

Research Update

Economic Analysis and Research Department

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Editorial



by Doris Ritzberger-Grünwald

Director of the Economic Analysis and Research Department

“To do or not to do“

In January the OeNB published – for the first time – a fundamental residential property price indicator. This indicator tries to estimate if price increases are justified by so-called fundamentals – demographic factors, refinancing as well as building costs – or not. Price increases in the housing market have been quite spectacular recently: A nominal price increase of 80% in Vienna since 2007 attracts the attention of everybody, although, as an informal and definitely nonrepresentative comparison among central bank colleagues of the ECB, the BdF, the BoE and the OeNB over lunch recently showed, prices in Vienna are still at the lower end.

Three reasons stood behind the decision to go public with this analysis: First, our price stability aim makes us sensitive to all price developments, although asset prices are not included in the HICP yet, at least not to the full extent. Second, price rallies in the housing market quite often signal bubbles leading to a severe crisis of the whole country. Third, with financial market stability becoming so important, a central bank should not only monitor these developments but also offer some kind of judgment. In this vein, several other central banks recently started to publish a fundamental house price indicator – most recently the Deutsche Bundesbank in November.

For the moment, we have detected a small underevaluation for Austria in total, and an increasing degree of overvaluation in Vienna. By the way, a similar “big city“ phenomenon has been identified in Germany. If we compare the situation with a traffic light, we find ourselves somewhere between green and yellow. In other countries the situation is much worse. In Switzerland, in fact, policymakers even acted upon the surge in property prices in 2013. The ongoing discussion about further measures is connected with an upcoming referendum on immigration and therefore more a political than an economic issue. Still, hitting the break is certainly not an easy decision, although neither in Switzerland nor in Austria would taking action be solely the central bank's responsibility. This decision is embedded in an institutional framework that involves several other stakeholders. The responsibility of economics is to provide insights in this direction through analysis, recognising the fact that it is much more difficult to find an answer to the question “To act or not to act.“

Doris Ritzberger-Grünwald

Austrian Economy Emerges from Two-Year Slowdown

OeNB December 2013 Economic Outlook

In its December 2013 economic outlook, the Oesterreichische Nationalbank (OeNB) expects the Austrian economy to grow by a moderate 0.4% in 2013. After having stagnated in the first half of 2013, the economy has seen gradual signs of recovery in the second half. Output growth is projected to accelerate to 1.6% in 2014 and 1.9% in 2015, as the global economy will recover and domestic demand components will increasingly expand. Inflation will fall below the price stability objective of 2%. With the euro area clearly experiencing a nascent economic upswing, the Austrian economy has done well to date, as OeNB Governor Ewald Nowotny pointed out, and Austria will continue to record the lowest unemployment in the monetary union.

Moderate Recovery of Global Economic Activity

After having slowed down in the past two years, global economic activity has started to recover and is currently expanding at a moderate pace. While the growth momentum in the emerging markets has been weakening somewhat, economic activity in the industrialized nations – especially in the U.S.A. – is increasingly picking up speed. In the second quarter of 2013, the euro area emerged from recession. The macroeconomic imbalances that built up among euro area countries during the European debt crisis are now decreasing slowly.

The worldwide revival in economic activity will be a major driving force behind the projected upswing in Austria. Following this year's very modest developments, export growth will advance significantly in the coming two years, and while falling short of precrisis growth rates, it will still provide important support to economy activity. In addition, Austrian exporters are faced with the challenge of price competitiveness. Given decreasing imports, the Austrian current account surplus is set to rise to 3% in 2013 and will improve further in 2014 and 2015.

Domestic Demand Increasingly Fuels Upswing in Austria

Amid persistent uncertainties, investment activity by Austrian companies has been rather subdued since spring 2012. The marked improvement in sentiment, however, gives rise to hopes that investment activity will soon recover. Exceptionally favorable financing conditions and the need for replacement investment should boost investment in plant and equipment. Furthermore, the pace of residential construction investment will quicken on the back of robust housing demand reflected by the strong rise in real estate prices. Consumption has been very subdued recently, as household incomes were contracting in real terms. Private consumption will have stagnated in the year 2013 as a whole. In the subsequent years, consumption will again turn positive owing to continuing employment growth and increasing real wages.

