

# Research Update

Economic Analysis and Research Department

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## Editorial

by Peter Mooslechner  
 Director of the Economic Analysis and Research Department

### Some Surprisingly Good News in a Still Turbulent and Challenging Environment...

At the moment, even if some of you may enjoy the first days of vacation and many others – including myself – are waiting for their holidays to start soon, we are approaching the 4th anniversary of the beginning of the recent crisis. Since then, the financial turmoil has developed into the biggest real economy crisis since the Great Depression, followed by an ongoing period of critical developments in several areas.

Unfortunately, the situation appears to be far from having fundamentally stabilized. At the same time, it should not be overlooked that – at least in some countries – the up-swing turned out to be faster and stronger than previously expected. As illustrated by our most recent forecast as well as by the concluding remarks of the IMF's Article IV mission to Austria (see inside for more on both), Austria belongs to a group of European countries that have found their way out of the crisis rather quickly. Around the turn of the year, the Austrian economy had already reached its pre-crisis level of real GDP and employment.

However, it will definitely take much longer to catch up with the perceived loss in output and welfare. Whether this will ever be the case will depend on two – very closely interrelated – issues:

- the long-term potential growth path of the Austrian economy over the near future, as well as
- the crisis lessons which need to be drawn and implemented in many policy areas as soon as possible (and there are many).

Among the obvious – and in many respects quite simple – lessons are issues like the fact that the return to a sustainable path of public finances will not fall from the sky, even if growth rates are higher than expected; or the fact that the international sensibility concerning all kinds of economic policy topics is still very high and that it is better to be on the safe side in terms of policy outcomes.

These are still turbulent times, and it would be risky to underestimate the many risks that are waiting just around the corner. Even if we all clearly deserve some weeks of vacation, this is the time to quickly address the many policy challenges to keep the situation from getting worse – and I hope you will find some interesting information on some of these policy issues in this edition of our Research Update.

Enjoy a quiet and relaxing summer! See you at the beach, in the mountains or at any other exotic destination of your choice...

# Austria's Economy Moves beyond the Crisis: Powerful Economic Growth Provides a Tailwind to Reduce Budget Deficits

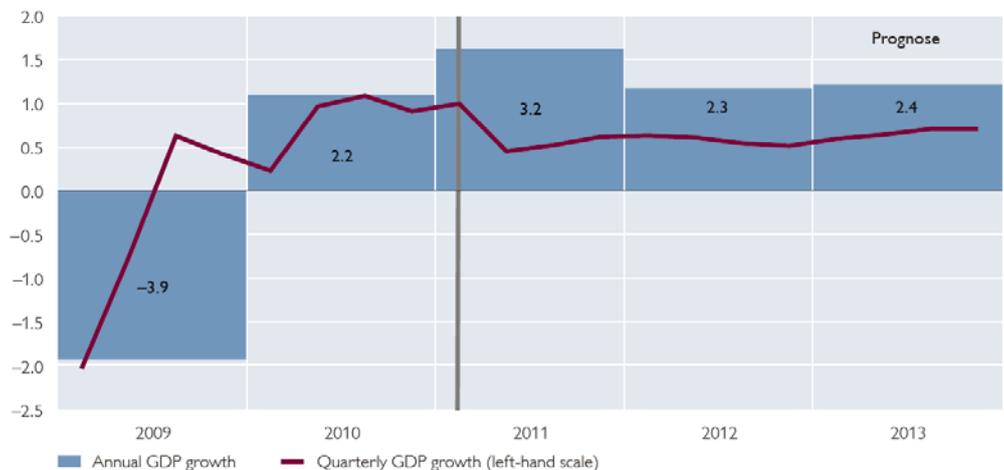
## Economic Outlook for Austria from 2011 to 2013 (June 2011)

In the June 2011 economic outlook, the OeNB expects the Austrian economy to grow by 3.2% in 2011. Growth will remain above the long-term average in 2012 and 2013 as well (2012: 2.3%; 2013: 2.4%). Compared with the OeNB December 2010 outlook, short-term growth expectations have thus improved considerably. The prospects for growth in 2011 have been revised upward by more than 1 percentage point. The recovery is being driven mainly by exports, but unlike in 2010, domestic demand is contributing substantially to growth as well. The unemployment rate will drop from 4.3% in 2011 to 4.1% in 2013. HICP inflation is set to quicken to 3.2% in 2011 above all because of higher commodity prices and increased taxes and levies. But over the forecast horizon, HICP inflation is expected to ease to +2.1% in 2012 and to 1.9% in 2013. The budget deficit is pro-

jected to sink to 3.0% of GDP already in 2011, given favorable economic developments and good fiscal consolidation performance. With economic growth conditions remaining auspicious, the deficit ratio is anticipated to shrink further in 2012 and 2013.

