuring that credit institutions in the euro Member States have in place robust governance arrangements, processes and mechanisms, including strategies and processes for assessing and maintaining the adequacy of their internal capital. In case of deficiencies the ECB has also the task of imposing appropriate measures including specific additional own funds requirements, specific disclosure requirements, and specific liquidity requirements.

The ECB is responsible to authorise any new credit institutions in Euro Area. It doesn't matter if they are big or small, significant or not significant. The ECB is also responsible to withdraw authorisations of existing credit institutions, as well as to assess notifications of the acquisition and disposal of qualifying holdings in credit institutions.

Other supervisory tasks (such as consumer protection, credit institutions from third countries establishing a branch or providing cross-border services in the EU, payments services, the prevention of the use of the financial system for the purpose of money laundering and terrorist financing etc) remain with national authorities, who are mostly the Central Banks.

Why were these powers/tasks given to ECB? Because as the euro area's central bank with extensive expertise in macroeconomic and financial stability issues, the ECB is well placed to carry out clearly defined supervisory tasks with a focus on protecting the stability of the financial system of the Union. Indeed many Member States' central banks were already responsible for banking supervision.

Also probably because central banks haven't done a good job before. The financial crisis exposed many problems in Eurozone's banking sector.

2. A **Single Resolution Mechanism (SRM)**, whose purpose it is to resolve failing banks in the EU Member States participating in the SSM, in an orderly manner and at minimal cost to taxpayers and to the economy. A **uniform procedure has been established for the resolution of the banks which is applied by the Single Resolution Board (SRB) together with the Council and the Commission** (see below Regulation 806/2014). National resolution authorities remain responsible for the resolution of less significant banks, but they are in cooperation with ECB and SRB.
3. A **European Deposit Insurance Scheme (EDIS)**. This pillar is still pending. But all EU Member States (not only Member States of Euro Area) have national Deposit Guarantee Schemes (see below Directive 2014/49).

This is under construction. There isn't yet a single organization for whole Euro Area like your FDIC. But there are common EU rules applied by all national Deposit Guarantee Schemes (Directive 2014/49). As I saw, deposits are guaranteed in USA up to 250.000 dollars per person, but in EU only up to 100.000 euros.

A separation of commercial and investment banking is not required in the EU. This hasn't changed after the financial crisis.

There is a list of banking activities subject to mutual recognition. That means that if a bank gets an authorisation with one or more of these activities in a EU Member State (not only in Member States of Eurozone), then it has the right to provide these activities also in other Member States without a new license by the other Member State. The rules (how to create a bank) are common in the EU.

LIST OF ACTIVITIES:

1. Taking deposits and other repayable funds.
2. Lending including, inter alia: consumer credit, credit agreements relating to immovable property, factoring, with or without recourse, financing of commercial transactions (including forfeiting).
3. Financial leasing.
4. Payment services
5. Issuing and administering other means of payment (e.g. travellers' cheques and bankers' drafts).
6. Guarantees and commitments.
7. Trading for own account or for account of customers in any of the following: (a) money market instruments (cheques, bills, certificates of deposit, etc.); (b) foreign exchange; (c) financial futures and options; (d) exchange and interest-rate instruments; (e) transferable securities.
8. Participation in securities issues and the provision of services relating to such issues.
9. Advice to undertakings on capital structure, industrial strategy and related questions and advice as well as services relating to mergers and the purchase of undertakings.
10. Money broking.
11. Portfolio management and advice.
12. Safekeeping and administration of securities.
13. Credit reference services.
14. Safe custody services.
15. Issuing electronic money.

In each EU Member State, there are national authorities competent for the protection of consumers' rights when dealing with credit or financial institutions. The link below provides a list of countries and their respective competent authorities, with another link to the respective websites where consumers may find useful information. All national authorities apply the same consumer protection rules, because these rules are EU rules, which have been implemented in national laws. These rules existed before the financial crisis, as well as the national competent authorities.

