



# **The Viessmann European Research Centre**

**Annual Report**

**Covering activities over the period from May 1, 2008 to April 30, 2009**

by

**Pierre L. Siklos  
Director**

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## **Introduction**

The Centre (hereafter the VERC) had a productive year with several events organized during its eight year of operation, and my fourth as Director. What follows is a report on the Centre's activities covering the period May 1, 2008 to April 30, 2009. Overshadowing all the activities, however, was the worldwide financial crisis which would have important repercussions for the Centre's financial situation (see below).

Activities during 2008-2009 included of our 2008 Annual Conference, the Centre's eighth, held in Germany in May 2008 to celebrate the 10<sup>th</sup> anniversary of European Monetary Union (EMU), as well as four workshops and conference sessions held in Marina del Rey, California, Oxford, U.K., and two in Waterloo at WLU. The Annual Conference was co-organized with our partner, the University of Münster, Germany, while the workshop/sessions were co-organized with the Humboldt Foundation, the European Union Studies Association, the European Studies Center at St. Antony's College in Oxford, and the Rimini Centre for Economic Analysis (in Canada). In addition, a major Conference was co-organized with the Deutsche Bundesbank, in March 2009, to coincide with the end of my term as holder of the Bundesbank Professorship at the Freie Universität, in Berlin, Germany. This Conference explored the problem of forecasting for monetary policy, made more difficult still due to the ongoing global financial crisis. The Annual Conference, examining the experience of the common European currency, the euro, after 10 years was notable thanks to a dinner address given by the President of the Deutsche Bundesbank, Dr. Axel Weber. Additional details on all the activities of the VERC follow below. Complete details about the Centre, and its work, can be found at [www.wlu.ca/viessmann](http://www.wlu.ca/viessmann). The web site is managed by the Director.

For readers who are new to the Centre's activities, the VERC was established on June 14<sup>th</sup>, 2001 by the Senate of Wilfrid Laurier University and was originally called **The Viessmann Research Centre on Modern Europe at Laurier** (see [Appendix A](#)). The appointment of the first Director, Al Hecht, was made in July of the same year, and its budget was established from an endowment provided by the late Dr. Hans Viessmann, together with additional funds from WLU's Academic Development Fund. The Director reports to the Associate Vice-President:

Research, and the Centre is also governed by an Advisory Board that meets up to twice a year. Shortly after I took over as Director the Centre in 2005 it was renamed the **Viessmann European Research Centre** (VERC). Physical space is now located on the main floor of 232 King Street since September 2007. We now hope that this space is permanent. There are two main offices, one each for the Director, and the Associate Director. The first floor also has a seminar room which is shared with the Laurier Centre for Military Strategic and Disarmament Studies (LCMSDS). In addition, there is office space for three visitors. The Centre receives no formal administrative support from the University. All administrative matters are handled by the Director or, if necessary, the Associate Director, currently Dr. Al Hecht, Professor Emeritus, Department of Geography and Environmental Studies. In publicizing its activities the VERC regularly distributes a pamphlet (in electronic form only) to interested individuals. The 2008-9 version is shown in Appendix E.

In 2008, the Director volunteered to offer one office for the Co-Directors of the International Migration Research Centre (IMRC), as well as a Visitor's office, part-time, for research assistants working for IMRC. It is expected that these facilities will be shared for approximately two years until the IMRC is able to obtain separate space for its activities.

### **Activities of the VERC at Laurier in 2008-2009**

The Centre's 2008 Annual conference, entitled "EMU at 10" was held at the Westfälische Wilhelms Universität, in Münster, Germany on May 29-30, 2008. The conference featured a keynote speech by Dr. Axel Weber, President of the Deutsche Bundesbank. The conference was attended by approximately 30 academics from several parts of the world. The complete program, papers and presentations are available at [http://www.wlu.ca/viessmann/Conference\\_8.htm](http://www.wlu.ca/viessmann/Conference_8.htm).

In June 2008, a one day workshop was held at St. Antony's College at the University of Oxford. Entitled [FINANCIAL MARKETS, INSTITUTIONS, AND ASSET PRICES DURING THE FIRST ERA OF GLOBALIZATION](#) the event featured papers that explored an earlier era, during the late 19<sup>th</sup> and early 20<sup>th</sup> centuries, when financial markets were globalized and financial crises were also a regular part of the landscape. Clearly, the topic is relevant to the issues facing policy makers today. The event was financed by VERC, our partner, the Chair of Monetary Economics,

University of Münster, Germany, and the European Studies Centre at Oxford. The program, papers, and presentations, are available from [http://www.wlu.ca/viessmann/html\\_pages/Oxford08.htm](http://www.wlu.ca/viessmann/html_pages/Oxford08.htm). The workshop was attended by approximately 15 people.

Also in June 2008, The VERC organized a session at the Second International Conference: Small Open Economies in a Globalized World ([http://www.soegw.org/index.php/SOEGW\\_II/SOEGW](http://www.soegw.org/index.php/SOEGW_II/SOEGW)). The Conference itself was organized by the Rimini Centre for Economic Analysis in Canada and the Review of Economic Analysis. Session details, and paper abstracts, can be found at [http://www.soegw.org/index.php/SOEGW\\_II/SOEGW](http://www.soegw.org/index.php/SOEGW_II/SOEGW). The session was attended by approximately 20 participants.

The VERC also hosted an event funded largely by the Humboldt Foundation in Germany. Both the Director, and the Associate Director (Dr. Alfred Hecht) have previously received financial support from this Foundation. Since 2009 marks the 20<sup>th</sup> Anniversary of the Fall of the Berlin Wall, a one day workshop was held at WLU, in February 2009, to discuss what has been learned and the evolution of European Affairs since that momentous event in 1989. The program can be obtained from <http://www.wlu.ca/viessmann/AvH09.htm>. The conference was attended by about 30 individuals.

