Olga Radzyner Award winners 2017

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The Olga Radzyner Award is bestowed annually on young economists from Central, Eastern and Southeastern Europe (CESEE) for excellent scientific work on European economic integration. The Oesterreichische Nationalbank (OeNB) established this award in 2000 to commemorate the former head of its Foreign Research Division, Olga Radzyner, who pioneered the OeNB's CESEE-related research activities.[1]

In 2017, the OeNB received 20 submissions for the Olga Radzyner Award from candidates from 16 countries. The submitted papers covered a great variety of topics with a focus on European integration and the completion and deepening of the single market. These topics ranged from monetary policy transmission channels, legacy effects of the global financial crisis, economic effects of attitudes toward national identities, analysis of inflation, fiscal policy and stock markets to banking sector studies. Quite a few submissions analyzed developments in candidate and potential candidate countries.

For this year's award, the jury of OeNB reviewers chose four papers they considered outstanding in terms of their originality, analytical quality and use of state-of-the-art methods. The awards were conferred by OeNB Governor Ewald Nowotny on November 20, 2017, on the occasion of the Conference on European Economic Integration. The winners are (in alphabetical order):

Piotr Denderski and *Wojciech Paczos* (Poland) – for their paper *"Foreign banks and the bank lending channel."* Denderski and Paczos both hold PhD degrees and are assistant professors at two different universities in the U.K. – at the University of Leicester and the University of Cardiff. In their paper, they carefully analyze the bank lending channel of monetary policy in 11 transition economies in the period from 1998 to 2012 and show that, in line with theoretical expectations, banks curb their credit supply after an increase in the monetary policy rate and vice versa. Interestingly, they find that the bank lending channel is weaker for foreign-owned banks and that the observed difference cannot be explained by parent bank characteristics but rather by the high profitability of foreign-owned banks as compared to domestically owned banks.

Arta Hoxha (Republic of Kosovo) – for her paper *"Explaining the impact of the global financial crisis on European transition countries: a GVAR approach."* Hoxha is a PhD student at Staffordshire University in the U.K. In her paper, she examines how the Baltic, Southeastern European and CESEE EU economies respond to shocks in advanced European countries (EU-15). Hoxha finds that a decrease in the EU's GDP and an increase in financial stress both depress output throughout the examined regions, but that the Baltic countries show the most pronounced responses. In the case of the Baltic region, shocks tend to spill over through foreign credit flows, FDI and remittances.

Stjepan Srhoj (Croatia) – for his paper *"Getting ready for the EU Single Market – the impact of development grants on firm competitiveness."* Srhoj is a teaching and research assistant at the University of Dubrovnik and a PhD student at the University of Innsbruck. Based on a unique and carefully constructed firm-level dataset, he analyzes the effects of public grants on firms' export, productivity and employment performance in Croatia. He finds that smaller firms' exports and employment figures experience a significant boost from public development grants, especially

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from larger grants, while there seem to be no noteworthy effects on large companies. Srhoj's results are thus in line with arguments in favor of industry support schemes and related theories.

Andrzej Torój (Poland) – for his paper *"Managing external macroeconomic imbalances in the EU: the welfare cost of scoreboard-based constraints."* Torój is an assistant professor at the Warsaw School of Economics. In his paper, he analyzes the welfare implications of the recently introduced thresholds on external imbalance indicators envisaged by the macroeconomic imbalance procedure (MIP). Within the framework of a New Keynesian DSGE model, Torój employs both flexible exchange rate and common currency scenarios to evaluate the impact of implementing the lower bound on the current account deficit (–4%) for Poland. He shows that welfare loss remains very limited as compared to an optimum unconstrained policy scenario, but that these costs are lower in the case of flexible exchange rates than in a common currency scenario. His results indicate that a scoreboard-based evaluation of external imbalances leaves some room for fine-tuning in the course of future MIP reforms.