Unemployment Rate Remains Elevated

The labor market is sending mixed signals: On the one hand, employment is expanding despite subdued economic activity. On the other hand, unemployment is on the rise. Austria's unemployment rate (Eurostat definition) increased from 4.4% in 2012 to 4.9% in 2013. In 2014 and 2015, unemployment is forecast to remain at the elevated level of 5.0%.

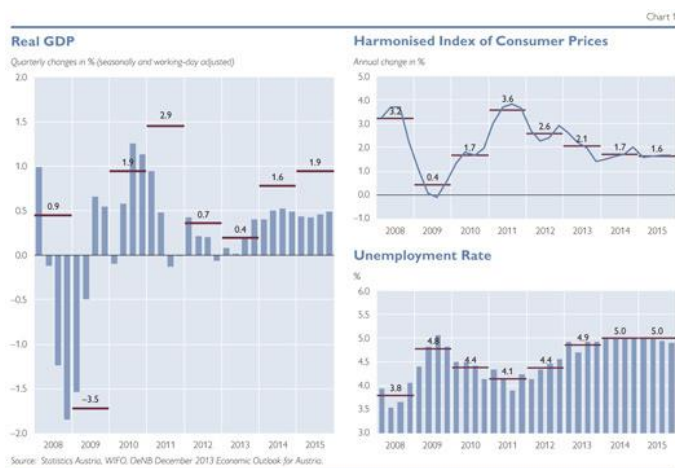
Inflation to Fall below the 2% Objective Again

Over the past 12 months, the inflation rate has dropped by almost half in Austria. Falling energy and food prices will dampen inflationary pressures further. Overall, the HICP inflation rate will decrease from 2.1% in 2013 to 1.7% in 2014 and to 1.6% in 2015.

Need for Fiscal Consolidation

One-time effects very much influence the development of the general government budget balance over the forecasting horizon. In 2013, positive one-time effects, such as revenues generated from the telecommunications multiband auction and the tax agreement with Switzerland, have outweighed the negative effects resulting from government aid to banks. The general government budget balance will improve to –1.6% of GDP in 2013 and it is likely to deteriorate in 2014 and 2015 to –2.2% of GDP, as additional government aid for banks remains a possibility. Without the latter, the general government deficit would remain unchanged at –1.6% of GDP in both years. However, as the structural budget balance projected in the OeNB's economic outlook (ESCB method) exceeds Austria's medium-term budgetary objective of a structural deficit-to-GDP ratio of –0.45% for 2015, Austria will have to reduce the deficit by roughly EUR 3 billion in 2014 and 2015 to ensure fiscal sustainability.

[For more information, see here](#)

