PRESS RELEASE

Deutsche Bank Prize in Financial Economics 2007: U.S. economist Michael Woodford to be recognized for outstanding contributions to the field of financial economics

Frankfurt am Main, October 4, 2007 - One of the most highly renowned prizes in economics will be awarded today when Michael Woodford, Professor of Political Economy at Columbia University in New York, receives the Deutsche Bank Prize in Financial Economics 2007. The prize, presented by the Center for Financial Studies (CFS) in cooperation with the University of Frankfurt, is sponsored by the Deutsche Bank Donation Fund and endowed with €50,000. To mark the prize award ceremony, an international symposium is to be held in Frankfurt on the theory and practice of current monetary policy, and the hypotheses of Woodford's work will be reviewed and critically discussed.

Woodford is to receive the Deutsche Bank Prize in Financial Economics 2007 in recognition for his fundamental contributions to the theory and practical analysis of monetary policy. According to the international prize jury, Woodford's research has led to a theory of monetary macroeconomics that holds widespread appeal for many researchers owing to its rigorous foundations in microeconomics. The jury members went on to praise the high practical value of Woodford’s theories in which he analyses the central role played by both expectations and communications in the implementation of monetary policy. According to Woodford, central banks should always comprehensively substantiate their decisions and be responsive towards public expectations.

Woodford said, “It is a great honor for me to receive the Deutsche Bank Prize in Financial Economics 2007 and an endorsement for my work. Furthermore, this award also shows just how much research in the field of monetary policy is valued nowadays for its practical relevance. This is not least because of the sensitive environment in which central banks operate: conducting monetary policy means having to incorporate numerous aspects into every decision-making process, and this is where economic research can be a very effective tool of support.”

and analysis among university economists. In 2005 Woodford published “The Inflation Targeting Debate” together with Ben Bernanke, who became Chairman of the Federal Reserve System’s Board of Governors in 2006. Owing to the strong practical orientation of his research, Woodford has been in great demand as an advisor and speaker at numerous financial and monetary policy institutions. In 2005 and 2006, for example, he was called upon to act as an advisor to the European Central Bank (ECB). His research record has also taken him to the Federal Reserve in Washington, D.C., and the Federal Reserve Bank of New York, where he has been a member of the Monetary Policy Advisory Committee since 2004.

At an award ceremony to be held in the evening, Woodford will be presented with the Deutsche Bank Prize in Financial Economics 2007 by Josef Ackermann, Chairman of the Management Board and the Group Executive Committee of Deutsche Bank AG. Ackermann has emphasized the important role of the U.S. economist for the monetary sector: “The current market difficulties emanating from the U.S. subprime market pose challenges to both central and commercial banks. And, closer to Professor Woodford’s area of research, we have to analyze why the global surge in broad money supply since early-2006 has not led to higher inflation. I am proud that Deutsche Bank has the opportunity to support the discussion on these important issues by sponsoring the Prize in Financial Economics.”

According to Ackermann, the Deutsche Bank Donation Fund’s sponsorship of this award shows how important the dialogue between research and practice is for his company. Moreover, the prize, awarded for the second time since 2005, makes a decisive contribution to strengthening Frankfurt’s role as a center for both research and finance.

“In only a very short space of time, the Deutsche Bank Prize in Financial Economics has become one of the most prestigious research awards in the field of financial economics,” said Volker Wieland, Director of CFS and Chairman of the jury in 2007. “The nomination procedure itself also reflects the importance of the award, as we called upon more than 2,700 academics whose research focus is on the field of financial economics to submit their recommendations.” The prizewinner was chosen by the jury in autumn 2006 from among numerous high caliber candidates.

The jury comprised Günter Franke (University of Constance), Patrick Lane (The Economist), Lucrezia Reichlin (Director General of Research at the European Central Bank), Lars E. O. Svensson (Princeton University), Norbert Walter (Managing Director of Deutsche Bank Research and Chief Economist of Deutsche Bank AG), Michael Haliassos (CFS Program Director and University of Frankfurt), Otmar Issing (President of CFS and University of Frankfurt), Jan P. Krahnen (CFS Director and University of Frankfurt), and Reinhard H. Schmidt (University of Frankfurt). Volker Wieland (CFS Director and University of Frankfurt) served as Chairman of the Deutsche Bank Prize Jury.
CFS Profile
The Center for Financial Studies (CFS), located in Frankfurt, is a financially independent research institute affiliated with the University of Frankfurt. It conducts international research on financial markets, financial intermediaries and monetary economics. CFS promotes the dialogue between academia and the financial community by organizing international conferences, colloquia, academic forum discussions and specialist presentations on issues relating to monetary and capital market theory. The President of the Center for Financial Studies is Prof. Dr. Dr. h.c. mult. Otmar Issing. The Chairman of the Board of the sponsoring body of the Center for Financial Studies, Gesellschaft für Kapitalmarktforschung e.V., is Dr. Rolf-E. Breuer. The work and operational management of the institute are coordinated by the CFS Directors Professor Dr. Jan Pieter Krahnen and Professor Volker Wieland, Ph.D.

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