

# Research Update

Economic Analysis and Research Department

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## Editorial

by Peter Mooslechner  
Director of the Economic Analysis and Research Department

### "Is the Sky Falling on our Heads?"

In several respects, the current discussion of the problems some countries in Europe and in the euro area are facing reminds me of the story of "Asterix and the falling sky." Of course, it is understandable that the public feels a high degree of uncertainty concerning the outcome and, in particular, the cost of all this. What, in particular, contributes to the worsening of this situation is that, first, European policymakers seem not to be able to establish sustainable solutions over a reasonable period of time (granted, the problems are very difficult to solve indeed). A second important issue is that the media concentrate on the "falling sky" scenario only, thereby contributing to the self-fulfilling nature of the situation.

Third, I find it specifically disappointing to what extent economists are contributing to the already bad situation by creating confusion and even more uncertainty. This, once again, coincides with the Asterix story as it is in fact the village chief, whose life is permanently driven by the fear that the sky will fall on his head.

One important and necessary step forward in the process toward a sustainable solution has to be to bring more precision to the discussion. Let me illustrate what I mean by the following four examples:

1. At the moment, the discussion is very much focused on the so-called "public debt crisis," and the people in the street think that this is the main, or even the only crisis we are in. In reality we all know that we are facing several crises at the same time (that is, crises that have spread from the financial sector to affect real growth and vice versa), and tackling only one of these will not solve the overall problem.
2. Money, income, financial assets, currency and many things more – these terms are used in the discussion as if they all mean the same. It is the task of sincere economists to explain the important differences between these concepts instead of contributing to misunderstandings in a "fall of the euro" style.
3. It should be made clear that what really counts in the end is the loss in real GDP and employment Europe will suffer, and not the amount of money or financing provided to deal with different aspects of the crisis.
4. Last but not least, economists should be able to understand and to explain to the public that expanding liquidity to stabilize the banking system and financial markets is not the same thing as "printing money" and "creating inflation" or as "giving a gift" to somebody.

Given the current situation and the clearly less-than-bright outlook for the rest of this year as well as for 2012, we should do our best to assist the implementation of sustainable solutions by, first of all, getting the economic analytics right and by explaining them properly.

## Austria's Economy Stagnates in Second Half of 2011

### OeNB Short-Term Indicator Results Released in October 2011

The robust revival of the Austrian economy is likely to have come to an end by mid-2011. GDP growth is expected to stagnate in the second half of 2011 in line with global economic developments. The results of the OeNB's short-term indicator released in October show quarterly real GDP growth at 0.1% in the third quarter and at 0.0% in the fourth quarter (seasonally and working day-adjusted). The reasons for this stagnation include the global economic downturn, weak domestic growth, the bottoming out of the inventory cycle and rising uncertainty on account of the unresolved European sovereign debt crisis. Compared with the latest release in July, the forecast for the third quarter has been revised downward by 0.2 percentage points. A comparison with the same quarters of 2010 shows a slowdown in growth from 4.3% in the first quarter to 1.6% in the fourth quarter. The downtrend notwithstanding, annual growth is likely to reach as much as 2.9% in 2011 as a whole, given robust growth in the first half of the year. This means that the GDP forecast for 2011 based on the OeNB's economic outlook of June 2011 has been revised downward slightly by 0.3 percentage points.

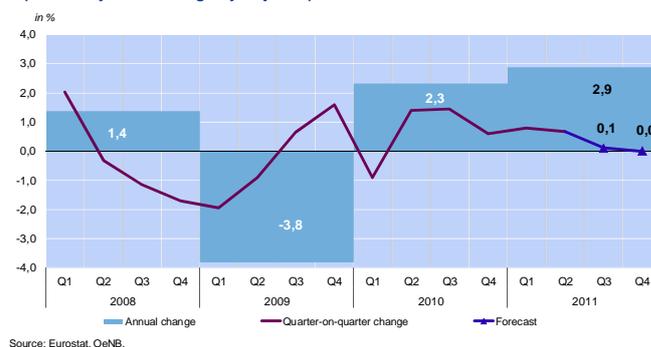
Uncertainty about the future development of the global economy has undermined the confidence of both businesses and consumers. Bank Austria's Purchasing Managers' Index, for instance, signals a stagnation of industrial activity from mid-2011 onward. Exports have already been hit by the economic slowdown. In the goods sector, export growth virtually stagnated in the second quarter in nominal terms compared with the first quarter; as regards the third quarter, the OeNB's export indicator of October 2011 signals just a slight increase over the second quarter (+0.8%, seasonally adjusted).