Between October 2008 and March 2009, I held the Bundesbank Chair at the Freie Universität, in Berlin, Germany. Part of my mandate was to help co-organize, along with the Deutsche Bundesbank, an international conference. The VERC also contributed modest resources, as did the Freie Universität, with the bulk of the financing obtained from the Bundesbank. The topic chosen was [FORECASTING AND MONETARY POLICY](#) and policy makers and academics from around the world presented papers. The Conference was the first of its kind to be held at the Bundesbank's recently renovated Berlin office. In addition to a luncheon speech by the President of the Bundesbank, Dr. Axel Weber, two keynote speeches were given by Drs. Francis Diebold, of the University of Pennsylvania, and Jon Faust, of Johns Hopkins University. Full details, papers, speeches, and presentations, can be downloaded from <http://www.wlu.ca/viessmann/Buba09.htm>. The Conference was attended by roughly 70

participants.

Finally, since I was invited to be a keynote at the European Studies Association bi-annual conference, held in April 2009 at Marina del Rey, California, I agreed that the VERC would help organize and sponsor a session at the Conference on the topic “Asia-Pacific Integration: What Can We Learn From Europe”. Complete details are available from <http://www.wlu.ca/viessmann/EUSA2009.htm>. The session was attended by 10 participants.

It is the usual practice of the VERC to issue a call for papers on its website. Typically, the call is open to all academics. In addition, calls for papers are posted (for a fee) on the Social Science Research Network ([www.ssrn.com](http://www.ssrn.com)), Inomics, and other websites that promote calls for papers. Occasionally, if the event is of a special variety, participation is by invitation only (e.g., the February 2009 one day conference on commemorating the 20<sup>th</sup> anniversary of the Fall of the Berlin Wall).

The Centre also welcomed short-term visitors in 2008-2009. These included Dr. David Mayes, formerly Advisor at the Bank of Finland (now at the University of Auckland), and Dr. Gyorgy Szapári, and former Deputy-Governor of the National Bank of Hungary. Both also gave presentations, in early May and mid-June 2008 respectively, to faculty and students in the Masters in International Public Policy Program at WLU ([http://www.wlu.ca/homepage.php?grp\\_id=1904](http://www.wlu.ca/homepage.php?grp_id=1904)) as part of the curriculum. These events were financed by the VERC as well as the MIPP program. Additional information about these events, and a full list of Visitors, can be found at [http://www.wlu.ca/viessmann/html\\_pages/visitors.htm](http://www.wlu.ca/viessmann/html_pages/visitors.htm).

The Director and Associate Director pursue active research activities related to the work of the Centre. Please consult the Director’s home page, <http://www.wlu.ca/sbe/psiklos>, and the Associate Director’s home page, <http://info.wlu.ca/~wwwgeog/facstaff/hecht.htm>, which are updated from time to time.

### **Advisory Board Activities**

The advisory board held one meeting, in the fall of 2008 and another in Spring 2009. Our international members were unable to attend the Fall 2008 of meeting but were provided with an Agenda and were given the opportunity to react via e-mail. The Spring 2009 meeting was

attended by one international member. The principal reason for their absence is that the financial crisis has severely hampered the Centre's ability to defray the travel, accommodation, and meal expenses for our International Advisory Board members. It is likely that this situation will persist for a time (see below). Appendix B provides the agendas and the minutes of the September 2008 and April 2009 meetings. The current membership of the Advisory Board members can be found at <http://www.wlu.ca/viessmann/Advisory.htm>.

## Funding

The Centre's endowment endowment was hard hit by the global financial crisis.<sup>1</sup> What follows is a portion of an e mail sent from Mr. Gary Lambert, outlining the state of the endowment by the end of the April 2008. The update was received on July 2008.<sup>2</sup>

*“Dr. Siklos*

*I would like to report the following activity for the Viessmann monies for the fiscal year ending April 30/2008*

*The capital account (613047)*

*The opening balance was \$352,739.60 and remained unchanged during the year.*

*The disbursement account (262947)*

*The opening balance was \$52,180.59 as reported on the statement last year. **The actual investment return for the 2007/08 year was a negative of 1.59%. This loss of 1.59% was applied to the reserve fund referred to last year with the result that \$11,018.36 of the reserve account was still available to be transferred into the disbursement account.** Hence the total available for spending was \$63,198.95 (being \$52,180.59 plus \$11,018.36). Of this amount, \$30,000.00 was spent during the year with \$15,000.00 being transferred out on Jan 31/2008 and another \$15,000.00 being transferred out on April 29/2008. This leaves \$33,198.95 (being \$63,198.95 less 30,000.00) in the disbursement account as at April 30/2008.*

*The full amount of the reserve account was used to subsidize the investment results for the year leaving nothing in the reserve account at year end.*

*Sorry for the delay in getting you the information.”*

[items in bold for emphasis only, not in the original]

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<sup>1</sup> Unfortunately, the news will be even worse next year, as will be discussed in the 2009-10 Annual Report.

<sup>2</sup> There is effectively a one year lag for funding purposes. Hence, financial results of 2008 are reflected in available funding for the following budget year (i.e., 2008-9 in this case).



In a letter e mailed (hard copy sent separately) to both the V-P: Academic as well as the Associate V-P: Research at the end of March 2009 (see Appendix C) the matter pertaining to how the endowment has been invested over time was raised. I have argued, prior to the financial crisis (e.g., at the five year review of the VERC in 2006), that research centres require more predictable funding. Hence, I questioned whether ‘lumping’ together the VERC’s endowment with other investments held by the University makes financial sense. Assuming that the market recovers sufficiently in 2009-10, the University’s treatment of these endowments must be reviewed and it would be highly desirable to change the policy.

The Centre also received \$12,000 from WLU’s Academic Development Fund. In May 2008, the Director received a grant of \$75,000 from the SSHRC to launch a central bank communications network. More details will be provided in next year’s annual report. Over the years, however, the Centre has raised considerable funding from various sources. A good indication is provided in one of the annexes provided with the March 2009 letter to the V-P: Academic. I future years, I plan to add a separate annex updating the Table showing the amount and sources of funding received by the VERC since its inception in 2001.

### **Upcoming Activities**

The financial crisis, of course, is not only affecting the resources available to the VERC but also those of its partners. Nevertheless, the Centre has been successful in arranging for funding assistance to organize conferences and workshops for the 2009-2010 budget year, and beyond. The current slate of planned activities and calls for papers can be found at [http://www.wlu.ca/viessmann/html\\_pages/conferences.htm](http://www.wlu.ca/viessmann/html_pages/conferences.htm). At the time of writing some of the events that will be described in next year’s Annual Report (i.e., for the 2009-10 budget year) will already have taken place. Hence, visitors to the VERC’s website should also consult the previous events web page as well.