<https://www.eba.europa.eu/consumer-corner/how-to-complain>

<https://www.eba.europa.eu/consumer-corner/national-competent-authorities-for-consumer-protection>

The comparable U.S. policy/regulatory structure that was put in place after the financial crisis of 2007-08 is the Dodd-Frank Act (2010), which imposed numerous regulations on banks and credit agencies, created the Consumer Financial Protection Bureau, required the separation of commercial and investment banking (the so-called “Volcker Rule”), and increased whistleblower protections. A fair amount of Dodd-Frank was rolled back under the Trump Administration, although much of it still remains in place.

Much of banking law in the U.S. is federalized and we do have the FDIC, a Depression-era agency that protects deposits for account holders at member institutions. The customer-bank relationship is governed by a fair amount of state law, however, most notably Articles 3, 4, and 4A of the U.C.C.

*****GROUP DISCUSSION QUESTIONS:**

- What is the construction of the banking system in the EU and Eurozone?
- ECB/Banking System – What does ECB do? What are their responsibilities? Separation of monetary policy (cares only about the Euro – stable currency, no inflation; member states gave away their rights on this)
- What is the objective of the Federal Reserve in US? Just price stability, like ECB or more objectives like promotion of employment, economic growth etc. ?
- Who has these supervisory tasks in US?
- Who is responsible to authorise credit institutions in US or to withdraw authorisations of existing credit institutions?
- Referring to the introductory video in this segment, do you see any perverse incentives or moral hazards (“too big to fail”) in the current banking structure of today?

****Segment 3: Monetary Policy After 2008: The Federal Reserve and the European Central Bank (ECB)**

[The ECB together with the National Central Banks of EU Member States constitute the European System of Central Banks (ESCB). For the time being, only 19 EU Member States use the euro. Their National Central Banks constitute together with the ECB a smaller form of ESCB, called also Eurosystem and conduct the monetary policy of the Union.

These National Central Banks have the same characteristics as ECB and are fully independent from National Governments. They cooperate with ECB and follow only ECB's instructions. Eurosystem (ESBC in smaller form) is governed by the decision-making bodies of the ECB. The Governing Council of ECB (ECB's supreme body) comprises the members of the Executive Board of the ECB and the Governors of the National Central Banks of the Member States whose currency is the euro.

The rest of EU Member States that don't use the euro still have their own national monetary policies. ECB does not interfere.]



This segment covers the ECB / ESCB, their statute and powers. Although there is a Monetary Union between the 19 EU Member States that use a single currency (euro) and a single Monetary Policy that belongs to ECB / ESCB, we are not so far with Economic Union. Economic Union doesn't really exist. Economic policy is still a national policy, but there must be a close coordination between economic policies of Member States. (Also don't forget also the ECB's prudential supervisory powers of credit institutions in Euro Area (see other topic BANKING UNION)).

Since 2014, the ECB has a double role in Euro Area. ECB has the exclusive right to authorise the issue of euro banknotes within the European Union and after 2014 is also responsible for the supervision of the significant banks in the Euro Area.

As far as monetary policy is concerned, the European Central Bank, together with the national central banks of the Member States whose currency is the euro, constitute the Eurosystem and conduct the monetary policy of the Union. **Their primary objective of the European Central Bank and National Central Banks of euro member-states is to maintain price stability.** (In other words they care only for the stability of euro). They are fully independent, in order to achieve this scope. **When exercising the powers and carrying out the tasks and duties** conferred upon them by the Treaties and the Statute of ECB, **neither the European Central Bank, nor a national central bank, nor any member of their decision-making bodies shall seek or take instructions from Union institutions, bodies, offices or agencies, from any government of a Member State or from any other body. The Union institutions, bodies, offices or agencies and the governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision-making bodies of the European Central Bank or of the national central banks in the performance of their tasks.**

Overdrafts or any other type of credit facility with the ECB or with the national central banks in favour of Union institutions, bodies, offices or agencies, **central governments,** regional, local or other public authorities, other bodies governed by public law, or public undertakings **of Member States is prohibited,** as the purchase directly from them by the ECB or national central banks of debt instruments.

[The ECB /Eurosystem' s exercising powers and their goal (price stability) haven't changed after the crisis of 2008. They have been always the same. They are defined in the Treaty. Only the situation has changed and the financial crisis transmitted by the US that highlighted the inherent problems of Eurozone.]