The growth outlook has also deteriorated significantly for domestic demand. Investment demand would have had to accelerate at a much stronger pace during the economic upturn to support economic growth on a sustained basis, given the sharp contraction during the global financial and economic crisis. The low level of business investment would imply that the bulk of recent investment was replacement investment rather than being aimed at the expansion of

production capacity. Weaker external conditions and the high degree of uncertainty in the corporate sector because of the sovereign debt crisis cause businesses to postpone investments further. This means that the key growth drivers of recent months – strong investment growth and robust exports – are likely to play a limited role in the second half of 2011, whereas a somewhat higher contribution to growth appears to be in the offing from building construction.

With the bottoming out of the exceptionally strong inven-

Short-Term Forecast of Austria's Real GDP Growth in Q3 and Q4 2011  
(Seasonally and Working-Day Adjusted)



tory cycle, another major pillar of growth will be lost in the second half of 2011. Moreover, any impetus created by private consumption is likely to remain limited in the next few months, as real disposable income of households is going to rise only slightly despite favorable developments in the labor market. The necessary budgetary consolidation measures and the dynamics of inflation, which is still at an elevated level, leave little room for additional spending.

Despite the marked downward revision of growth projections for Austria, the forecast risks continue to be predominately on the downside as a result of the international framework conditions. Apart from global imbalances, these risks include the unresolved debt crisis of several European countries and the weakness of the U.S. economy.

The next release of the OeNB's short-term indicator is scheduled for January 2012.

## OeNB-BOFIT Outlook for Selected CESEE Countries: Growth Moderates Due to Worsening External Demand<sup>1</sup>

The deteriorating external environment will cause economic growth in the CEE-7 region – that is Bulgaria, the Czech Republic, Hungary, Latvia, Lithuania, Poland and Romania – to moderate from 2.8% in 2011 to 2.5% in 2012. This downward revision from our previous growth forecasts for both years still relies on a rather optimistic outlook for the euro area of roughly 1.5% in 2011 and a slightly lower growth rate in 2012. Assuming a potentially worse growth

performance of euro area GDP in 2012 (one percentage point lower) would lower the 2012 growth rate of the CEE-7 region to 1.9%. Based on the current assumptions, 2011 will bring again positive and more homogenous growth rates for all countries in the CEE-7 region that will range from 1.5% (Hungary and Romania) to somewhat below 4% (Poland); only Lithuania will grow more dynamically at 6%. Growth will become more broadly based, with ex-

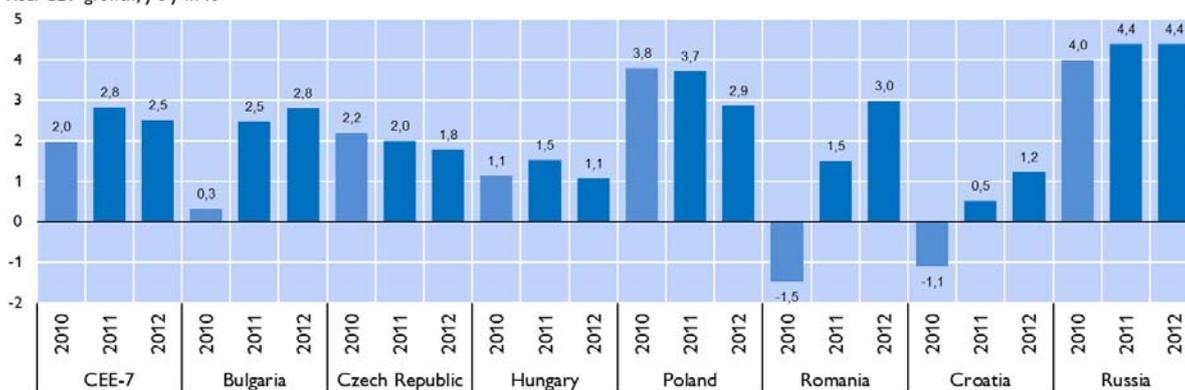
ternal demand continuing to drive growth in the majority of countries in 2011. Positive investment growth and cautiously reviving private consumption in all economies apart from Hungary marks the turnaround in the growth composition back to the precrisis pattern. Except in Hungary, domestic demand will re-emerge as the main growth driver in 2012. Poland, the largest economy in the region, continues to pose an exception in terms of both growth rates and of reversed growth drivers. Yet, in all countries the major domestic demand components show a peak in their growth rates in 2011. Risks to growth are clearly tilted to the downside and comprise substantially slower-than-assumed growth in the euro area and additional contagion risks through banking and financial market channels.