### Real GDP Growth (Seasonally and Working-Day Adjusted)

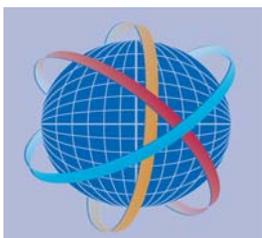
Quarterly and annual changes in %



Source: Eurostat, OeNB.

## The Future of European Integration: Some Economic Perspectives

### Summary of the 39<sup>th</sup> Economics Conference of the OeNB



The recent financial, economic and debt crises have posed a serious challenge to the European institutions and the process of integration. The euro has fostered European integration and shielded the countries of the euro area against exchange rate fluctuations within

the area of the single currency. At the same time, however, the crisis revealed shortcomings in the procedures for safeguarding sustainable public finances, in the regulation and supervision of financial systems and in national structural and growth strategies. Against this background, the Economics Conference of the OeNB on May 23 and 24, 2011, brought together renowned national and international experts and leaders from politics, business, finance and academia to discuss the long-term implications of the crisis for the process of European integration.

### Presentation of the OeNB's Klaus Liebscher Award

Like in the previous years, the presentation of the Klaus Liebscher Award was another highlight of the Economics Conference. Following some introductory remarks by OeNB President Claus Raidl and a short presentation of the 2011 winners of the Award by OeNB Governor Ewald Nowotny, it was the authors' turn to present their winning papers. In their paper "Bank Bailouts, International Linkages and Cooperation," Friederike Niepmann and Tim Schmidt-Eisenlohr discuss crisis management issues during international banking crises. Steffen Osterloh investigates empirically whether regional transfer payments in the EU have an impact on the people's acceptance of the institutions in his paper "Can Regional Transfers buy Public Support? Evidence from EU Structural Policy." The awards were presented to the winning authors by former OeNB Governor Klaus Liebscher.

## Special Announcement:

### Hannes Androsch Prize 2011 was awarded to Markus Knell



Markus Knell, who works in the Economic Studies Division of the OeNB has received the „Hannes Androsch Prize 2011“. The prize, which was awarded for the first time, is donated with EUR 100.000. It was given for Markus Knell's monograph „Pay-As-You-Go – A Relic from the Past or a Promise for the Future“ in which he gave an answer to the ques-

tion posed in the prize competition: “A Global Challenge to Our Social Future: The Design of a Social Security System Which Can Withstand the Dual Threat of Demographic Developments and Financial Market Risk“. 17 researchers from 11 countries submitted contributions to the prize competition and the winning book by Markus Knell was chosen by an international jury.

### OeNB Guest Professor 2011, Markus K. Brunnermeier “Three Lectures on Financial Stability”

On May 19. and 20th 2011 Markus K. Brunnermeier, Princeton University, visited the research division of OeNB and gave a series of lecture on the topic of financial stability. The lectures dealt with the issue of financial stability from both an empirical and a theoretical angle. In the first lecture Prof. Brunnermeier argued that the common focus on leverage and maturity mismatch should be shifted towards “liquidity mismatch” and he proposed a liquidity mismatch index that can be used to develop a “liquidity map” of a financial system. The second lecture was dedicated to the concept and the design of a “risk topography” that can be used to collect data and inform policymakers, researchers and market participants about systemic risk. The main feature of this new approach is that it takes into account that systemic risk is to a large part determined by market participants' response to various shocks and by general equilibrium effects. In the third lecture Markus Brunnermeier pre-

sented a new theoretical concept, the “I-Theory of Money“. The value of money in this framework depends on the functioning of the intermediary sector. Households receive productive opportunities, which they can finance by receiving credit from intermediaries or by saving through outside money or deposits with the intermediaries (inside money). Intermediation involves risk-taking, and intermediaries' ability to lend is compromised when they suffer losses. In busts, credit and inside money shrink, and the value of outside money increases, causing deflation that hurts borrowers. Attractive features of the model are that the money multiplier is determined endogenously, that one can capture the policy effects of interest rate changes and of recapitalization of the intermediary sector and that one can clearly distinguish between ex-ante and ex-post effects of policy measures.