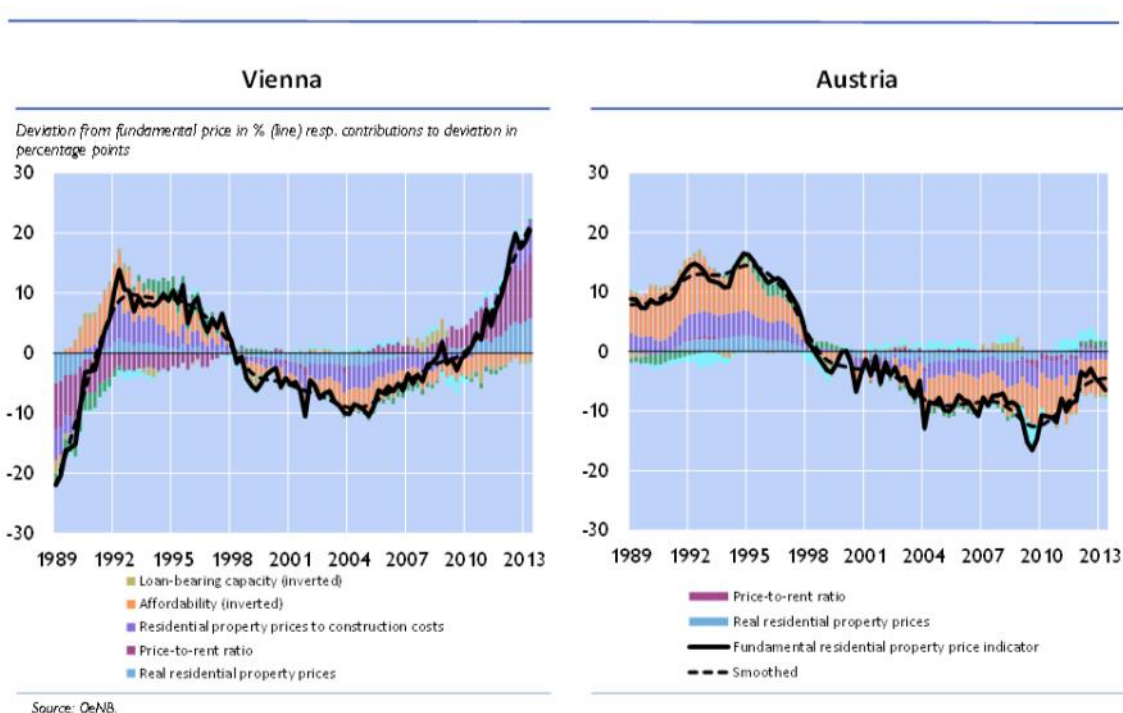


Are Recent Increases of Residential Property Prices in Vienna and Austria Justified by Fundamentals?

Residential property prices in Vienna have risen sharply since 2005 and to a lesser degree throughout Austria as well. This article assesses whether the upward movement is justified by fundamental factors or whether it is exaggerated, using a fundamental residential property price indicator for Vienna and Austria to identify deviations between actual and fundamental real estate prices. The indicator consists of seven subindicators that address a variety of perspectives, including those related to households, investors and systemic factors. For Vienna, the indicator points to an increasing degree of overvaluation in property prices (by 20% in the second quarter of 2013). The primary driver behind this trend, which has recently experienced an especially pronounced surge, is the relative real estate price (compared to rentals, consumer prices and construction costs), which is only weakly mitigated by the increased affordability of home ownership. Of note, the overvaluation evident in the indicator does not suggest that an abrupt price correction will occur in the near future.

Rather, such imbalances may subside gradually, as happened in the wake of the price hikes experienced in the early 1990s. For Austria overall, the indicator points to a persistent 6% undervaluation, despite a recent uptick in prices. Diminishing loan growth and declining household indebtedness suggest that a high percentage of equity financing is being used in property investments. At present, therefore, the recent increases of residential property prices in Vienna and Austria do not pose a serious threat to financial stability.

[For more information, see here](#)



Loan Growth Remains Weak in Austria, but There Are Signs of Improved Access to Loans

11th Lending Report of the Oesterreichische Nationalbank

The growth of Austrian bank loans to nonfinancial corporations bottomed out at 0.2% in August 2013 after having contracted since summer 2012. Thereafter, annual growth recovered somewhat, most recently to 0.9% in October 2013. Developments during the upcoming months will show whether the shift in the growth trend will last. Austria has, at any rate, performed noticeably better than the euro area average, where the annual growth rate of lending to the corporate sector has been negative since June 2012, most recently standing at -3.7%.

Broken down by economic sectors, lending to the sectors manufacturing, construction, transport, hotels and restaurants as well as housing has risen so far in Austria in 2013, while lending to the sectors trade and energy supply remains subdued.

Like lending to corporates, the growth of lending to households lost pace again following a temporary recovery in the direct aftermath of the financial crisis, only that the decline in lending to households started as early as in July 2011. Loans to households fell to a low of 0.1% in May

2013, but the annual growth rate has since recovered to 0.6% (reporting month October 2013).

Austrian companies' financing through bonds dropped noticeably, as lending started to recover in 2010. From the beginning of 2011, the annual growth rate of net bond issues of Austrian nonfinancial corporations fluctuated between 7% and 12% without signaling a clear trend, before dipping to below 5% in September and October 2013. By contrast, stock issues by Austrian corporations have been stagnating following a temporary rise in 2011. Financial accounts data showed two additional sources of company funding – loans taken out abroad by Austrian companies as well as intergroup funding – to have closed with net capital outflows in the first half of 2013.