partial winding-back of corporate social taxes in 2012, and accelerated government spending increases connected with the elections. Forecast risks are manifold and mainly downside, comprising lower oil prices induced by global disturbances and growth setbacks, new bouts of risk aversion, uncertainties weakening consumer confidence, a new food inflation wave, and heightened import growth in case of stronger than expected ruble appreciation.

With a moderate economic recovery in the second half of the year, Croatian GDP is forecast to expand by a modest 0.4% in 2011 and to pick up slightly to 1.3% in 2012 on the back of strengthening domestic demand. The growth pattern seen in 2009 and 2010 will also prevail in 2011, implying a negative contribution of domestic demand and a positive contribution of net exports (albeit less pronounced than in previous years). GDP growth is expected to accelerate in 2012, driven mainly by a recovery of gross fixed capital formation as a result of gradually increasing

### OeNB-BOFIT CESEE GDP Projections 2010-2012 as of September 2011

Real GDP growth, y-o-y in %



Source: Eurostat, OeNB, BOFIT.

Russian economic growth in the first half of 2011 was weaker than forecast, while the expansion of imports exceeded expectations. Our GDP forecast has therefore been revised downward to 4.4% in 2011 and 2012. The import rebound is expected to remain buoyant in 2011, but to lose speed in 2012. The full-year 2011 GDP growth forecast is supported by investment, which should gain momentum, since the output gap is closing. Rebuilding inventories may continue in 2011. However, the economic expansion is projected to slow down soon, assuming the oil price will level off during the forecast period. Full-year GDP growth will remain at 4.4% in 2012, as a result of a base effect, the

FDI inflows ahead of EU entry in 2013.

<sup>1</sup> The OeNB and the Bank of Finland Institute for Economies in Transition (BOFIT) compile semiannual forecasts of economic developments in selected CESEE countries (Bulgaria, the Czech Republic, Hungary, Poland, Romania, Russia and Croatia). They are based on a broad range of available information, including country-specific time series models for Bulgaria, Croatia, the Czech Republic, Hungary, Poland and Romania (for technical details, see Crespo Cuaresma, Feldkircher, Slacik and Wörz, 2009. Simple but Effective: The OeNB's Forecasting Model for Selected CESEE Countries. Focus on European Economic Integration Q4/09. 84–95). The projections for Russia were prepared by the Bank of Finland Institute for Economies in Transition and are based on an SVAR model. The cutoff date for all projections is September 29, 2011.

## OeNB Summer School 2011: “The Econometrics of Panel Data: Methods and Applications,” Taught by Marno Verbeek

The 9<sup>th</sup> OeNB Summer School was dedicated to panel data econometrics and, like every year, was hosted by the OeNB at the premises of the Joint Vienna Institute. From August 29 to September 2, 2011, Marno Verbeek, professor of finance at Rotterdam School of Management, Erasmus University and scientific director of the Erasmus Research Institute of Management, taught 28 applied economists from the OeNB and other European central banks (CZ, DK, EE, FR, GR, HR, IE, NL, PL, SI, SK). For the first

time, a colleague from Hrvatska narodna banka participated in the summer school. Marno Verbeek has written numerous articles published in international scientific journals and is the author of the successful textbook “A Guide to Modern Econometrics” (John Wiley and Sons), whose chapters on panel data econometrics formed the basis for this summer school.

The course provided an insightful and useful elaboration of the state of the art in empirical panel data analysis. Starting

from a general introduction that discussed the advantages and disadvantages of panel data, static models with fixed effects or random effects, instrumental variables estimators, and robust inference, the course focused on (microeconomic) dynamic models, where the time dimension is typically limited and the number of cross-sectional units is large, and on (macro) panel time series where both dimensions of the data are limited. Topics covered included estimation by the Generalized Method of Moments (GMM), parameter heterogeneity, testing for unit roots, and panel

cointegration. The course concluded with a discussion of models with limited dependent variables, incomplete panels and selection bias.

