

Olga Radzyner Award Winners 2013

The Olga Radzyner Award has been bestowed annually on young economists from Central, Eastern and Southeastern Europe (CESEE) for excellent scientific work on European economic integration since the year 2000. The Oesterreichische Nationalbank (OeNB) established this award to commemorate the former head of the OeNB's Foreign Research Division, Olga Radzyner, who pioneered the OeNB's CESEE-related research activities.

In 2013, the OeNB received 33 submissions for the Olga Radzyner Award from candidates from 15 countries. The submitted papers covered a wide range of topics related, inter alia, to the impact of financial liberalization, trade, social diversity, the quality of public institutions or the management of energy sources on economic development; the integration of real estate and stock markets; the assessment of financial sector stability risks; the economic effects of fiscal adjustments; the role of remittances and infrastructure investment; or the determinants of money demand. In terms of regional coverage, most papers provided empirical evidence for countries in CESEE, with a particular strong focus on countries in the Western Balkans.

From these submissions, the jury of OeNB reviewers chose four papers for distinction with the Olga Radzyner Award because they were considered outstanding in terms of originality, motivation and analysis as well as the use of state-of-the-art methods. The awards were conferred by OeNB Governor Ewald Nowotny on November 18, 2013, at the OeNB's Conference on European Economic Integration, and the winners are¹:

Calin Vlad Demian (from Romania), PhD student at the Central European University in Budapest, who analyzed welfare gains EU membership offers through cheaper trade in a multi-country Ricardian model with interindustry linkages within countries. He calibrates this model to the EU Member States for the years 2003, 2006 and 2009. Comparing the trade costs before and after EU enlargement, he finds that EU enlargement had a positive, trade cost-reducing effect for all Member States. These welfare gains were found to be comparatively larger for the new EU Member States in CESEE.

Biljana Jovanovic, analyst at the National Bank of the Republic of Macedonia, and *Branimir Jovanovic*, PhD student at the University of Rome "Tor Vergata," (both from FYR Macedonia), who investigated whether the ease of doing business, as measured by the World Bank's Ease of Doing Business Indicator, matters for investment in 28 CESEE countries. This study contributes to the existing literature in a twofold way: first, by using the individual subindicator values instead of the overall economy ranking (i.e. the aggregated indicator) and second, by investigating not only how the indicated ease of doing business affects foreign direct investment (FDI) but also total investment. Across a wide range of specifications, the ease of doing business robustly proves to have a considerable positive impact on FDI from OECD countries in the country sample. The impact on total investment is also found to be positive but somewhat smaller.

Balint Menyhert (from Hungary), PhD student at the Central European University in Budapest, who studied the impact of social (ethnic and religious) diversity

¹ In alphabetical order.

on economic development (as measured i.a. by changes in direct tax bases), using a sample of about 1,700 historical Hungarian townships and comparing data from between 1880 and 1910. This is one of the first papers to systematically investigate the relationship between economic performance and social patterns in urban communities. He puts strong efforts in identifying a causal relationship and finds that social diversity has a sizeable and positive impact on economic development. Apparently, localities with a more diverse social structure grew faster than others because they had a broader pool of persons with specialized skills.

Peter Tóth (from Slovakia), senior economic analyst at the Ministry of Finance of the Slovak Republic, who introduces an exchange rate pass-through into a partial equilibrium model that takes into account heterogeneous firms. He then uses this model to investigate empirically to which extent manufacturing firms in the Czech Republic can dampen the impact of exchange rate appreciation shocks. He finds that importing firms partially cushion the negative effects exchange rate appreciations have on their export sales by importing intermediate goods and services of greater variety and higher quality.