### International Monetary Fund Austria: 2011 Article IV Consultation

The annual consultations with the International Monetary Fund (IMF) lasted from 3rd to 14th of June 2011. The IMF's Concluding remarks included the following main suggestions:

With the economic recovery well under way, policies should be stepped up to address both new and long-standing challenges. Government deficit and debt levels, much deteriorated in the last few years, must return to safer grounds. This requires more fiscal measures, but can be achieved while making the government more effective and fostering long-term growth. The financial sector is healing after the severe shocks of 2008-09, but this rebound does not make the lessons from the crisis less relevant.

More specifically, the Fund encourages the authorities to:

Adopt a more ambitious fiscal consolidation plan starting with the 2012 budget. This plan should create incentives for older workers to retire later, improve efficiency in the health care sector, and rationalize subsidies.

- Gather momentum toward a comprehensive fiscal federalism reform to better align spending and financing responsibilities.
- Press banks to further build up high quality capital and exit government support; enhance bank supervision and macroprudential regulation, in coordination with ongoing international efforts.
- Increase long-term growth prospects by improving labor utilization of low-skilled workers and fostering human capital accumulation through education reform.

## 7<sup>th</sup> OeNB-Brussels Economic Round-Table: Euro Adoption in Turbulent Times – Nominal Stability and Real Adjustment

The Financial Crisis has not eased the fulfilment of the criteria for becoming a member of the Euro zone. There is more focus now on the sustainability of public finances, and this was also at the heart of the debate at the 7th OeNB Brussels Economic Round-Table on Wednesday, June 29. Chaired by OeNB Vice Governor Wolfgang Duchatzek, a high level panel discussed the merits and costs of euro adoption. Deputy Governor Märten Ross from the Estonian central bank made clear that Euro adoption is a long-term goal which should not be delayed due to short-term considerations; he also emphasized the microeconomic advantages of the common currency, which tend to be forgotten over the macroeconomic problems. Eugeniusz Gatnar,

Member of the board of the Polish central bank, said Poland has not fulfilled the entry criteria in the recent past and that a substantial majority of Poles opposes the adoption of the common currency. Paul Kutos (European Commission, DG Ecfm) indicated that fulfilling the criteria is not an aim in itself, but in the well-defined self-interest of any EU member state. German liberal MEP Wolf Klinz explained all the current troubles in the currency union by the fact that the Euro area is not an optimal currency area and that monetary union was not augmented by political union. He also criticised the weakening of the stability and growth pact by the two biggest member states of the euro area.

## Workshop: “Analyzing the Macroeconomy: DSGE vs. Agent Based Modelling”

In cooperation with Liam Graham (University College London), Peter Howitt (Brown University) and Stefano Neri (Banca d'Italia) the Oesterreichische Nationalbank organized and hosted a two day workshop on “Analyzing the Macroeconomy: DSGE vs. Agent Based Modelling” (June 15/ 16, 2011).

Dynamic Stochastic General Equilibrium Models have become one of the main workhorses for macroeconomic analysis. Their impact has been particularly strong within the central banking community, where policy analysis, policy simulation as well as forecasting are based on this class of models. More recently these models have received a fair amount of criticism both from inside as well as from outside the academic community. In this debate agent based models were frequently discussed as potential competitors in modelling the macro economy.

Like DSGE models, agent based models describe economic behaviour at the individual level. In contrast to DSGE models in agent based models the aggregate implications of individual behaviour is analyzed using the simulation capacity of modern computing technology. This allows for the analysis of a wide range of behaviour, the description of fairly complex institutions as well as the study of system dynamics both out of and in equilibrium. This dichotomous situation raises a number of crucial questions: Are these competing modelling strategies alternatives or complements? Are there important aspects of macroeconomics that are better un-

derstood by one model class rather than by the other? What are strengths and weaknesses of both approaches?

The workshop was organized such as to simultaneously present and comparatively discuss both modelling strategies. Although it was not clear from the outset whether this mixing of opinions could be productive, in retrospective we can say that the discussions have been fruitful and inspiring and that the set-up of the workshop helped to carve out the relative merits and weaknesses of both approaches.