Finally, the Centre’s web site was completely revamped during the 2008-9 budget year. The Centre’s address remains the same and there is a steady stream of visits to our website.



**Budget**

As part of the general operation the Centre always submits a proposed budget for the year just ended, as well as the upcoming academic year (Appendices C and D). The bulk of the spending in a given year (approx. 80%) consists of expenses to support conferences and workshops. Office expenses, as well as the cost of 2 Blackberries (one for the Director and another for the Associate Director) represent roughly 15% of total spending.

## Appendix A: The Creation of the Centre

### **The Viessmann Research Centre on Modern Europe at Laurier**

**(In part an outgrowth of the Laurier European Interest Group started in 1992)**

**(A. Hecht and Pierre L. Siklos, January 20, 2001)**

#### **Mandate:**

The Centre is to foster research on *new and dynamic issues facing Europe* in the 21<sup>st</sup> Century. The focus on new and dynamic development does not preclude retrospective analyses that have a bearing on the shape and evolution of the European experience up to the present day. More importantly perhaps, the Centre is intended to be a multi-disciplinary institution. Relevant topics of research would include European integration, regional development, external linkages, trade and political expansion as well as other overarching socio-economic problems. An important focus of the Centre would revolve around the so-called accession countries, that is, the countries currently hoping to join the European Union and how they relate to the older established countries. It is envisioned that faculty in the social science and humanities disciplines would be the most active members in the Centre. It is highly desirable that this Centre form co-operative arrangements with similar institutions in Europe or in other parts of the world. An attractive and informative web site explaining the Centre's activities would be one of the ongoing tasks.

#### **Justification**

Europe has for a long time been a major player in the socio-economic realm of the world. It was and is an important political, economic, geographic and military entity and has become even more so since the formation of the EU and its constant expansion. To many North Americans it represents the ancestral homeland and as such conjures up many emotional and intellectual questions. It is imperative that Canadian academics, be they professors or students, research the evolution of the new Europe for our own understanding and secondly to be able to relate meaningfully to European perspectives and its evolution.

Over time there has been a substantial interest by faculty and students at Laurier in Europe. A large number of courses in different departments focus on European and a number of faculty have major research interests in Europe. Laurier has over 20 co-operative partnerships with European universities and many students study for a semester or two in Europe. For these reasons alone it would be prudent for this University to have a multidisciplinary research Centre on Europe. The initial start for such a centre already occurred in 1992 when a number of WLU professors formed an informal research interest group on Europe. It kept in touch and worked loosely together with a similar interest group at the Philipps University in Marburg, Germany, a partner institution of WLU. It has held a number of symposia over time, hosted guest lectures, and published a discussion paper series on Europe, first as hard copies but lately as papers on the

Internet. However one of the problems was inadequate funding and the absence of release time for a faculty member to carry the day to day burdens of such and endeavour.

### **Research Activities and Output**

European research output could/would appear as a discussion paper in the already existing WLU Viessmann Discussion Paper Series on Europe to be renamed Viessmann-Laurier Papers on Modern Europe. However it is expected that research supported by the Centre would eventually be published in refereed journals, edited books, and other forms of peer-reviewed research. Articles for the popular press will also to be encouraged. In addition the Centre is to hold a one or two-day conference at WLU on the weekend on or near October 1<sup>st</sup>, the day of German unification. The theme of each Conference would vary year to year according to the discipline primarily represented at the conference. It is also expected that senior undergraduate and graduate mentoring, in the form of projects/thesis/dissertation research, will be a highly desirable by-product of the Centre's activities.

### **Operating structure:**

The Centre is to be run by a Director with a seven member advisory board that would meet at least twice a year. The Directorship is appointed for a three-year term and is renewable only once. He or she must be an active European researcher. The remuneration for the director is a two-term course reduction. He or she reports to the Board and the Dean of Graduate Studies and Research. The Associate-Director would represent the Centre when the Director is absent and it is expected that, once the existing Director leaves office, the Associate Director would become Director of the Centre. Members of the Advisory Board would be chosen from across several disciplines within the University. They have a three-year term but can be re-appointed.

Associate membership from within Laurier and from outside institutions would be encouraged. These members are academics with interest in Europe and possible contribute to a bigger research team. In terms of access to research funds from the centre they would have the same rights and privileges as members of the Board. The Board makes the decision on future associate research members on making an application to the board or being recommended by a board member and voted on by the Board.

### **Members of the Advisory Board:** (with relevant research interests)

A. Hecht, WLU -Geography (Director - Industrial Restructuring in Central Europe)

P. Siklos, WLU- Economics (Associate Director - European Monetary policy and central banking)

T. Hueglin, WLU- Pol. Sc. (Political Institution upheavals in Europe)

D. Monod, WLU- History (Modern German Historical Issues)

I. McKillop, WLU- Business (Administration of EU Health Systems)

Each year two different WLU associate research members sit on the Board

*(Honorary member: Hans Viessmann Dr. Dr. (h.c.'s), of Hof, Germany)*

### **Associated Researchers**

- J. Bater, UW- Geography (Urban Housing Dynamics in former East Europe)
- B. Boots, WLU – Geography (spatial topology of Russia)
- G. Braun, Free University of Berlin (European Urban System Restructuring)
- A. Brydon, WLU – Anthropology (Iceland and its modern whaling culture)
- L. Friesen, WLU – History (Imperial Russia, Soviet Union)
- E. Haberer, WLU – History (20th-Century Europe)
- K. Hewitt WLU – Geography (Bombing and reconstruction of European cities)
- M. Imort, WLU – Geography (Environmental images and their use in Germany)
- T. Miljan, WLU – Pol. Sc. (European Political International Relations)
- A. Murray, WLU – Business (Canadian export to Europe)
- J. Nipper, Cologne, Germany - Geography (Commercial Restructuring in small cities)
- A. Pletsch, Philipps Uni. Marburg - Geography (Rural Restructuring in East Europe)
- B. Sharpe, WLU – Geography (Community Development and European use of Cyberspace)
- G. Urbaniak, WLU – History (Modern Europe, Poland and Eastern Europe)
- M. Bohl, European University Viadrina Frankfurt (Oder) (Finance)
- Others will be added if they do have active research records on present day Europe.