The participants clearly appreciated the well-balanced mix of econometric theory and empirical applications using the statistical software STATA. A vast majority of the participants strongly agreed that they were satisfied with the course, that they would recommend this course to others, or that the knowledge provided by the course would have a value added for their job.

## Panel Discussion on Financial Crisis and Basel III

On October 3, 2011 the Oesterreichische Nationalbank hosted a Panel Discussion on Financial Crisis and Basel III. The event was jointly organised by the Embassy of the Kingdom of Spain in Austria, the CEHAUS (Spanisch Österreichische Untermehmervereinigung) and the Oesterreichische Nationalbank. The panel brought together high-level speakers to discuss the continuing financial crisis and the implications of Basel III. Speakers included Ewald Nowotny, Governor, Oesterreichische Nationalbank; H.E. Yago Pico de Coana, Ambassador, Embassy of the Kingdom of Spain in Austria; Jaime Caruana, General Manager, Bank for International Settlements; Rodrigo de Rato Figaredo, Chairman, Bankia; Andreas Treichl, Chief Executive Officer, Erste Group Bank AG and Franz Nauschnigg, Head of Division, Oesterreichische Nationalbank.

G Nowotny - The Euro remains a success story and the reform of fiscal and economic policy is necessary to secure the future stability of the Euro. So it is essential that the

safety net for the euro zone is coming into force rapidly. Basel III is an important step forward, but adequate instruments for restructuring and resolution of banks which allow a controlled market exit are still missing. The bank rescue should not only be the problem of their home countries, but a common European task. . "For the future it is necessary that we follow a more European approach."

First Group CEO Andreas Treichl argues, that the real problem is not the capitalization of the banks, but the debt crisis, and this problem can not be solved by a stronger capitalization of banks. Investors would not return as long as long as the question was open, if Greece or Ireland go bankrupt, or what happened to Portugal, Spain and Italy. Until these issues are not solved and the banks would have to increase their capital, the European banks would be taken possession of either the European governments or by the Chinese.

## OeNB Periodical Publications

[www.oenb.at/de/presse\\_pub/period\\_pub/volkswirtschaft/volkswirtschaft.jsp](http://www.oenb.at/de/presse_pub/period_pub/volkswirtschaft/volkswirtschaft.jsp)

**List of all Publications since 2001 (by staff of the Economic Analysis and Research Section):**

[http://www.oenb.at/de/img/publications\\_of\\_the\\_economic\\_analysis\\_and\\_research\\_department\\_tcm14-231169.pdf](http://www.oenb.at/de/img/publications_of_the_economic_analysis_and_research_department_tcm14-231169.pdf)



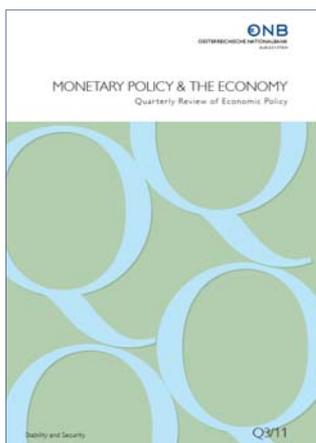
### Focus on European Economic Integration Q4/11 Special Aspect of Private Sector Credit (to be published at the end of November)

Recent Economic Developments in Selected CESEE Countries, including the OeNB-BOFIT Outlook for Selected CESEE Countries

Determinants of Foreign Currency Loans in CESEE Countries: A Meta-Analysis (Crespo-Cuaresma, Fidrmuc, Hake)

Nonperforming Loans in CESEE – What Do They Comprise? (Barisitz)

Results of the OeNB Spring 2011 Euro Survey (Dvorsky, Scheiber, Stix)



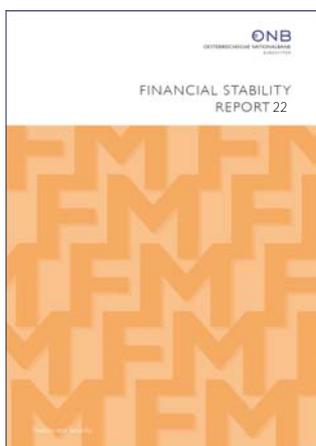
## Monetary Policy and the Economy Q3/11 (to be published in November)

Literature Review on the Economic Effects of the Euro on Austria (Beer)

