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## **Private Equity und Hedge Fonds im Kreuzfeuer der Kritik: Eine Bewertung aus ökonomischer und ethischer Perspektive**

*Frederik Zölls und Alexander Brink*

### **Abstract**

Concerning hedge funds and private equity, opinions differ: Critics refer to it as predatory capitalism, supporters enthuse about the champions league of investment industry. A theoretical analysis with focus on speculation will be followed by an overview of the market. Considering that social concerns cannot be overcome solely with theoretical, economic argumentation, financial companies will be reconstructed as moral stakeholders in a subsequent business ethical evaluation. Based on this stakeholder approach the business model will be described in the context of individual ethical responsibilities and the corporate governance debate. With this interdisciplinary survey the authors break new ground and show further research perspectives. Economic and moral arguments will promote to deal with criticism on hedge funds and private equity companies on a factual basis.

JEL-Klassifikation: B5, G10, G20, G23, G24, G28

## **Private Equity und Hedge Fonds im Kreuzfeuer der Kritik: Eine Bewertung aus ökonomischer und ethischer Perspektive**

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Wirtschaftspolitisches Forum

## **Lehren aus der Krise - Notwendige Änderungen der Finanzmarktregeln und zur Begrenzung systemischer Risiken**

Abstract

The latest financial crisis has been caused by a mixture of state and market failure, argues *Otmar Issing*. To avoid future crises, more transparency is needed – not by gathering more information, but by gathering it systematically and thereby creating “intelligent transparency”. Furthermore, regulation has to be global, he states. The necessary institutions are in place: The International Monetary Fund, the Financial Stability Board and the Bank for International Settlements.

*Stephany Griffith-Jones* and *Stefano Pagliari* point out, that containing “systemic risk” is one of the most important rationales for regulating financial markets. Our understanding of the sources of systemic risk has repeatedly been challenged by major episodes of financial instability. The crisis that started in the summer of 2007 has been no exception. They discuss how the latest global financial crisis urges analysts and regulators to rethink the origin of systemic risk beyond a narrow focus on the banking sector, beyond the “too big to fail problem”, and beyond a narrow micro-prudential focus. They focus on two regulatory principles: comprehensiveness and countercyclicality.

*Claudia Buch* und *Katja Neugebauer* review the existing empirical evidence on whether the increase in cross-border activities has allowed banks to diversify risks and to what extent it has increased banks' exposure to systemic risks.

JEL-Classifications: G28, G18 G01, F3, F30, E44

## **Auswirkungen der Eigentumsformen und des Mieterschutzes auf die Wohnungsqualität - Eine empirische Analyse basierend auf SOEP**

*Hiroki Tkakaura*

Abstract

This paper considers the effect of rental externality and protection of tenants on housing quality. Rental externality means that the quality of renter-occupied housing is lower than that of owner-occupied housing, because asymmetrical information prevents the proper functioning of the rental contract, which obliges a tenant to repair completely the housing. Protection of tenants can also reduce the quality of the accommodation, because the protection can cause a decrease in profitability for the landlord and overutilization of the dwelling by tenants. Using the ordered logit model

and the panel logit model with German Socio-Economic Panel, I obtained the empirical results that support theoretical predictions, although the quality of rental housing in Germany is relatively good.

JEL-Classifications: R38, K11

## **Pointing Fingers: Why People Hold Corporations Responsible**

*Martin A. Leroch*

### **Abstract**

Soziale Anreize wie die Zuweisung von Verantwortung sind ein wichtiges, aber in der Ökonomik wenig diskutiertes Element zur Durchsetzung gesellschaftlicher Normen. Es wird eine auf Emotionen aufbauende Verantwortungstheorie vorgestellt. Emotionen entstehen unmittelbar den für ein Ereignis kausalen Personen gegenüber. Können im Fall gemeinschaftlicher Handlungen die individuellen Beiträge nur schwer identifiziert werden, werden diese Emotionen sich auf eine gesamte Gruppe von Akteuren beziehen. Sie wird als Ganzes zur Verantwortung gezogen und dient leicht als ‚Sündenbock‘. Dies macht die Zuweisung von Verantwortung leicht fehlbar und nicht verlässlich. Auf Forderungen, die sich ausschließlich auf die Verantwortung der Akteure beziehen, ist daher zu verzichten.

Social incentives, e.g. holding others responsible, are a major but in economics rarely discussed element of norm enforcement. I argue they are intimately tied to sentiments towards the assumed causers of a specific outcome. If, in case of joint actions, individual causers are not identifiable, a group as a whole may be held responsible. Those collective entities serve as ‘scapegoat’ and thus relieve those involved from their empathetic distress. Consequently, the ascription of responsibility is easily flawed and not reliable. Policy recommendations calling on the responsibility of the actors should thus be dispensed with.

JEL-Classification: D 02, D 70, Z 00