**Co-operative Institutions** (these and others will be contacted after the centre is established)

Philips University of Marburg,  
 University of Cologne,  
 University of Applied Sciences Hof,  
 Canadian Centre for German & European Studies at York University  
 Free University of Berlin  
 European University Viadrina Frankfurt (Oder)  
 Other to be determined later

*(It is expected that these institutions might jointly sponsor research, hold symposia, provide research space for Laurier researchers, exchange data sources, provide relevant Internet links to our web sites, etc)*

**Responsibility of Director**

The main task of the director is to conduct, direct and facilitate European focused research at WLU or in collaboration with other individuals and institutions in North America or Europe. The Director must also write an annual report of not less than ten pages highlighting the activities of the Centre for the past year and his/her plans for the future, both short and long term. This report must be distributed widely. Secondly the Director must maintain the Viessmann Discussion Paper Series on Europe (VDPSE) web site at WLU and explore all of the research coming out of the research Centre. He or she must also organize and/or supervise the annual conference on Europe.

**Researchers:**

Emerging as well as established scholars should be involved in the Centre, working in teams or by themselves. Where possible, collaborative research with European or other Canadian scholars

should be pursued. The Director, Associate Director, and one member of the Advisory Board will vet request for research or travel funds. No one grant can be greater than \$2,000 and publication of the work, preferably in a refereed publication, is expected. Although the selection will be based on academic merit, projects with matching funds from other sources will be given preference. Student thesis and dissertation research is eligible for funding. The faculty supervisor of the thesis/dissertation would administer the funds and apply jointly with the student. All funded researchers must acknowledge the support of the Centre at conference presentations and provide a copy of the paper that will be placed on the Centre's web site. In general, the rules established by SCRAP for adjudication of grants will be followed. Copies of the research findings will be made available as hard copies or CD,s disks for a reasonable price. In addition, the Centre may commission monographs from distinguished researchers on subjects of vital interest to interested researchers and analysts of European issues. A grant of \$3,000 would be provided for such works. Drafts would be subject to peer review and published and sold on the Centre's Website. All relevant applications will be made available from the Centre's web site. Only members of the Laurier academic community are eligible for research grants.

**Operating Space:**

The Centre is to have at least two offices for its operation. One office is to be used by the director, the other by outside visitors and researchers. The offices should have telephones, computers with Internet connections and printers. These rooms would be offered free of charge by WLU, but the Centre would pay for the operating expenses.

**Financial Sustainability of the Centre:**

**Income Model:**

The interest from the initial Viessmann grant (8% \*250,000) of \$20,000 is to be used in combination with an annual grant of \$15,000 from WLU Academic Development Fund (course reduction = \$9,000, and administration = \$7,000) to come up with the proposed minimum annual operating budget of \$35,000. The 8% return rate of the capital may seem somewhat high compared to present GIC rates. Laurier could guarantee this rate over the next 5 years and renegotiate in 5 years. It would be hoped that through matching funds, sponsorships, etc. another \$15,000 could be raised from other external sources to bring the annual expenditure to \$50,000. For instance the annual conference could be jointly sponsored between the European Research Centre, Laurier Research office, Laurier International, selective Departments, the Faculties of Arts and SBE and possible additional outside sponsors.

**Proposed Annual Budget (May 1, 2001 - April 30, 2002)**

<i>Income:</i> Investment Income from Viessmann Endowment fund*	= \$ 20,000
WLU Research Centre support from ADF	= \$15,000
Other (possible matching funds for Symposium, etc.)	= \$ 0
Total	= \$35,000

<u>Expenditure:</u> Two course release for Director	= \$ 9,000
Telephone	= \$ 500
Fax	= \$ 500
Mail	= \$ 1,000
Conference/Symposia expenses	= \$10,000
Research/Travel support	= \$10,000
Web site support/ publication	= \$ 2,000
Incidentals	= \$ 2,000
	<hr/>
Total	= \$35,000

(\* If for some reason the Centre is closed the endowment funds will be equally distributed to the two other Hans Viessmann endowment funds at Laurier the (a)Viessmann Laurier International Student Travel and the (b) Viessmann Geography and Environmental Studies Computer Endowment Funds.)

(Revised with inputs from R. Campbell and B. McPherson)

## APPENDIX B: Agendas and Minutes of the Advisory Board



Director: Dr. Pierre L. Siklos

Associate Director : Dr. Alfred Hecht

Meeting of the Advisory Board, Wednesday, September 24<sup>th</sup>, at 4:00 pm, in the Board Room of the Centre at 232 King St.

Materials associated with some agenda items will be made available at the meeting.

### AGENDA

1. Minutes from the last meeting
2. Revamped web site
3. Current and Planned activities
4. Joint projects/plans with other Centres
5. A Short-term (negative) Budget Shock?
6. Funding efforts
7. Other





# Viessmann European Research Centre



Director: Dr. Pierre L. Siklos

Associate Director : Dr. Alfred Hecht

Meeting of the Advisory Board, Wednesday, April 27<sup>th</sup>, 2009, at 4:00 pm, in the Board Room of the Centre at 232 King St.

Materials associated with some agenda items will be made available at the meeting.