Reforming European Financial Market Supervision (working title) (Pointner, Wolner-Rößlhuber)

The Manufacturing Competitiveness of Austria (working title) (Ragacs, Resch, Vondra)

Analyzing the Macroeconomy: Dynamic Stochastic General Equilibrium Modeling versus Agent-Based Modeling (Summer)



## Financial Stability Report 22 (to be published in December)

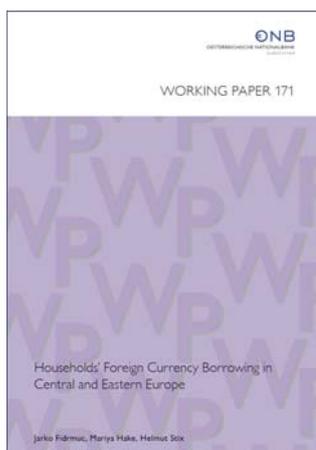
What Drives Aggregate Credit Risk? (Kerbl, Sigmund)

The Austrian Insurance Industry in CESEE: Risks and Opportunities from a Financial Stability Point of View (Bianchi, Ebner, Korherr, Ubl)

Detecting Financial Stability Vulnerabilities in due Time: Can Simple Measures Indicate a Complex Issue? (working title) (Trachta, Sigmund, Neudorfer)

## OeNB Working Papers

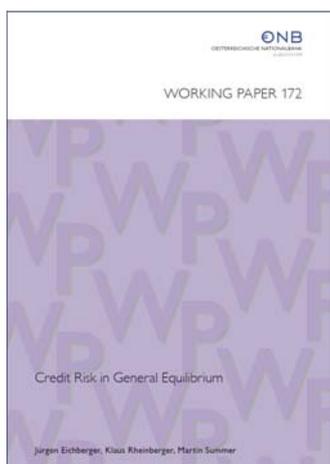
[http://www.oenb.at/de/presse\\_pub/research/020\\_workingpapers/working\\_papers\\_2011.jsp#tcm:14-173297](http://www.oenb.at/de/presse_pub/research/020_workingpapers/working_papers_2011.jsp#tcm:14-173297)



## Households' Foreign Currency Borrowing in Central and Eastern Europe

Jarko Fidrmuc, Mariya Hake and Helmut Stix (Working Paper 171)

Foreign currency loans represent an important feature of recent financial developments in CEECs. This might pose a serious challenge for macroeconomic stability. Against this background, we study the determinants of foreign currency loans of households, using data on the behavior of households in nine CEECs. Our results reveal that foreign currency loans are driven by households' lack of trust in the stability of the local currency and in domestic financial institutions. Moreover, special factors including remittances and expectations of euro adoption play an important role in selected regions. The financial crisis reduced foreign currency borrowing, but there is some indication this effect might be only temporary.



## Credit Risk in General Equilibrium

Jürgen Eichberger, Klaus Rheinberger and Martin Summer (Working Paper 172)

Credit risk models used in quantitative risk management treat credit risk analysis conceptually like a single person decision problem. From this perspective an exogenous source of risk drives the fundamental parameters of credit risk: probability of default, exposure at default and the recovery rate. In reality these parameters are the result of the interaction of many market participants: They are endogenous. We develop a general equilibrium model with endogenous credit risk that can be viewed as an extension of the capital asset pricing model. We analyze equilibrium prices of securities as well as equilibrium allocations in the presence of credit risk. We use the model to discuss the conceptual underpinnings of the approach to risk weight calibration for credit risk taken by the Basel Committee.

## External Publications by Staff Members

### A Systematic Approach to Multi-Period Stress Testing of Portfolio Credit Risk

Thomas Breuer, Martin Jandacka, Javier Mencia and Martin Summer (2011). *Journal of Banking and Finance*, [doi:10.1016/j.jbankfin.2011.07.009](https://doi.org/10.1016/j.jbankfin.2011.07.009)

We propose a new method for analysing multi-period stress scenarios for portfolio credit risk more systematically than in current macro stress tests. The plausibility of a scenario is quantified by its distance from an average scenario. For a given level of plausibility, we search systematically for the most adverse scenario. This ensures that no plausible scenario will be missed. We show how this method can be applied to some models already in use by practitioners. While worst case search requires numerical optimisation we show that we can work with reasonably good linear approximations to the portfolio loss function. This makes systematic multi-period stress testing computationally efficient and easy to implement. Applying our approach to data from the Spanish loan register we show that, compared to standard stress test procedures, our method identifies more harmful scenarios that are equally plausible.