The average retail bank interest rates for corporate and household loans diminished in the course of 2012, echoing the reduction of key interest rates. At the beginning of 2013, these rates stabilized at a historically low level. The interest rate on new loans to enterprises with an initial rate fixation period of up to one year has stood at 2.2% for lending up to EUR 1 million and at 1.6% to 1.7% for loans over EUR 1 million for several months now. The interest rates on new loans to households also declined in 2012, but in 2013, rates climbed somewhat to reach almost 5%,

whereas interest rates on new housing loans have tended to remain stable in 2013.

The most recent surveys among companies and banks suggest reasons on the supply side and on the demand side for the lessening pace of credit growth in 2013. Small and medium-sized companies reported a further deterioration of access to bank loans. The main cause they cited for this circumstance was the general economic environment, although its negative impact had more recently been easing perceptibly. Additionally, the companies surveyed indicated that banks terms' – collateral requirements, loan covenant terms and conditions – had remained persistently tight. In this respect, banks appear to have changed their behavior lately, however. As a case in point, in the euro area bank lending survey, banks stated that they had not tightened their corporate lending terms further in the third quarter of 2013. Moreover, the business cycle survey of the Austrian Institute of Economic Research WIFO found that the share of companies that have been able to take out as much credit as they had applied for and at the terms that they expected has risen.

[For more information, see here \(in German language only\)](#)

The Austrian System of Individual Pension Accounts An Unfinished Symphony

In the course of 2014 the new Austrian pension account system will gain visibility since all insured person born after 1955 are going to receive their first account statements that will also include an "initial credit" for the pre-reform entitlements. In his article "The Austrian System of Individual Pension Accounts – An Unfinished Symphony" Markus Knell uses this opportunity to offer a general assessment of the achievements and shortcomings of the new pension system.

As a starting point he argues that the new framework that is based on individual accounts is a major achievement that has eliminated many weaknesses of the older defined benefit system like the short assessment period and the strong incentives for early retirement. A serious shortcoming of the new system, however, is that it does not react to demographic changes, in particular to increases in life expectancy. The article contrasts the Austrian and the Swedish pension account systems to demonstrate how and why the latter is able to react to demographic changes. It is also shown how the Austrian system could be adapted to include such an automatic adjustment mechanism. In particular,

this would require a continuous modification of the "key formula" 80/65/45 (80% replacement rate after 45 contribution years at a retirement age of 65). Although technically feasible, it could be argued that such a continuously changing yardstick might challenge the comprehensibility, transparency and political feasibility of the new system. In a next step the author also argues why an increase in the average retirement age seems to be the most appropriate and viable reaction to the increase in life expectancy and why alternative adjustment policies have their limits. Finally, the paper deals with some commonly expressed objections to this adjustment strategy and it also shows how a system of individual accounts could be amended in order to take some of these objections into account.

[For more information, see here](#)

“Building New Skills for Financial Translators”

Report from the 5th JVI Seminar hosted by the OeNB’s Language Services

“One of the most important benefits that training centers like the JVI yield is the networking and the opportunity to discuss policy issues with peers. The ‘open window’ that we very often have with the other participants after the courses is a large gain, which nourishes us constantly,” said Ana Mitreska, head of research at the Macedonian central bank, in the latest Alumni Newsletter published by the Joint Vienna Institute.

This finding is echoed by the feedback we keep receiving from the participants of the JVI seminar “Building New Skills for Financial Translators” that the OeNB’s Language Services team organized in December 2013. For instance, Nesligül Kafadar, who works for the Turkish central bank, wrote: “I agree with most of the participants that this seminar must be an annual one! I learned so much and I brought so many good ideas with me back home to improve the workflow and quality of my job at the Central Bank of Turkey. It was an invaluable opportunity for me to learn about other translators’ experiences and it was quite a relief to

learn that we share almost the same problems. Please let us keep in touch for further feedback, comments, etc.”

The four-day course – the fifth seminar in a series that started in 2004 – attracted 29 participants from 17 different countries, ranging from Albania to Ukraine. The course participants benefited from the insights and expertise of the OeNB’s translators/editors and nine guest lecturers, including the IMF’s deputy chief interpreter; senior translators working for the BIS, the ECB, the Bank of Finland, the European Commission and the JVI; as well as the translation/editing manager of PriceWaterhouseCoopers Stockholm.

