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Opening Address

On 7 June, the Oesterreichische Nationalbank released its economic forecast. The numbers are not very pleasant, as there was a downward revision by 0,2%. The forecast expects 0,3% growth of real GDP in 2013 and 1,5% in 2014, while the economic situation should get better in 2015 with 1,8% growth.

These numbers show, how much the Austrian economy depends on the state of the euro area's economy. We are still suffering from the financial crisis and its effects on the European economy. Weak demand in our neighbouring countries is a big challenge for our export sector.

But still Austria has managed the crisis quite well compared to other countries. The euro area remains in recession since late 2011. Even countries like the Netherlands (−0,8%) and France (−0,1%) are expecting negative growth in 2013.

The main reason for our relatively stable situation is the immediate action we took when the crisis hit Europe. We reacted with a fiscal stimulus package including short-time working which kept the labour market stable. And we took a range of financial stability measures. We had to fully nationalise two banks, partly nationalise one more and we provided participation capital to other institutions. To cover these costs without cutting social spending, a bank levy was introduced. The Oesterreichische Nationalbank is fully state owned again, in order to avoid possible conflicts of interest.

On the European level the banking union is one of the most important reactions to the crisis. The Single Supervisory Mechanism (SSM) will now be complemented by a banking recovery and resolution framework which was already partially implemented in Austria by a new law on bank intervention and restructuring.

I carefully listened to Governor Nowotny's remarks on the new role of central banks and I agree that this role changed a lot over the past years. Monetary policy became very important in recent times. The Securities Markets Programme and the announcement to intervene in the market if necessary have played important roles in stabilizing the financial markets. The low interest rates protected the economy of further negative effects.

But monetary policy is not able to solve all problems. It cannot raise weak demand sufficiently. It cannot prohibit the damage caused by too strict austerity. It cannot raise youth employment. Therefore, we need prudent fiscal policy. We learned also that



even politics is not able to solve all problems. Fiscal consolidation is hardly achievable when banks cost the taxpayer billions.

One of the most important European projects for the Austrian government is the implementation of a Financial Transaction Tax (FTT). Lately several doubts were raised on this topic. Let me make clear that a delay is not good for Europe and its people. Politicians must not let the banking lobby undermine democracy. We will not stop fighting until the first FTT-Euro is paid.

Complex problems cannot be solved with easy answers. We need to fight youth unemployment without weakening worker's rights. We need balanced budgets without lowering social standards. We must achieve the banking union very fast, although the topic is very complex. And we need fast and efficient decisions and still stick to democracy for people, not for markets.

For central banks, work is not getting easier these days. The banking union will take a lot of coordination. Building a central supervision based at the European Central Bank and preparing to deal with a resolution mechanism, which I am truly supporting, will be a tough challenge. But I am confident, that the central banks will cope with that and in the end we will have a much better financial architecture.