### Oligopolistic Markets with Sequential Search and Production Cost Uncertainty

Maarten Janssen, Paul Pichler and Simon Weidenholzer (2011). *The RAND Journal of Economics*, Volume 42, Issue 3, 2011, p. 444–470.

This article analyzes a sequential search model where firms face identical but stochastic production costs, the realizations of which are unknown to consumers. We characterize a perfect Bayesian equilibrium satisfying a reservation price property and provide a sufficient condition for such an equilibrium to exist. We show that (i) firms set on average higher prices and make larger profits compared to the scenario where consumers observe production costs, (ii) expected prices and consumer welfare can be non-monotonic in the number of firms, and (iii) the impact of production cost uncertainty vanishes as the number of firms becomes very large.

### A Value at Risk Analysis of Credit Default Swaps

Burkhard Raunig and Martin Scheicher (2011). *Journal of Risk*, Volume 13, Issue 4, 2011, p. 3–29.

We investigate the risk of holding credit default swaps (CDS) in the trading book and compare the Value at Risk (VaR) of a CDS position to the VaR for investing in the respective firm's equity using a sample of CDS-stock price pairs for 86 actively traded firms over the period from March 2003 to October 2006. We find that the VaR for a stock usually exceeds the VaR for a position in the same firm's CDS. However, the ratio between CDS and equity VaR is markedly smaller for firms with high credit risk. The ratio also declines for longer holding periods. We also observe a positive correlation between CDS and equity VaR. Panel regressions suggest that our findings are consistent with qualitative predictions of the Merton (1974) model.

## Upcoming and Recent Events

The following events are organized by the OeNB. Please note that attendance is by invitation only. If you are interested in participating in one or more of the events, please send an e-mail to [OeNB.ResearchUpdate@oenb.at](mailto:OeNB.ResearchUpdate@oenb.at)

### Upcoming

October 21, 2011	Peter Egger (ETH); The Role of Absorptive Capacity for Growth
October 28, 2011	Yves Zenou (Stockholm University); Systemic Risk and Network Formation in the Interbank Market
November 14, 2011	Global Economy Lecture, Prof. Baldwin, "21 <sup>st</sup> Century Regionalism: Filling the Gap between 21 <sup>st</sup> Century Trade and 20th Century Trade Rules"
November 21–22, 2011	Conference on European Economic Integration (CEEI) 2011: European Integration in a Global Economic Setting – CESEE, China and Russia, jointly organized by the OeNB and Suomen Pankki – Finlands Bank
December 1–2, 2011	Economics as a Multi-Paradigmatic Science. Conference in Honour of Kurt W. Rothschild (1914–2010)

### Global Economy Lecture: "21<sup>st</sup> Century Regionalism: Filling the Gap between 21<sup>st</sup> Century Trade and 20<sup>th</sup> Century Trade Rules", November 14, 2011

This year's Global Economy Lecture will be given by Richard Baldwin, Professor of International Economics at the Graduate Institute, Geneva, and Policy Director of CEPR, London. Professor Baldwin will present a new way of thinking about 21st century regionalism, characterised by bargaining based on 'foreign factories for domestic reforms' in contrast to the 20th century type of bargaining based on 'exchange of market access.'

The nature of trade has changed from selling goods produced in one factory in one nation towards fully integrated global supply chains creating a complex trade-investment-service nexus. Traditional multilateral trade negotiations have not responded adequately to this new situation. As a result, a large number of uncoordinated, regionally negotiated trade agreements, bilateral investment treaties and autonomous reforms in emerging economies have surfaced. This 21st century regionalism is largely about regulation rather than tariffs, thus also calling for a different framing of the academic debate, which is more focused on (Vinerian) tax economics than on regulatory economics. It is also a great challenge to the WTO's role as a formulator and enforcer of rules. Hence, 21st century regionalism has different implications for the world trading system than traditional thinking has hitherto suggested. The lecture will discuss all the important elements that a new approach to governance in this important area of international economics relations should encompass.

The Global Economy Lecture is jointly organized by the Oesterreichische Nationalbank (OeNB) and The Vienna Institute for International Economic Studies (wiiw).