The course was designed with a strong focus on editing and interpreting issues. We plan to organize our next course – in 2015 – around these topics as well.

¹ http://www.jvi.org/fileadmin/jvi_files/Newsletter/JVI-Newsletter_5.pdf

The OeNB’s New Website: Dynamic, User Oriented, Responsive

On December 17, 2013 the Oesterreichische Nationalbank offered an early Christmas present: The newly relaunched OeNB website www.oenb.at went online as scheduled. Much effort went into making the website more user-friendly and responsive. Cutting-edge technology, a new design and new navigation features improve the presentation of the OeNB’s broad range of information products and services.

The relaunch was used to update the website design, to upgrade the technology and to completely overhaul content. The OeNB chose to use responsive design to ensure that the website will work flawlessly on a wide variety of devices, especially also on smart phones and tablets, and strives to meet the international standards for barrier-free web design. At the same time, the processes for managing and keeping website content current have been streamlined.

The new website also presents a completely new navigation structure of “Monetary Policy”. This provides quick access to the most important and demanded economic products of the OeNB such as the Economic Outlook for Austria or the CESEE Outlook. Under the navigation point “Research” you find information on the researchers of the OeNB as well as the results of three important surveys conducted by the Economic Analysis and Research Department: the Household Finance and Consumption Survey (HFCS) which collects information on Austrian households’

financial situation and their consumption decisions, the OeNB Euro Survey on the use of the euro by households in CESEE countries and the Bank Lending Survey on lending conditions of Austrian banks.

We hope that you appreciate the new features of our website and would welcome getting your feedback. Please note that the new page structure on the OeNB’s website might require you to reset some of your bookmarks and to resubscribe to RSS feeds. Subscriptions of the Research Update or the CESEE Research Update are unaffected by the website relaunch.





Report from the Conference on European Economic Integration (CEEI) 2013 “Financial Cycles and the Real Economy: Lessons for CESEE”

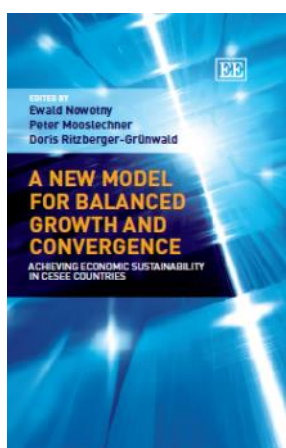
Organized by the Oesterreichische Nationalbank (OeNB)

November 18 and 19, 2013, Vienna

Last year's Conference on European Economic Integration (CEEI) investigated the links between financial sector developments and the real economy. In particular, it examined to what extent the heterogeneous recovery paths of CESEE countries reflected both differences in the pattern of their financial cycles prior to the crisis and varying policy responses. More than 330 participants from around 35 countries followed the presentations and discussions of high-profile representatives of international organizations, central banks, academia as well as the banking and the real sector.

For details and presentation downloads, please visit [CEEI 2013](#).

The conference proceedings of the CEEI 2013 will be published by Edward Elgar Publishing Ltd. in the course of 2014.



A new Model for Balanced Growth and Convergence Achieving Economic Sustainability in CESEE Countries

Nowotny, E., Mooslechner, P. and Ritzberger-Grünwald, D.

Edward Elgar Publishing

This topical book addresses the need for emerging economies in Central, Eastern and South-Eastern Europe to find a new, sustainable growth model that fosters continued convergence with the EU without leading to the build-up of new vulnerabilities.

The expert contributions frame the discussion on balanced growth in Europe, deal with the legacy of the old growth model (such as managing disrupted capital flows and deleveraging), and provide insights from the growth strategies of Russia and Turkey as well as the adjustment process of successful small CESEE countries. They focus on providing a multi-disciplinary as-

essment, combining the views of policy-makers and academics with those of central and commercial bankers.

This book will prove a thought-provoking read for academics, researchers and students in the fields of economics – particularly international economics – and finance, money and banking. Policy-makers and economists interested in European integration and emerging European economies will also find this book to be an invaluable resource.