## AGENDA

1. Minutes from the last meeting
2. Current and Planned activities
3. EU funding
4. Other



# Viessmann European Research Centre @ LAURIER



Director: Dr. Pierre L. Siklos

Associate Director : Dr. Alfred Hecht

Advisory VERC Board Meeting, September 24<sup>th</sup>, 2008  
232 King Street, Board Room, 4 PM

## Agenda

1. Minutes from the last meeting
2. Revamped web site
3. Current and Planned activities
4. Joint projects/plans with other Centres
5. A Short-term (negative) Budget Shock?
6. Funding efforts
7. Other

## Minutes

Present were: P. Siklos, A. Hecht, J. Konieczny, T. Snoddon, E. Helleiner and B. Honig

Absent: D. Docherty, B. Sharpe, M. Bohl, E. Hochreiter and A. Pletsch

(the later three in part because of the absence of funds to bring them over from Europe)

1. Minutes from the last meeting: *There was no spring 2008 meeting, hence no minute, but the minutes of the September 27, 2007 were approved)*

2. Pierre pointed out that we are in the process of updating our web site. The site receives about 7-8 visits a day. Since 2006, there have been 5044 'page views'. Of these hits 22.8% came from Canada, 11.8% from the USA, followed by Germany 9.2%, UK 6.3%, France 4.8%, India, 3.6%, Italy 3.5%, Romania 2.5%, Belgium 2.1%, Turkey 1.9% and the rest of the world 31.4%.

3. Current and planned activities: We tend to plan a year in advance.

Our web site shows the following activities forthcoming:

## **CONFERENCE**

**FORECASTING AND MONETARY POLICY**

Organized by

Helge Berger, Chair of Monetary Economics, Freie Universität , Berlin  
Jörg Breitung, Research Professor of the Deutsche Bundesbank, University of Bonn  
Heinz Herrmann, Head of the Research Centre, Deutsche Bundesbank  
Pierre L. Siklos, Wilfrid Laurier University, Viessmann European Research Centre, Waterloo, Canada, and Bundesbank Professor, Freie Universität, Berlin  
March 23-24, 2009, Location: Berlin branch of the Bundesbank  
KEYNOTE SPEAKERS: Professor Axel Weber, President, Deutsche Bundesbank Professor Francis X. Diebold, Joseph M. Cohen Professor of Economics, University of Pennsylvania Professor Jon Faust, Johns Hopkins University .

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#### **CONFERENCE**

CENTRAL BANK COMMUNICATION, DECISION-MAKING, AND GOVERNANCE,  
APRIL 28-30, 2009, at Wilfrid Laurier University, in Waterloo , Ontario

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#### **CONFERENCE**

CHINESE FINANCIAL MARKETS AND THE WORLD ECONOMY

Joint with the Bank of Finland and the University of Munster, June 11-12, 2009

at the Bank of Finland, Helsinki, Finland

KEYNOTE SPEAKER:

Barry Eichengreen, George C. Pardee and Helen N. Pardee Professor of Economics and Political Science, UC Berkeley

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#### **CONFERENCE**

INFLATION CHALLENGES IN AN ERA OF RELATIVE PRICE SHOCKS

Reserve Bank of Australia , Sydney, Australia; Centre for Applied Macroeconomic Analysis (CAMA), Australian National University , Canberra , Australia; Viessmann European Research Centre, Wilfrid Laurier University , Waterloo , Canada Chair of Monetary Economics, and

Institute for International Economics, Westfälische-Wilhelms Universität, Münster , Germany

Keynote Speakers: Graciela Kaminsky, George Washington University; Lutz Killian, University of Michigan; Jeffrey Frankel, Harvard University.

LOCATIONS: There will be two conferences. The first will take place on 16-17 JUNE 2009 in Münster , Germany . A follow-up conference will be held on 17-18 AUGUST 2009 in Sydney , Australia

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#### **CONFERENCE**

THE EVOLUTION OF INTEGRATION IN EUROPE

20 YEARS AFTER THE FALL OF THE BERLIN WALL

Viessmann European Research Centre,

Co-organized with The Laurier Centre for Military Strategic and Disarmament Studies

LOCATION, To be held at the Viessmann Academy, Viessmann Corporation

Allendorf a.d. Eder, Hessen, Germany, on October 12-14, 2009.

4. Joint projects/plans with other Centres

The above list of forthcoming conferences shows that the Centre cooperates with a number of other organizations.

Funding for our activities presently comes from our endowment, Pierre's SSHRC grant and from joint ventures with other organizations. Last year CIGI also provided us with some funds. Unfortunately, a promised 2008 conference, "THE IMPLICATIONS OF INTEGRATION FOR GLOBALIZATION" grant, from the Dean of SBE at Laurier, did not materialize even after numerous reminders. This put our financing under substantial strain.

#### 5. A Short-term (negative) Budget Shock?

Pierre reported that we have been informed that our endowment had a negative market return this last year (~2%) which means we will have less money to work with in the 2008/9 academic year.

#### 6. Funding efforts

The Centre is pursuing a possible grant application to the EU. This requires a major application. Despite the fact that Pierre spoke to the people in Brussels about funding their knowledge of Canada and Waterloo seemed to be so low that getting some funding for our Centre seems low.

An application also has gone into the Alexander von Humboldt foundation to hold a regional AvH fellows meeting at the Viessmann Centre in February of 2009. No funding decision has been made.

Another organization that was mentioned as a possible funding source was the DAAD. (Alfred has been funded by them before)

#### 7. Other Business

There was none. The meeting adjourned at 5 PM

Advisory VERC Board Meeting, April 27<sup>th</sup>, 2009  
232 King Street, Board Room, 4 PM

## AGENDA

5. Minutes from the last meeting
6. Current and Planned activities
7. EU funding
8. Other

### Minutes

Present were: P. Siklos, J. Konieczny, T. Snoddon, and B. Honig, M. Bohl

Regrets/Absent: A. Hecht, D. Docherty, B. Sharpe, , E. Helleiner, E. Hochreiter and A. Pletsch (the later three in part because of the absence of funds to bring them over from Europe)

1. Minutes from the last meeting (September 2008) were approved.
2. Members of the Advisory Board were updated about future plans, including the Annual Conference to be held in 2 days' time, the joint conferences together with the University of Münster, in Germany, in June, and the Annual Conference of the Reserve Bank of Australia in August. There are ongoing discussions with CIGI, together with the VERC's partner, the Rimini Centre for Economic Analysis in Canada, to organize a follow up Conference celebrating the 20<sup>th</sup> Anniversary of the Fall of the Berlin Wall being organized by Al Hecht in Germany in October. The Advisory Board will be updated at future meetings when plans are more concrete. The University of Münster, in Germany, together with the VERC and the National Bank of Poland, are co-organizing a Conference tentatively planned for June 2010 in Warsaw, Poland. Details, when available will be posted on the VERC's website.
3. The major item of business was the Director's briefing about the upcoming call for proposals to fund an EU Centre of Excellence at WLU. The call has been delayed and is expected by early May. It is unclear when the deadline for submission might be but likely sometime in July. The application is a major undertaking and involves the support of many individuals, groups and centre inside and outside the University. The Director has solicited, and received, several proposals about funding support for student exchanges, travel support, and faculty research. These proposals, together with ideas about how the VERC can further develop its links and activities in North America, Europe and elsewhere, will all form part of the application. It is unclear what the funding level might be but, based on past experience, it is likely to represent well over 100,000 euros.
4. There was no other business.

