

Zeppelin Universität

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Bachelor Thesis

“Do Macroeconomic Beliefs Matter? An Analysis of Central Bankers’ Speeches”

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Abstract:

During times of great uncertainty, economic policymakers turn towards their strong core beliefs. These beliefs have been shaped by educational and professional experiences and guide policymakers through complex situations where they have to address problems they have not dealt with before. This thesis attempts to isolate beliefs of key central bankers within the Eurozone and during the European sovereign debt crisis through studying their speeches. Furthermore, this thesis seeks to tie economic beliefs to specific policy outcomes. Among the main findings of the study are the identification of a clear shift from orthodox to revisionist monetary principles within the ECB from Jean-Claude Trichet to Mario Draghi. Moreover, key Eurozone central bankers interpret their mandate for achieving price stability fundamentally different, which leads to substantially different policy outcomes. While Bundesbank Presidents Axel Weber and Jens Weidmann interpret their mandate asymmetrically, i.e. anti-inflationary, ECB President Draghi interprets the mandate symmetrically, i.e. “not too much inflation, not too much deflation“.