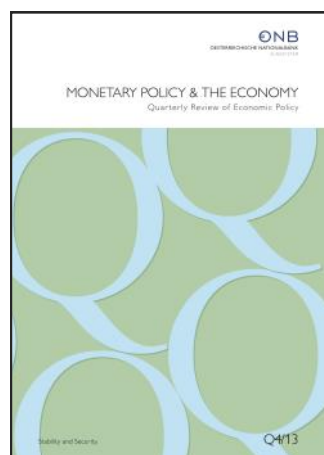
See also:

http://www.e-elgar.co.uk/bookentry_main.lasso?id=15470&breadcrumblink=&breadcrumb=&sub_values

OeNB Periodical Publications

<http://www.oenb.at/en/Publications/Economics.html>

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

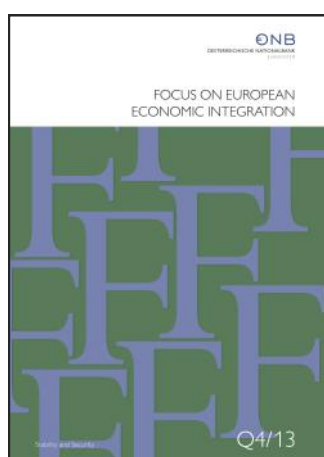


Monetary Policy & the Economy Q4/13

Austrian Economy Emerges from Two-Year Slowdown: The OeNB's Economic Outlook for Austria for the Period from 2013 to 2015 December 2013 (Fenz, Schneider)

Are Recent Increases of Residential Property Prices in Vienna and Austria Justified by Fundamentals? (Schneider)

The Austrian System of Individual Pension Accounts – An Unfinished Symphony (Kneill)



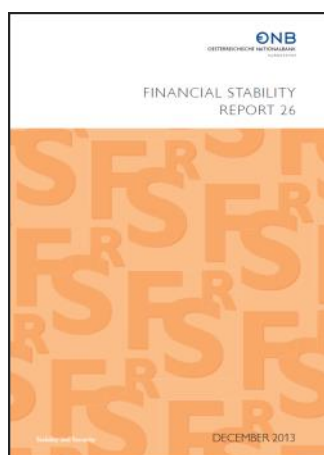
Focus on European Economic Integration Q4/13

Economic Spillovers from the Euro Area to the CESEE Region via the Financial Channel:

A GVAR Approach (Peter Backé, Martin Feldkircher, Tomáš Slačák)

Households' Expectations and Macroeconomic Outcomes – Evidence from the Euro Survey (Elisabeth Beckmann, Isabella Moder)

Oil Prices, Excess Uncertainty and Trend Growth: A Forecasting Model for Russia's Economy (Jouko Rautava)



Financial Stability Report 26

Macroprudential Policy: A Complementing Pillar in Prudential Supervision – The EU and Austrian Frameworks (Liebeg, Trachta)

Quantifying Financial Stability in Austria – New Tools for Macroprudential Supervision (Eidenberger, Neudorfer, Sigmund, Stein)

Credit Boom in Russia despite Global Woes – Driving Forces and Risks (Barisitz)

ARNIE in Action: The 2013 FSAP Stress Tests for the Austrian Banking System (Feldkircher, Fenz, Ferstl, Krenn, Neudorfer, Pühr, Reiningger, Schmitz, Schneider, Siebenbrunner, Sigmund, Spitzer)

OeNB Working Papers

<http://www.oenb.at/en/Publications/Economics/Working-Papers.html>

A Global Macro Model for Emerging Europe

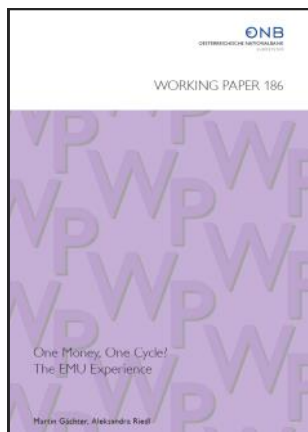
Martin Feldkircher (Working Paper 185)