The meeting was adjourned at 4:20pm.

## Appendix C: Letter of Request for Support from WLU (2009)



Director: Dr. Pierre L. Siklos

Associate Director : Dr. Alfred Hecht

Dr. Deborah MacLatchy

Vice-President: Academic & Provost

Wilfrid Laurier University

cc. Dr. Paul Maxim, Associate Vice-President: Research

**Re: Viessmann European Research Centre (VERC), the Academic Development Fund (ADF), and EU Centres of Excellence**

Via e-mail & hard copy

March 26, 2009

Dear Dr. MacLatchy:

I attach a spreadsheet (*ANNEX\_1.pdf*) with the VERC's request for funding from the Academic Development Fund for the financial year 2009-10. At a meeting held with Dr. Maxim, on January 6<sup>th</sup>, 2009, he informed me that the ADF was under financial pressure and that financial assistance may be limited. He did not, however, specify how much funding might be available nor did he suggest that the Centre need not apply. I also attach (*ANNEX\_2.pdf*) a table that will also appear in this year's Annual Report of the VERC. This table demonstrates that the Centre has raised a substantial amount of funding from various sources. In addition, our revamped web site (<http://www.wlu.ca/viessmann>) lists a large number of events both past and in various planning stages. Perhaps you are also familiar with the fact that we are among the few Centres that has an endowment. Unfortunately, the financial year 2008-09 has been a disastrous one for the endowment. Not only was no income generated but the entire reserve fund was used up to prevent a reduction in the size of the endowment. While we may not expect the usual funding of \$12,000 because of the financial pressures the University is facing I believe that the VERC should receive some financial support. Indeed, there are at least two additional reasons why the VERC ought to receive support from the University, either directly or indirectly.

First, I obtained a copy of a letter (see *ANNEX\_3.pdf*) which suggests that endowments might receive some special financial protection this coming year. Perhaps I obtained this

document since I have created an endowed fund in my parent's memory to support an award for one of our MIPP students. If the contents of this letter also apply to the VERC's endowment, then the Centre should expect some income for the 2009-10 year which would, of course, help and could be factored into the decision about how much might be available from the ADF to support the Centre. However, I have not received any formal notification about whether the contents of the letter apply to the Centre and, if not, why not.

Second, I am taking a sabbatical leave during the 2009-10 academic year and the normal 2 course reliefs from the ADF would not have to be disbursed (I will carry on as Director during my leave). This should also free up some funding from the ADF for the Centre in 2009-10.

Incidentally, the attached letter (see *ANNEX\_3.pdf*) suggests that financial information would be provided about the performance of the endowment fund. I have never received any such information for either the endowment fund in memory of my parents while information about the status of the VERC's endowment is usually only obtained, sometime in June of each year, and ordinarily after several requests from me for this information. I find this rather unacceptable since, as you can imagine, it creates substantial uncertainty about what financial resources are available to the Centre. I am certain that you appreciate that research Centres often plan activities well in advance, on average 1 ½ years in advance. I also find the lack of transparency about what the fund is invested in troubling. I raised this issue when the VERC underwent its first five year review almost two years ago (see the relevant Annual Reports on our website). Perhaps some changes would help the Centre with its planning and some thought should also be given to investing the research centre's funds in more stable financial instruments both to protect the Centre and the University from the types of financial market fluctuations we have been experiencing. I would hope that some policy change concerning the management of endowment funds might be considered.

In addition to the request for funds from the ADF I also wanted to give you advance warning about a major grant application in support of the Centre that is likely to be submitted sometime next month. The VERC will request funding under the EU's Centres of Excellence program. This is a major grant potentially worth well over \$1 million. I have spent over a year preparing to submit this grant by creating a network of European Centres that would work with the VERC (see the LINKS section on the VERC's web site), and by soliciting the cooperation of departments and other research centres at WLU (e.g., the MIPP program, LCMSDS, IMRC). The decision to award such funding is, however, not especially based on academic merit since it is made by bureaucrats in Brussels. Instead, what is crucial is the financial support given by the University. To illustrate, I attach a successful application made by ANU two years ago (*ANNEX\_4.pdf*). This document should not be circulated. As part of my preparations for the grant application I spent a considerable amount of time discussing the various aspects of the application process with successful EU centres in Canada, and elsewhere). Since the financial support is substantial (I expect that WLU's request will be more modest than ANU's both because our University is smaller and is less 'research intensive' than is ANU) I thought it best to warn you in advance that such a request from the VERC is forthcoming. I should also note my appreciation for the administrative assistance that Dr. Maxim's office is also providing in

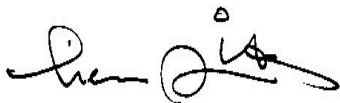


support of this application.

It is important to recognize that while the commitment of University funds is absolutely essential for the application to be successful any request, of course, is entirely contingent on a successful outcome. In addition, the application will be prepared in such a way that the financial support from WLU would largely, though perhaps not exclusively, come from operating funds. Most importantly, if the VERC is named an EU Centre of Excellence, the funds obtained would not exclusively be used for research. Quite the contrary, a significant portion of the funds would actually be used in support of several regular programs the University offers and would in fact reduce its financial burden on the operating side (again see *ANNEX\_4.pdf*). To the extent that the University may have to raise funds from other sources this brings me to another matter that has created considerable frustration for me over the past year or so. I have met many time with the former fundraiser for SBE, provided him with leads, visited several individuals locally, occasionally based on suggestion from our Dean, but to no avail. I have to say that I get the distinct impression that fundraising at SBE displays little understanding of the needs or work of Research Centres, and I would hope that the Administration is contemplating rectifying this situation.