*****GROUP DISCUSSION QUESTIONS:**

- Which is the main target for the ECB concerning inflation rate in Eurozone?
- Is there such a target also for the Federal Reserve?
- How did ECB succeed to ensure price stability after the financial crisis of 2008? What instruments did ECB use for this reason?
- How did the Federal Reserve react after the financial crisis of 2008?. Has it changed its monetary policy?
- Are ECB's and Federal Reserve's monetary policies affected by climate change?
- What is the current inflation rate in US and Eurozone?
- What is the cause of high inflation in Eurozone? Are there similar problems in US?
- Does the invasion Russian invasion of Ukraine affect or could it affect ECB's and Federal Reserve's monetary policies?

Additional Supplemental Reading for Class Session:

SEGMENT 1: A Look into the Global Financial Crisis

“Jenga” Clip from *The Big Short*: <https://www.youtube.com/watch?v=3hG4X5iTK8M>

Five-minute History Lesson on the Financial Crisis: <https://www.youtube.com/watch?v=eD9ry2Lgglw>

Saule Omarova, “The New Crisis for the New Century” [New Crisis for a New Century.pdf](#)

SEGMENT 2: Financial Policy After 2008: The Dodd-Frank Act

Summary of Dodd-Frank at the time it was passed:

<https://corpgov.law.harvard.edu/2010/07/07/summary-of-dodd-frank-financial-regulation-legislation/>

A summary from around the time that the Trump administration was seeking to repeal Dodd Frank:

<https://www.youtube.com/watch?v=5xqQNbHrOTo>

<https://www.theatlantic.com/video/index/533532/what-is-dodd-frank-and-why-does-trump-want-to-repeal-it/>

<https://www.cc.com/video/rmbag2/the-daily-show-with-jon-stewart-dodd-frank-update>

Harvard Business Review Interview w/ Adam Posen about Dodd-Frank around the time Trump Administration was considering rollback: <https://hbr.org/2017/03/what-you-should-know-about-dodd-frank-and-what-happens-if-its-rolled-back>

Summary of 2018 Law Repealing Parts of Dodd-Frank:

<https://corpgov.law.harvard.edu/2018/06/13/rolling-back-the-dodd-frank-reforms/>

SEGMENT 2: APPLICABLE EUROPEAN LAWS:

COUNCIL REGULATION (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the

prudential supervision of credit institutions <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1024>

REGULATION (EU) No 806/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0806>

DIRECTIVE 2014/59/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02014L0059-20210626&qid=1653330860706&from=EN> (current consolidated version)

DIRECTIVE 2014/59/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0059> (initial version)

DIRECTIVE 2014/49/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 April 2014 on deposit guarantee schemes <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014L0049-20140702&qid=1653339088952>

BIBLIOGRAPHY:

Ferran, Eilis, European Banking Union: Imperfect, But It Can Work (April 17, 2014). University of Cambridge Faculty of Law Research Paper No. 30/2014, Available at SSRN: <https://ssrn.com/abstract=2426247> or <http://dx.doi.org/10.2139/ssrn.2426247>

Gortsos, Christos, 'Chinese Walls' within the European Central Bank after the Establishment of the Single Supervisory Mechanism (December 1, 2015). This paper was presented at the conference of the University of Siena on: "The Europeanisation of the Payment System, II Edition" (22-24 October 2015), Available at SSRN: <https://ssrn.com/abstract=2700176> or <http://dx.doi.org/10.2139/ssrn.2700176>

Gortsos, Christos, Legal Aspects of the European Central Bank (ECB) - The ECB within the European System of Central Banks (ESCB) and the European System of Financial Supervision (ESFS) - Second (Extended and Updated) Edition (August 31, 2018). Available at SSRN: <https://ssrn.com/abstract=3162024> or <http://dx.doi.org/10.2139/ssrn.3162024>

Wymeersch, Eddy O., The Single Supervisory Mechanism or 'SSM', Part One of the Banking Union (April 1, 2014). National Bank of Belgium Working Paper No. 255, Available at SSRN: <https://ssrn.com/abstract=2427577> or <http://dx.doi.org/10.2139/ssrn.2427577>