### Recent

October 10, 2011	IMF: Regional Economic Outlook
October 07, 2011	Thomas Hintermeier (Universität Bonn); Debt Portfolios
September 22–23, 2011	SUERF/BOF/CEPR/JFI Conference in Helsinki "The Future of Risk Management"

## OeNB Courses at the Joint Vienna Institute (JVI)

For further details see: [http://www.jvi.org/fileadmin/jvi\\_files/JVI\\_Program2011.pdf](http://www.jvi.org/fileadmin/jvi_files/JVI_Program2011.pdf)

November 7 – 10, 2011	Cash Circulation and Payment Systems in Austria
November 21 – 25, 2011	Monetary and Financial Statistics Collected and Compiled by the ESCB
December 12 – 14, 2011	Translation in a Central Bank Setting

*Upcoming ... Upcoming ... Upcoming ... Upcoming ... Upcoming*



## Conference on European Economic Integration (CEEI) 2011: “European Integration in a Global Economic Setting – CESEE, China and Russia”

Jointly organized by the OeNB and Suomen Pankki – Finlands Bank  
November 21 and 22, 2011, Vienna Marriott Hotel (by invitation only)

### Conference Aspects

The CEEI 2011 will discuss various aspects of European economic integration from a global perspective, investigating the impact of China and Russia as emerging global economic players on the catching-up process in CESEE. Speakers and panelists from central banks, international organizations, businesses, financial institutions and academia will focus on the sustainability of current growth strategies, competitiveness and challenges for monetary policy and banking in the light of the global economic and financial crisis.

The keynote lectures will be held by Professor Andrew K. Rose (University of California, Berkeley), Deputy Managing Director Min Zhu (IMF), Deputy Minister Andrey N. Klepach (Ministry for Economic Development of the Russian Federation) and First Deputy Chairman Alexey V. Ulyukaev (The Central Bank of the Russian Federation). This year's CEEI is organized in cooperation with Suomen Pankki (Bank of Finland), and will be opened by Governor Erkki Liikanen and Governor Ewald Nowotny.



## Highlights of the Recently Published CESEE Research Update

- The recent results of the **OeNB Euro Survey** find deteriorating consent, in all countries surveyed, to the statement that the euro will be a very stable and trustworthy currency over the next five years; by contrast, the majority of households in the Czech Republic, in FYR Macedonia and in Bosnia and Herzegovina expect the respective local currency to be stable and trustworthy over the next five years.
- The **69<sup>th</sup> East Jour Fixe**, hosted by the OeNB on June 20, 2011, dealt with the development of credit to the private sector in CESEE from a macroeconomic perspective.

- The OeNB invites entries from young economists from CESEE for the **Olga Radzyner Award** for excellent research on topics of European economic integration.
- The OeNB invites applications from external researchers for participation in a **Visiting Research Program** established by the OeNB's Economic Analysis and Research Department.

The CESEE Research Update is released quarterly by the Foreign Research Division of the OeNB. The aim of this newsletter is to inform readers about OeNB research and analysis output on Central, Eastern and Southeastern Europe (CESEE) as well as past and forthcoming CESEE-related events.

Please, note that you have to register once if you want to receive further issues of this newsletter and other CESEE relevant information on OeNB CESEE publications, analyses and events. To register please send an email to: [ceec@oenb.at](mailto:ceec@oenb.at)

## Call for Applications – Visiting Research Program



The Oesterreichische Nationalbank (OeNB) invites applications from external researchers for participation in a Visiting Research Program established by the OeNB's Economic Analysis and Research Department. The purpose of this program is to enhance cooperation with members of academic and research institutions (preferably post-doc), and with central bank researchers

who work in the fields of macroeconomics, international economics or financial economics and/or with a regional focus on Central, Eastern and Southeastern Europe.

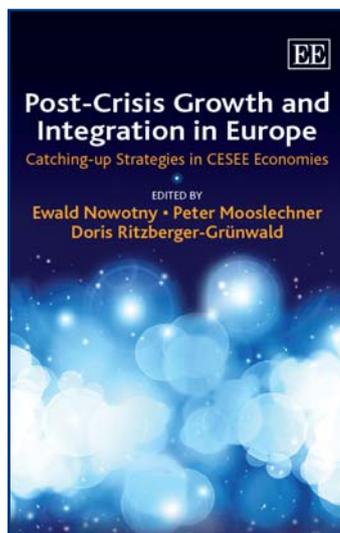
The OeNB offers a stimulating and professional research environment in close proximity to the policymaking process. Visiting researchers are expected to collaborate with the OeNB's research staff on a prespecified topic and to participate actively in the department's internal seminars and other research activities. They are provided with accommodation on demand and have, as a rule, access to the department's data and computer resources and to research assistance. Their research output will be published in one of the department's publication outlets or as an OeNB Working Paper. Research visits should ideally last between 3 and 6 months, but timing is flexible.

