

Wall Street Journal

‘Super Mario’ Needs a Hand

Michael Heise says the European Central Bank’s decision to extend its bond-buying program for six months increases the risks to the eurozone’s financial stability.

Dec. 4, 2015 6:30 a.m. ET

Writing for The Journal, Michael Heise says the European Central Bank’s decision to extend its bond-buying program for six months increases the risks to the eurozone’s financial stability, since it eases constraints on debt-dependent governments and encourages banks to buy government bonds without too much concern for the risk of default. Mr. Heise argues that European Union governments should relieve the ECB of its responsibilities for regulating banks, and should also require banks to set aside capital against the risk of default by a eurozone government. “Unless European leaders start improving the institutional...

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