The presented papers: (title/presenter)

- “Agent-Based Computational Modelling and Macroeconomics” (Herbert Dawid, University of Bielefeld)
- “Financial Crisis and Macroprudential Policies” (Gianluca Benigno, London School of Economics)
- “Leverage and Financial Crisis” (Dooyne Farmer, Santa Fe Institute),
- “Macroeconomics from the bottom up” (Domenico Delli Gatti, Catholic University Milan)
- “Unemployment in an Estimated New Keynesian Model” (Frank Smets, ECB)
- “Learning, Information and Heterogeneity” (Liam Graham, University College London)
- “Booms and Busts in Economic Activity: A behavioural Explanation.” (Paul De Grauwe, University of Leuven)

The full workshop program can be obtained from [beate.hofbauer@oenb.at](mailto:beate.hofbauer@oenb.at)

## Astana Economic Forum: “International monetary system: new configuration of the economic and monetary power”

Franz Nauschnigg, Head of the Oesterreichische Nationalbank's European Affairs and International Financial Organizations Division, was invited to this year's „Astana Economic Forum“. The conference took place on May 3-4, 2011 in Kazakhstan and covered the topic „International monetary system: new configuration of the economic and monetary power“. Franz Nauschnigg acted as a panellist in Session III „The new dimension of the eurozone“ (chaired by Robert Mundell) and presented his paper on „Strengthening the European Financial Architecture“. In his paper, Franz Nauschnigg argues that the recent financial crises witnessed by Iceland, some CESEE members of the EU and some euro area members, were mainly caused by market failure.

Massive overshooting of capital flows, first flooding of the countries with capital, was followed by sudden reversals of capital flows. There was also market failure in the Euro area – first in the form of under-pricing sovereign bond spreads for some euro area members, and later overpricing them. To overcome the current crisis, Franz Nauschnigg argues to further deepen European integration. For non-euro area members, the European financial architecture needs to be strengthened. For the euro area itself, further important steps towards closer economic and ultimately political union will have to be taken. The paper was published on the conference's website: [www.aef.kz](http://www.aef.kz)

## Speech of Prof. Axel Honneth at the OeNB, July 12, 2011: “The democratic morality of economic behavior”

In the evening of July 12, 2011, Axel Honneth gave an intellectually fascinating speech to an over-crowded audience in the OeNB's Kassensaal. Axel Honneth is one of today's most significant social philosophers. He is director of the Institute for Social Research in Frankfurt am Main. His many books include *Pathologies of Reason*, *The Struggle for Recognition*, *The Critique of Power* and most recently *Right to Freedom - Outline of a democratic morality*.

The theory of justice is a field widely reflected in contemporary philosophy, but most theories of justice concentrate on purely normative, abstract principles and neglect social reality. The contrary aim of Honneth is to re-establish the theory of justice as social analysis. Thus, Honneth extracts the criteria of social justice from the normative requirements that have evolved from within liberal-democratic societies. These normative principles he calls democratic morality. This implies a system that is not only anchored in law but also in institutionally established norms of action that possess moral legitimacy.

Honneth's approach may be seen in the spirit of Hegel's *Philosophy of Right*. In a way he provided a reinterpretation of Hegel's social theory and therefore an alternative to

reigning liberal notions of social justice (such as Rawls). Hegel already claimed that people must also find their freedom through shared projects involving family, civil society, and the state. Honneth now argues under the umbrella of his recognition theory that Hegel's theory places too much emphasis on personal and moral freedom. Although these freedoms are important for the achievement of justice, they are insufficient. Honneth's crucial third kind of freedom is social freedom.

In his new book he considers three specific social areas – personal relationships, market-induced economic activity and the public forum of politics. In his talk at the OeNB he concentrated mainly on the principles of market activities. A society is just only if all of its members have sufficient equal opportunity to realize freedom, whereby Honneth understands equal opportunity in a broad sense. He quoted the great French sociologist Emile Durkheim, who questioned inheritance laws that prohibit equality of opportunity by allowing a small group of people to start better off. Which leads Honneth to conclude that it takes a radical approach of equal opportunity for the market to allow the mutual recognition of market participants.

