Financial frictions, default risk, and macroeconomic policy

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Propositions accompanying the PhD thesis
"Financial frictions, default risk, and macroeconomic policy"

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1. Creditor bail-ins are an effective tool to curb banks' risk-taking and mitigate the impact of financial crises on the real economy (Chapter 2).
2. Taxpayer-funded bank bailouts are effective at increasing credit supply and output in the long run, at the cost of making banks take more risks and increasing the welfare cost of business cycles (Chapter 2).
3. When both international lenders and borrowers face financial constraints, the demand for and supply of internationally traded currencies is determined by financial conditions in their respective countries (Chapter 3).
4. Sovereign default risk increases the output losses caused by deflationary reforms when nominal interest rates are constrained by the zero lower bound (Chapter 4).
5. Spillovers of fiscal policy between countries in the Eurozone are limited due to a bias of government spending towards non-tradable goods and services (Chapter 4).
6. Since theories of the macroeconomy are by necessity relatively stylized, it is crucial for macroeconomists to understand what their models do and do not (aim to) explain.
7. Dynamic stochastic general equilibrium models are a powerful tool to analyze the effects of public policy on macroeconomic quantities and prices.
8. "There's more to life than making shallow, fairly obvious observations." - Jerry Seinfeld.