Wiggins, Rosalind and Wedow, Michael and Metrick, Andrew, European Banking Union A: The Single Supervisory Mechanism (November 1, 2014). Yale Program on Financial Stability Case Study 2014-5A-V1, Available at SSRN: <https://ssrn.com/abstract=2577316> or <http://dx.doi.org/10.2139/ssrn.2577316>

Wiggins, Rosalind and Wedow, Michael and Metrick, Andrew, European Banking Union B: The Single Resolution Mechanism (November 1, 2014). Yale Program on Financial Stability Case Study 2014-5B-V1, Available at SSRN: <https://ssrn.com/abstract=2577347> or <http://dx.doi.org/10.2139/ssrn.2577347>

Gortsos, Christos, The Role of Deposit Guarantee Schemes (DGSS) in Resolution Financing (March 28, 2019). European Banking Institute Working Paper Series 2019 – no. 37, Available at SSRN: <https://ssrn.com/abstract=3361750> or <http://dx.doi.org/10.2139/ssrn.3361750>

Goldmann, Matthias, United in Diversity? The Relationship between Monetary Policy and Prudential Supervision in the Banking Union (January 4, 2018). SAFE Working Paper No. 178, Available at SSRN: <https://ssrn.com/abstract=2975998> or <http://dx.doi.org/10.2139/ssrn.2975998>

ELECTRONIC SOURCES:

[EUR-Lex - economic_monetary_union - EN - EUR-Lex \(europa.eu\)](#)

[EUR-Lex - monetary_policy - EN - EUR-Lex \(europa.eu\)](#)

[EUR-Lex - economic_policy - EN - EUR-Lex \(europa.eu\)](#)

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52012DC0510&from=EN>

[EUR-Lex - europe_banking_union - EN - EUR-Lex \(europa.eu\)](#)

[Banking union | European Commission \(europa.eu\)](#)

[EUR-Lex - single_supervisory_mechanism - EN - EUR-Lex \(europa.eu\)](#)

[EUR-Lex - 24040605_1 - EN - EUR-Lex \(europa.eu\)](#)

[EUR-Lex - single_resolution_mechanism - EN - EUR-Lex \(europa.eu\)](#)

[How the Single Resolution Mechanism works - Consilium \(europa.eu\)](#)

[List of supervised entities \(as of 1 January 2022\) \(europa.eu\)](#)

Among the following links there is the winding up of an Austrian Bank and the resolution of its two subsidiaries under SRM (Single Resolution Mechanism of Banking Union), due to rapid and significant deposit withdrawals following the international sanctions on the Russian Federation:

Introductory statement by Andrea Enria, Chair of the Supervisory Board of the ECB,

<https://www.bankingsupervision.europa.eu/press/speeches/date/2022/html/ssm.sp220331~1e7f3374f3.en.html>

ECB Annual Report on supervisory activities 2021,

<https://www.bankingsupervision.europa.eu/press/publications/annual-report/html/ssm.ar2021~52a7d32451.en.html#toc15>

Supervisors' reaction to the war in Ukraine,

https://www.bankingsupervision.europa.eu/press/publications/newsletter/2022/html/ssm.nl220518_1.en.html

ECB assesses that Sberbank Europe AG and its subsidiaries in Croatia and Slovenia are failing or likely to fail,

<https://www.bankingsupervision.europa.eu/press/pr/date/2022/html/ssm.pr220228~3121b6aec1.en.html> (due to rapid and significant deposit withdrawals following the international sanctions on the Russian Federation). Please note that Sberbank Europe AG was a parent credit institution established in Austria, 100% subsidiary of Sberbank Russia, Russia Federation's largest bank.