## 69<sup>th</sup> East Jour Fixe – “Credit to the Private Sector: Threat to or Opportunity for Growth in CESEE?,” June 20, 2011

The 69<sup>th</sup> East Jour Fixe focused on credit developments in CESEE and their macroeconomic implications. Two keynote lectures by Martin Brown (Professor at the University of St. Gallen) and Märten Ross (Deputy Governor of Eesti Pank) set the stage for the event. Then, the workshop took stock of credit developments in the last few years. In doing so, the sustainability of pre-crisis credit-to-GDP ratios was assessed. Moreover, the question was debated of whether the crisis has changed the perceived attractiveness of foreign currency loans for firms and households, and how the nonbank sector and its debt-servicing capacities might be affected by adverse shocks. Moving on to a forward-looking perspective, issues discussed included on the one hand the probability of creditless recoveries and their underlying reasons, in particular potential obstacles to sufficient credit supply which might subdue economic performance; as well as, on the other hand, the prospects for the re-emergence of a credit-fueled boom. Distinguished specialists in the field, academics, central bankers and representatives of international institutions contributed to the event.

Stocktaking brought the following main messages: (1) Credit drives economic growth (rather than the other way round), but episodes of excessive credit growth have a detrimental impact on output growth in the medium to longer run. (2) In the corporate sector, there are some risks of a debt overhang in some countries which might weigh on prospective economic performance whereas household debt, in particular mortgage debt, appears to be less of a

problem at the current juncture. (3) Macroeconomic factors (e.g. exchange rate and inflation rate volatility) are crucial determinants of foreign currency lending in the CESEE region.

The main conclusions from the forward-looking session of the meeting were as follows: (1) The crisis has revealed the importance of having prudent policies and safeguards in place in both home and host countries. The broadening of the EU supervisory framework is a positive development in this respect, subject to the caveat that more players become involved in the decision-making process and that some important issues are still unresolved. (2) Creditless recoveries are often credit supply-driven rather than demand-driven, i.e. they reflect impaired financial intermediation. Thus, ensuring the functioning of the financial sector is key to avoiding credit supply bottlenecks. (3) In the short term, subdued lending may not only dampen output growth but also hold back structural change, which needs to be financed as well. In the medium term, capital flows will return if policymakers pursue the right policies – together with the risk of a renewed lending boom and the risk of a re-emergence of major macroeconomic imbalances.

The presentations and the workshop program are available at <http://ceec.oenb.at> (Events). A more detailed summary of the 69<sup>th</sup> East Jour Fixe Workshop will be published in Focus on Economic European Integration Q3/11.

## CESEE Research Update – NEWSLETTER



The first issue of the new CESEE Research Update by the Foreign Research Division of the Oesterreichische Nationalbank (OeNB) has just been released. 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 OeNB events. The CESEE Research Update will be issued four times a year.

[www.oenb.at/cesee-research-update](http://www.oenb.at/cesee-research-update)

### Highlights of The First Issue:

- According to the current OeNB macroeconomic forecast, GDP growth in CESEE is expected to come to 3.1% in 2011 and to increase only moderately to 3.8% in 2012.
- The recent results of the OeNB Euro Survey illustrate to what extent foreign currency loans are to blame for households' difficulties in paying down their loans.
- In the first quarter of 2011, the OeNB's Foreign Research Division organized the 68<sup>th</sup> East Jour Fixe on February 28, 2011, to discuss needs and options for fiscal reform in CESEE in the aftermath of the economic and financial crisis.

## Relaunch of the OeNB's Research Platform for Central, Eastern and Southeastern Europe ([ceec.oenb.at](http://ceec.oenb.at))

Research Platform of the Oesterreichische Nationalbank's Foreign Research Division which focuses on developments in Central, Eastern and Southeastern Europe (CESEE), has just been updated with new content. The section News provides information on both recent economic developments and the macroeconomic outlook in selected CESEE

countries. In the section Publications you find the current issues of, for instance, Focus on European Economic Integration and the CEEI Conference Proceedings. The other sections – Events, Technical Cooperation and Joint Vienna Institute as well as OeNB Euro Survey – have likewise been updated for your convenience. <http://ceec.oenb.at>

## 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):

[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)