I thank you in advance for considering the various requests above. Please do not hesitate to contact me if you require additional information. I look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read 'Pierre Siklos', with a stylized flourish at the end.

Pierre Siklos, Professor of Economics  
Director, Viessmann European Research Centre

NOTE: Annexes referred to in the letter follow.

**Funds applied for/raised: Viessmann European Research Centre, 2001-2009 MARCH**

<i>External Partner Institutions*</i>	<i>External Granting Agencies</i>	<i>Internal: various sources**</i>
Austrian National Bank, 2005 (\$5,000.00 est.)	SSHRC, 2008-9 (\$75,000)	WLU President's office, 2006 (\$2,000)
National Bank of Hungary, 2007 (\$7,000.00 est.)	Alexander von Humboldt Foundation, 2003-6 (\$51,800)	WLU Dean SBE, 2006 (\$5,000)
Norges Bank, 2007 (\$10,000.00 est.)	AUCC/CIDA, 2001 (\$209,000)	Laurier Centre for Economic Policy (\$5,000)
National Bank of Poland, 2010 (\$10,000 est.)	Alexander von Humboldt Foundation, 2002 (\$22,000)	WLU Development Office, 2008 (\$1,500)
European University Viadrina, 2004 (Frankfurt/Oder) (\$4,000.00 est.)	Viessmann Werke, Germany, 2005, \$2,500	NeXt Centre, 2008 (\$6,000)
Westfälische Wilhelms University, Münster, 2007 (\$8,000.00 est.)	AUCC/CIDA, 2005 (\$115,500)	LCMSDS, 2009 (\$3,000.00 est.)
Philipps University, Marburg, 2006 (\$3,000 est.)	Viessmann Werke, Germany, 2006 (\$15,000)	International Migration Research Centre , 2009(\$3,000.00 est.)
Banco de Portugal, 2005 (\$5,000.00 est.)	Dr. Hans Viessmann Foundation, & FH Hof Foerderungsgesellschaft, 2008 (\$3,750)	EU Representative's Office, Ottawa, 2008 (\$750)
Universidade Nova de Lisboa, Portugal (\$2,000.00 est.)	DAAD , support for visiting Prof. at FH Hof, 2009 (\$40,000)	Sue Horton, VP, 2005, Hosting Workshop for Russian visitors (\$1000)
Centre for Economic Policy Research, London, 2008 (\$10,000.00+, est.)	Alexander von Humboldt Foundation, 2009 (\$6,750)	WLU MIPP Program , 2008 (\$2000)
University of Oxford, European Studies Centre, 2008 (\$1,500.00 est.)		
CIGI, 2008 (\$7,000.00)		
Australian ASS of CDN studies (\$2600)		
Masaryk U, Czeck Republic, 2004 (\$3,000)		
University of Kiel, 2009 (\$22,500 est.)		
Deutsche Bundesbank, 2009 (\$40,000 est.)		
<b>Totals to date: \$130,600.00</b>	<b>\$545,050</b>	<b>\$29,250</b>

\* Includes support in kind (e.g., facilities), travel, meals, transfers, administrative support, marketing support.

\*\*Excludes \$12,000 annual support from V-P: Academic.

February 27, 2009

«ModMailName»  
«Address\_1»  
«Address\_2»  
«Address\_3»  
«Address\_4»  
«City» «Province» «PCode»  
«Nation»

Dear «Salut\_Name»,

You will find enclosed the 2007/2008 financial statement for the endowed funds you entrusted to Wilfrid Laurier University. This statement describes the activity related to your endowment for the period May 1, 2007 to April 30, 2008. We have made significant changes to this report which we hope will make it more informative for you. Those changes include the following:

- funds received for your endowment during the fiscal year are now itemized, based on the source;
- the average monthly balance of your endowment is now plainly stated; this figure is used to determine both the total amount of interest income realized (or the total loss incurred) and the maximum allowed value of the associated reserve fund;
- a clear accounting of the allocation of the interest income is stated;
- a detailed line index is included.

As you are aware from previous communication, the financial markets experienced significant and ongoing instability during this reporting period and Wilfrid Laurier realized a 1.59% loss in the value of our endowments.

The earning period in the attached report was to have provided the income to finance the endowment payout for the current academic year. Despite the loss, the Board of Governors decided to maintain a payout on the endowment of four per cent, where possible, as per university policy. This payout is being funded from two sources, both reflected on the line *Internal fund transfers* on your statement:

1. Since 2004, the university's endowment policy has required investment returns in excess of four per cent be held in an Endowment Stabilization Reserve Fund (ESRF), to be used to subsidize payouts during years of insufficient returns.
2. Returns in excess of that amount are re-invested with the original endowment to provide some protection against inflation and to provide a second source of

. . . page 2

funds that may be used to finance a payout during a period of insufficient returns.

Finally, I want to reassure you that the university is committed to protecting the long-term sustainability of the endowment you have entrusted to us, while also striving to provide the maximum support to our students. In light of the current financial outlook, this will continue to be a significant challenge in the foreseeable future. We will strive to keep you informed of major events related to this situation as it unfolds over the next six months.

You are also very welcome to contact us at any time with any questions related to your endowment. Pete Tallon is available to speak to you at (519) 884-0710 ext. 3651, or respond to your email at [ptallon@wlu.ca](mailto:ptallon@wlu.ca).

On behalf of the students, faculty and staff of Wilfrid Laurier University, thank you for your trust and support.

Sincerely,

Sean Thomas  
Director: University Advancement

NOTE: This is referred to as Annex 1 in the above letter.