Applications (in English) should include

- a curriculum vitae,
- a research proposal that motivates and clearly describes the envisaged research project,
- an indication of the period envisaged for the research stay, and
- information on previous scientific work.

Applications for 2012 should be e-mailed to [eva.gehringer-wasserbauer@oenb.at](mailto:eva.gehringer-wasserbauer@oenb.at) by November 1, 2011.

Applicants will be notified of the jury's decision by mid-June. The next round of applications will close on November 1, 2012.



### Post-Crisis Growth and Integration in Europe

Edited by Ewald Nowotny, Peter Mooslechner and Doris Ritzberger-Grünwald  
Cheltenham, UK, Northampton, MA, Edward Elgar

Against the backdrop of the financial crisis that unfolded in 2008, this book deals with policy challenges going forward, focusing in particular on the ongoing catching-up process in Central, Eastern and South-Eastern European (CESEE) countries.

Whilst having emerged relatively unscathed from the crisis, the CESEE economies nonetheless need to adjust to the new external conditions they will encounter. In this respect, decision-makers are faced with multiple sources of uncertainty: will post-crisis growth be the same as pre-crisis growth? What will be the future role of financial integration, growth financing and exports? What are the particular challenges facing monetary policy-makers and the banking sector in the region? On these issues and related

topics, the book provides a multi-disciplinary assessment, combining the views of high-ranking central bankers and other policy-makers, commercial bankers and academics.

Economists and students of economic policy and European integration from central, commercial and investment banks, governments, international organizations, universities and research institutes will find this book of great interest and importance, especially those working on Central, Eastern and South-Eastern Europe.

**Up to be published in November 2011**

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# Economics

as a

# Multi-Paradigmatic Science

Conference in Honour of Kurt W. Rothschild (1914-2010)

Thursday, Dec 1<sup>st</sup> and  
Friday, Dec 2<sup>nd</sup>, 2011

Oesterreichische Nationalbank  
Otto-Wagner-Platz 3  
1090 Vienna

Please **register** for the conference by  
November 25, 2011 by e-mail to:  
[event-management@oenb.at](mailto:event-management@oenb.at)

[www.kurt-rothschild.at](http://www.kurt-rothschild.at)

## Programme

Thursday, December 1<sup>st</sup>

18:00 – 20:00 Ewald Nowotny, Opening of the Conference

**John E. King**, Kurt W. Rothschild's Influences  
on Economics

Friday, December 2<sup>nd</sup>

09:00 – 11:00 **Amit Bhaduri**, Theory of Income Distribution and  
its Implications for Macroeconomic Theory  
(Discussant: Markus Marterbauer)

**Josef Falkinger**, Empowering Economics: Some  
Thoughts on Policy and Financial Markets  
(Discussant: Peter Rosner)

11:30 – 13:30 **Ewald Nowotny**, Rothschild's Leben und Wirken  
in Österreich

**Podiumsdiskussion**  
Die Bedeutung Kurt W. Rothschild's für die ökonomische  
Forschung und die Wirtschaftspolitik Österreichs

Karl Aiginger (WIFO)  
Johann Brunner (JKU Linz)  
Günther Chaloupek (AK)  
Christoph Leidl (WKÖ)  
Peter Mooslechner (OeNB)  
Herbert Walther (WU Wien)

14:30 – 17:30 **Heinz D. Kurz**, Heterodox Economics in Austria:  
The Case of Kurt W. Rothschild  
(Discussant: Ingrid Kubin)

**Harry Bloch**, Price Theory and Oligopoly  
(Discussant: Michael Landesmann)

**Jürgen Kromphardt**, Labour Market Reforms –  
Wage Restraints and Economic Growth (Discussant:  
Gunter Tichy)

18:00 – 18:45 Film about Kurt W. Rothschild's Life