This paper puts forward a global macro model comprising 43 countries and covering the period from Q1 1995 to Q4 2011. Our regional focus is on countries in Central, Eastern and Southeastern Europe (CESEE) and the Commonwealth of Independent States (CIS). Applying a global VAR (GVAR) model, we are able to assess the spatial propagation and the time profile of foreign shocks to the region. Our results show that first, the region's real economy reacts nearly equally strongly to an U.S. output shock as it does to a corresponding euro area shock. The pivotal role of the U.S.A. in shaping the global business cycle thus seems to partially offset the region's comparably stronger trade integration with the euro area. Second, an increase in the euro area's short-term interest rate has a negative effect on output in the long run throughout the region. This effect is stronger in the CIS as well as in Southeastern Europe, while it is comparably milder in Central Europe. Third, the region is negatively affected by an oil price hike, with the exception of Russia, one of the most important oil exporters worldwide. The oil-driven economic expansion in Russia seems to spill over to other – oil-importing – economies in CIS, thereby offsetting the original drag brought about by the hike in oil prices. Finally, our results corroborate the strong integration of advanced economies with the global economy. By contrast, the responses in emerging Europe are found to be more diverse, and country-specifics seem to play a more important role.

One Money, One Cycle? The EMU Experience

Martin Gächter and Aleksandra Riedl (Working Paper 186)



We examine whether the introduction of the euro had a significantly positive impact on the synchronization of business cycles among members of Economic and Monetary Union (EMU) which might arise due to the lack of country-specific monetary policy shocks in the euro area. Empirical evidence on this relationship is rare so far and suffers from methodical weaknesses, such as the absence of time variability, which is crucial for addressing this issue. Using a synchronization index that is constructed on a year-by-year basis (1993-2011), we uncover a strong and robust empirical finding: the adoption of the euro has significantly increased the correlation of member countries' business cycles above and beyond the effect of higher trade integration. Thus, our results substantially strengthen the conclusion by Frankel & Rose (1998), i.e. a country is more likely to satisfy the criteria for entry into a currency union ex post rather than ex ante. Remarkably, however, this reasoning is even verified when controlling for the effect of increased trade linkages implied by entering a currency union.

Collateral, Liquidity and Debt Sustainability

Stefan Niemann and Paul Pichler (Working Paper 187)



We study the sustainability of public debt in a closed production economy where a benevolent government chooses fiscal policies, including haircuts on its outstanding debt, in a discretionary manner. Government bonds are held by domestic agents to smooth consumption over time and because they provide collateral and liquidity services. We characterize a recursive equilibrium where public debt amounts to a sizeable fraction of output in steady state and is nevertheless fully serviced by the government. In a calibrated economy, steady state debt amounts to around 84% of output, the government's default threshold is at around 94% of output, and the haircut on outstanding debt at this threshold is around 40%. Both reputational costs of default and contemporaneous costs due to lost collateral and liquidity are essential to generate these empirically plausible predictions.

External Publications by Staff Members

Financial Contagion and Network Analysis

Martin Summer (2013). *Annual Reviews of Financial Economics*, 5, December 2013, pp. 277–297.

Network models of interbank exposures allow the mapping of the complex web of financial linkages among many institutions and address issues of system stability and contagion risk. Although existing models cover a fair amount of ground in explaining how network structure can lead to default cascades and in quantifying the likelihood and the impact of default cascades through balance-sheet mechanics, the literature has shortcomings in explaining how shocks are potentially amplified through the network of exposures. These amplification mechanisms seem to be very important in financial crises. This review discusses the main conceptual ideas behind network models of contagion, the major findings of this literature, as well as some limitations of existing models.

Central bank independence and the monetary instrument problem

Stefan Niemann, Paul Pichler and Gerhard Sorger (2013). *International Economic Review*, 54 (3), August 2013, pp. 1031–1055.

We study the monetary instrument problem in a dynamic non-cooperative game between separate, discretionary, fiscal and monetary policy makers. We show that monetary instruments are equivalent only if the policy makers' objectives are perfectly aligned; otherwise an instrument problem exists. When the central bank is benevolent while the fiscal authority is short-sighted relative to the private sector, excessive public spending and debt emerge under a money growth policy but not under an interest rate policy. Despite this property, the interest rate is not necessarily the optimal instrument.