Proposed Annual Budget (May 1, 2009 - April 30, 2010)

Income :

1 Viessmann Endowment fund earned APPROX- as of April 30, 2008 budget carry over	0.00
2. Expected earnings from Viessmann for the 2006/7 year	0.00
3. WLU Academic Development Program for 2008/9 (applied for)	12,000.00
4. Budget carry over from VERC operating budget 2007/8	0.00
Total	12,000.00

Expenditures :

Course releases for the Director	0.00
Telephone and two Blackberry accounts	2000.00
Fax	100.00
Mail	50.00
Paper/envelops/trans	50.00
Annual Conference+Workshop expenses in Waterloo/Europe	13000.00
Student Help (MIPP, PhD GG)	0.00
Visiting Scholar&Guest Lectures	2800.00
Travel expenses (guest lecturers & external Advisory Board members)	0.00
Travel of Directors to plan future conference&Workshops, joint ventures	0.00
Support for approved research projects&Europolicy briefs	0.00
Web site support/ publications costs	0.00
Other - some occasional secretarial support	0.00
Sub-Total	18000.00
Net Total	-6,000.00

NOTE: The proposed budget was based on the assumption that the Academic Development Fund may have insufficient resources relative to previous years.

## Appendix D

Select Actual Income/Expenses 2008-09 Budget year as reported in Banner

Income:

1. Interest from endowed funds, CIGI, miscellaneous <sup>1</sup>	24,338.01
2. WLU Academic Development Fund	12,000.00
Total	<b>981.64</b>

Expenditures:

Office expenses <sup>2</sup>	1655.55
Computing & Software purchases	290.00
Meeting expenses <sup>3</sup>	494.63
Telephone, FAX, Blackberries	3686.74
Website redesign	505.05
Conference related expenses <sup>4</sup>	30,125.93
Total expenses	36,757.90

\* See above for additional details.

<sup>1</sup> This includes transfers from the capital account (i.e., previously accumulated funds), and \$3,750 from CIGI.

<sup>2</sup> Includes Fax, promotion and advertizing, paper, toner, etc..

<sup>3</sup> Meals with visiting speakers and/or advisory board members

<sup>4</sup> Airfare, accommodation, transfers, miscellaneous expenses.

## Appendix E

	<h1>Viessmann European Research Centre @ LAURIER</h1>	
Director: Dr. Pierre L. Siklos		Associate Director : Dr. Alfred Hecht

Mailing Address:  
Wilfrid Laurier University, 75 University Avenue West, Waterloo, Ontario,  
Canada, N2L 2C5  
Tel. (1) (519) 884-0710 ext 2491 or 2477; Fax: (1) (519) 884-5922  
Campus Location: 232 King St. North, Waterloo, Ontario

### MANDATE

The principal aim of the Viessmann European Research Centre (VERC) is to foster research on issues facing Europe in the 21st Century. This does not, of course, preclude retrospective analyses that have a bearing on the shape and evolution of the European experience up to the present day. The Centre is intended to be a multi-disciplinary institution. Relevant topics of research would include European economic integration, regional development, external linkages, trade and political expansion, as well as other overarching socio-economic problems. Another research area of the Centre focuses on new EU members, and on the so-called accession countries, that is, the countries currently hoping to join the European Union, and how they relate to the older established member countries. Lessons for other regions of the world, from the European experience, is yet another topic of interest among researchers affiliated with the Centre. It is envisioned that faculty in the social sciences, humanities, and the School of Business, would be the most active members in the Centre. The Centre has also entered into a number of co-operative arrangements with a variety of institutions and research centres, and in Europe or in other parts of the world. A web site explains the VERC's activities. You will also find a copy of the first five year Report on the Centre's activities. The URL for the Centre is:

<http://www.wlu.ca/viessmann>

### CENTRE'S HISTORY

Over time there has been a substantial interest by faculty and students at Laurier in European affairs. A large number of courses in different departments focus on European issues, and a number of faculty



have major research interests in Europe. Laurier has over 20 co-operative partnerships with European universities and many students study for a semester or two in Europe. The initial impetus for the creation of the VERC took place in 1992 when a number of WLU professors organized an informal research interest group on Europe. The group, then called the *Laurier European Interest Group*, cooperated with a similar interest group at [Philipps University](#) in Marburg, Germany, a partner institution of WLU since 1983. The group has held a number of symposia over time, hosted guest lectures, and published a discussion paper series. Electronic copies are available for download on the VERC's website. This series was first published as hard copies and later as papers on the Internet. In 2001, thanks to a generous endowment from **Hans Viessmann**, the Viessmann Research Centre on Modern Europe was created. The Centre's name was changed to the Viessmann European Research Centre in 2006.

## RESEARCH ACTIVITIES

Research conducted by the centre consists of the following:

- Work in progress, usually conference and workshop papers that appear in electronic form on the Viessmann website.
- The Centre holds an Annual conference at WLU, or at a partner institution, each year. The theme of each Conference will vary year to year but the theme will always deal with a policy question of direct interest to Europe and academics who study European affairs.
- The VERC publishes a **Europolicy Briefs**. These are short pieces that deal with a policy issue of concern to an audience interested in European affairs. The Brief is intended to be accessible to a wider audience than simply the academic community.
- It is also expected that senior undergraduate and graduate mentoring, in the form of projects/thesis/dissertation research, will be a highly desirable by-product of the Centre's activities. The Centre also hosts visitors and has office space and some resources to accommodate them on campus.

It is expected that research supported by the Centre would be published, normally, in refereed journals, edited books, and other forms of peer-reviewed research.

## CONFERENCES and WORKSHOPS

Conference and workshop locations alternate between WLU one year and a location in Europe or elsewhere. A call for papers is posted on the VERC's website as well as elsewhere (e.g., SSRN, Inomics). Following the inaugural Annual conference held at WLU, subsequent meetings were held, for example, at the European University – Viadrina, Frankfurt (Oder), Germany, and the Universidade Nova de Lisboa, Lisbon, Portugal. In 2006, to celebrate the 20 year link between Philipps University and WLU, and 10 years of financial support from the Viessmann family, the Annual conference was held in Marburg, Germany. In 2008 the 10<sup>th</sup> year of EMU is being celebrated with a Conference at the University of Münster. Smaller workshops that have a more focused theme are also held on a regular basis. The first one, dealing with the state of European economic cooperation in 2006, was held in April 2006. Another workshop on financial system stability was being held in Capri, Italy, also in 2006, a workshop on the frontiers of research in central banking was held at the National bank of Hungary in 2007, while a workshop on asset prices bubbles was co-hosted by the Norges Bank at their Venastul facility in Norway.