SRB determines Sberbank Europe AG in Austria, and its subsidiaries in Croatia and Slovenia as failing or likely to fail, <https://www.srb.europa.eu/en/content/srb-determines-sberbank-europe-ag-austria-and-its-subsidiaries-croatia-and-slovenia-failing>

Bank recovery and resolution: European Commission approves resolution schemes for the Croatian and the

Slovenian subsidiaries of Sberbank Europe AG, https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1492

FAQs on Russia-Ukraine war and ECB Banking Supervision,

https://www.bankingsupervision.europa.eu/press/publications/html/ssm.faq_Russia_Ukraine_war_and_Banking_Supervision~8360ccdf6f.en.html

Segment 3: Monetary Policy After 2008: The Federal Reserve

Tools the Fed Can Use to Impact the Economy (includes video):

<https://www.investopedia.com/articles/economics/08/monetary-policy-recession.asp#toc-quantitative-easing>

Scott Sumner, "The Fed and the Great Recession" [Fed and the Great Recession.pdf](#)

SEGMENT 3 MATERIALS ON MONETARY POLICY:

1. APPLICABLE EUROPEAN LAW

- o CONSOLIDATED VERSION OF THE TREATY ON EUROPEAN UNION

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12016M/TXT&from=EN>

See Articles 3 (4), 13

- o CONSOLIDATED VERSION OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12016E/TXT&from=EN>

See Articles 3 (1) (c), 5, 119, 120, 121, 123, 126-133, 282-284

- o PROTOCOL (No 4), ON THE STATUTE OF THE EUROPEAN SYSTEM OF CENTRAL BANKS AND OF THE EUROPEAN CENTRAL BANK

<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12016E/PRO/04&from=EN>

2. CASE LAW

JUDGMENT OF THE COURT, 11 December 2018, in Case C-493/17_Heinrich Weiss and Others, Bernd Lucke and Others,

Peter Gauweiler, Johann Heinrich von Stein and Others

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:62017CJ0493>

Opinion of the Advocate General, 4 October 2018, Case C-493/17

<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:62017CC0493&qid=1653473595104&from=EN>

3. BIBLIOGRAPHY

- o Arda, Atilla, The Independence of the European System of Central Banks: A Commentary on Article 108 Tec. SMIT & HERZOG ON THE LAW OF THE EUROPEAN UNION, Matthew Bender, ed., LexisNexis, Publisher, 2005, Available at SSRN: <https://ssrn.com/abstract=927316>
- o Arda, Atilla, Objectives and Tasks of the European System of Central Banks and the European Central Bank: A Commentary on Article 105 Tec. SMIT & HERZOG ON THE LAW OF EUROPEAN UNION, Christian Campbell, Peter Herzog, Gudrun Zagel, eds., 2005, Available at SSRN: <https://ssrn.com/abstract=928148>
- o Lastra, Rosa M., The Evolution of the European Central Bank (March 12, 2012). Fordham International Law Journal, Spring 2012, Queen Mary School of Law Legal Studies Research Paper No. 99/2012, Available at SSRN: <https://ssrn.com/abstract=2020545>
- o Gortsos, Christos, Legal Aspects of the European Central Bank (ECB) - The ECB within the European System of Central Banks (ESCB) and the European System of Financial Supervision (ESFS) - Second (Extended and Updated) Edition (August 31, 2018). Available at SSRN: <https://ssrn.com/abstract=3162024> or <http://dx.doi.org/10.2139/ssrn.3162024>
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- o Scouteris, Basil and Athanassiou, Phoebus, National Central Bank Tasks and the Boundaries of the ECB Governing Council's Powers Under Article 14.4 of the Statute: State of Play and Future Prospects (November 16, 2015). Commemorative Volume in memory of Professor Dr. Leonidas Georgakopoulos, Bank of Greece's Center for Culture, Research and Documentation, 2016, Forthcoming, Available at SSRN: <https://ssrn.com/abstract=2691914>

4. ELECTRONIC SOURCES

- o [EUR-Lex - economic_monetary_union - EN - EUR-Lex \(europa.eu\)](#)
- o [EUR-Lex - monetary_policy - EN - EUR-Lex \(europa.eu\)](#)
- o [EUR-Lex - economic_policy - EN - EUR-Lex \(europa.eu\)](#)
- o [About \(europa.eu\)](#)
- o [History \(europa.eu\)](#)
- o [ECB mission \(europa.eu\)](#)
- o [ECB, ESCB and the Eurosystem \(europa.eu\)](#)
- o [EUR-Lex - economic_monetary_union - EN - EUR-Lex \(europa.eu\)](#)