Responding to the crisis by ordoliberal monetary reform? A comparison of Bitcoin and the „positive money“ proposal

Beat Weber (2013). *DIW Vierteljahreshefte zur Wirtschaftsforschung* 82 (4).

The recent economic crisis has shattered widely held beliefs in the functioning of the current monetary and financial system. In this context, calls for a fundamental reform of money have received considerable attention in the media. Bitcoin, a project for a private electronic currency, and the „positive money“ (in German: „Vollgeld“) concept are two variants of ideas for monetary reform. Their roots can be traced back to two views held within ordoliberal economics, by Eucken and Hayek. The paper discusses their commonalities and differences, as well as their limits based on an analysis of their concepts of money.

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 postdoc) 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 will be provided with accommodation on demand and will, as a rule, have access to the department's computer resources. Their research output may 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 visit, and
- information on previous scientific work.

Applications for 2014 should be e-mailed to eva.gehringer-wasserbauer@oenb.at by May 1, 2014.

Applicants will be notified of the jury's decision by mid-June 2014. The following round of applications will close on November 1, 2014.

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

Upcoming

January 28 – 30, 2014	Financial Stability 3 Lectures held by Jean-Charles Rochet (University of Zürich) <ul style="list-style-type: none"> • Lecture 1 – The Lender of Last Resort: An analysis of the economics and politics of banking crises, and episodes of bail-outs of failing financial institutions. Rochet Vives (2004) “The Lender of last Resort: was Bagehot right after all?” JEEA, 6, 1116-1147, reprinted in Rochet, J.C. (2008) “Why are there so many banking crises?, Princeton University Press, chapter 2 • Lecture 2 – Capital Regulation and Credit Cycles: Rationale for solvency regulations: micro VS macro-prudential. Will Basel III be sufficient? Countercyclical Capital buffers. Admati et al. (2011) “Why bank capital is not expensive”. Gersbach and Rochet (2013) “Capital Regulation and Credit Fluctuations”. • Lecture 3 – Short Term Financing by banks: limited private gains, huge social losses. What doctrine for macro-prudential regulators? Hanson Kashyap and Stein (2011) “A Macro-prudential Approach to Financial Regulation” Journal of Economic Perspectives. Repullo Rochet Vo (2013) “Optimal Debt Maturity”
April 24 – 25, 2014	East Jour Fixe: 10 Years of Eastern Enlargement
May 12 – 13, 2014	42 nd Economics Conference of the OeNB
February 27 – 28, 2014	Bretton Woods @ 70: Regaining Control of the International Monetary System (jointly organized with the Federal Ministry of Finance and the Reinventing Bretton Woods Committee
November 24 – 25, 2014	Conference on European Economic Integration (CEEI) 2014

Recent

January 27, 2014	Presentation of the EBRD Transition Report 2013; jointly with Federal Ministry of Finance
January 24, 2014	Péter Benczúr (Central European University), TBA
December 20, 2013	Raphael Auer (SNB), What Drives Target2 Balances? Evidence From a Panel Analysis
November 29, 2013	Moritz Schularik (University of Bonn), TBA
November 22, 2013	Alfred Galichon (Sciences Po, Paris), TBA
November 18 – 19, 2013	Conference on European Economic Integration (CEEI): Financial Cycles and the Real Economy: Lessons for CESEE
November 8, 2013	Pascal Michailat (London School of Economics), A model of aggregate demand and unemployment
October 21, 2013	Ilmārs Rimšēvičs (Bank of Latvia) and Ewald Nowotny (OeNB); 74 th East Jour Fixe: Latvia Attending the Euro Area (jointly organized with Austrian Society for European Politics)

OeNB Courses at the Joint Vienna Institute (JVI)

For further details see: http://www.jvi.org/fileadmin/jvi_files/Program_Brochures/JVI_Program_2014.pdf

February 10 – 21, 2014	Sound Fiscal Institutions: The Basis for Stability, Growth, and Prosperity (OeNB in cooperation with the Federal Ministry of Finance and the IMF)
May 12 – 16, 2014	Institutional Challenges for EU Candidate and Potential Candidate Countries on the Road to the EU and EMU (OeNB in cooperation with the Federal Ministry of Finance)