- o [Governing Council \(europa.eu\)](https://www.europa.eu)
- o [Rotation of voting rights in the Governing Council \(europa.eu\)](https://www.europa.eu)
- o [Monetary policy decisions \(europa.eu\)](https://www.europa.eu)
- o [Combined monetary policy decisions and statement \(europa.eu\)](https://www.europa.eu)
- o [A new global map: European resilience in a changing world \(europa.eu\)](https://www.europa.eu)
- o [The euro area outlook: some analytical considerations \(europa.eu\)](https://www.europa.eu)

These following links refer to climate change and to current situation as well. The inflation rate is very high, Eurozone doesn't produce natural gas, nor petroleum, prices go up, huge problems:

- o Lagarde's Statement at the 2022 IMF Spring Meetings, <https://www.ecb.europa.eu/press/key/date/2022/html/ecb.sp220421~589f9733bc.en.html>
- o Natural gas dependence and risks to euro area activity, https://www.ecb.europa.eu/pub/economic-bulletin/focus/2022/html/ecb.ebbox202201_04~63d8786255.en.html
- o ECB takes further steps to incorporate climate change into its monetary policy operations, <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr220704~4f48a72462.en.html>
- o Lagarde, ECB President, Further steps to incorporate climate change into ECB's monetary policy operations, 4 July 2022, [Letter from the ECB President to Irene Tinagli, ECON Chair, on progress on climate-related action plan \(europa.eu\)](https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr220704~4f48a72462.en.html)
- o Monetary policy decisions, <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.mp220609~122666c272.en.html>
- o Price stability and policy transmission in the euro area. Speech by Christine Lagarde, President of the ECB, 28 June 2022, <https://www.ecb.europa.eu/press/key/date/2022/html/ecb.sp220628~754ac25107.en.html>
- o Europe as a common shield: protecting the euro area economy from global shocks. Keynote speech by Fabio Panetta, Member of the Executive Board of the ECB, at the European Parliament's Innovation Day "The EU in the world created by the Ukraine war", Brussels, 1 July 2022, <https://www.ecb.europa.eu/press/key/date/2022/html/ecb.sp220701~254252d76e.en.html>
- o Challenges for monetary policy, Remarks by Luis de Guindos, Vice-President of the ECB, at the Frankfurt Euro Finance Summit, Frankfurt am Main, 4 July 2022, <https://www.ecb.europa.eu/press/key/date/2022/html/ecb.sp220704~9f5fc26b43.en.html>
- o Croatia to join euro area on 1 January 2023, [Croatia to join euro area on 1 January 2023 \(europa.eu\)](https://www.europa.eu)
- o [The New York Times](https://www.nytimes.com) 7.6.22 [Eurozone inflation rises to 8.6 percent the highest ever driven by energy prices](https://www.nytimes.com) (see attached PDF document).

GENERAL, HELPFUL INFORMATION:

European Monetary Union explained: <https://youtu.be/StZhbA7HMcQ>

European Monetary Union explained, Part II: https://youtu.be/4_RMvju8dYg

Europe marks 20 years of the euro: <https://youtu.be/jwewlKg0EPI>

The European Central Bank: <https://youtu.be/vRzFAvgBhU0>

ECB and the Eurosystem: <https://youtu.be/TAlcFwGIQBg>

The ECB explains the Banking Union: https://youtu.be/g-0xn_100EE

What is the Banking Union? <https://youtu.be/vo3SWSpHwzY>

The Banking Union in practice: <https://youtu.be/sLFjz7u5e0o>

Single Supervisory Mechanism <https://youtu.be/n2f0Wt9hGUc>

How does the ECB license Banks? <https://youtu.be/n0NOo48fjhY>

Banking Supervision at the ECB: <https://youtu.be/ChiucNIhkdw>

Working for the ECB. Building banking supervision:

<https://youtu.be/hFbSr8SvSII>

What is the Single Resolution Mechanism? <https://youtu.be/cZ3jwfpQqDU>

What is a resolution? <https://youtu.be/dyWifLZguU8>

Deposit Guarantees (Deposit Insurance Systems like FDIC):

<https://youtu.be/DqRPBN3SSeI>