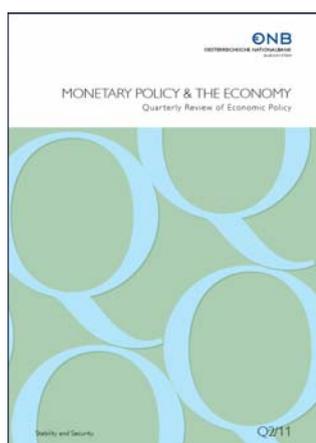


### Focus on European Economic Integration Q2/11

The Economic Transmission of Fiscal Policy Shocks from Western to Eastern Europe (Crespo Cuaresma, Eller, Mehrotra)

68<sup>th</sup> East Jour Fixe – Limited Fiscal Space in CESEE: Needs and Options for Post-Crisis Reform (Eller)

Presentation at the OeNB by Éva Katalin Polgár (ECB): Are Policy Measures Effective in Controlling Credit Growth in Emerging Europe? (Steiner)



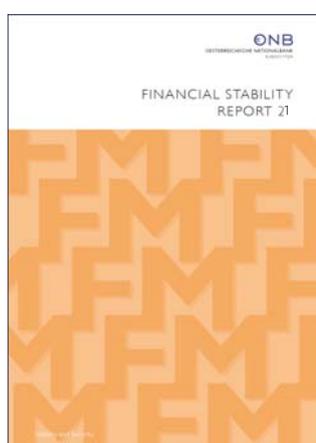
### Monetary Policy and the Economy Q2/11 (forthcoming)

Austria's Economy Moves beyond the Crisis (Ragacs, Vondra)

The Swiss Economy's Resilience to Crisis and Its Lessons for Austria (Fuentes, Ramskogler, Silgoner)

Heterogeneity in euro area consumers' inflation expectations: some stylized facts and implications (Gnan, Langthaler, Valderrama)

Inflation Differentials between Austria, the Euro Area, Germany and Italy (Fritzer)



### Financial Stability Report 21

Preserving Macrofinancial Stability in Serbia: Past legacies, present dilemmas and future challenges (Sándor Gardó)

Macroprudential Supervision: From the Identification of Systemic Risks to Policy Measures (David Liebeg, Michaela Posch)

## OeNB Working Papers

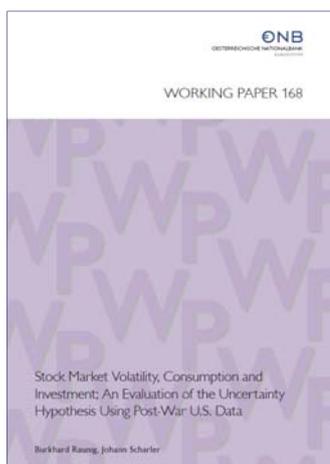
[http://www.oenb.at/de/presse\\_pub/research/020\\_workingpapers/working\\_papers\\_2011.jsp#tcm:14-173297](http://www.oenb.at/de/presse_pub/research/020_workingpapers/working_papers_2011.jsp#tcm:14-173297)



### Does the Broad Public Want to Consolidate Public Debt? – The Role of Fairness and of Policy Credibility

Helmut Stix (Working Paper 167)

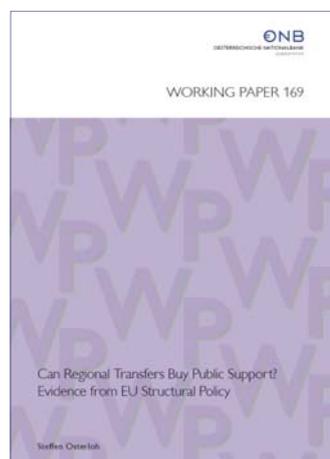
The paper tests selected long-standing hypotheses about why voters support or oppose fiscal consolidation. Deviating from most of the empirical literature which mainly focuses on cross-sectional and time series evidence, this paper employs data from a public opinion survey that has been conducted in spring 2010 in Austria. The results show (i) that voters are fiscally prudent, that (ii) they behave rationally in the sense that self-interest matters, that (iii) they care for the next generation (this effect is surprisingly small), that (iv) the distributional fairness among the current generation is as at least as important as the inter-generational aspect and that (v) the low credibility of medium-term fiscal policy plans can be a serious impediment to voters' support for consolidation. These results bear direct implications on the design of fiscal consolidation plans.



### Stock Market Volatility, Consumption and Investment; An Evaluation of the Uncertainty Hypothesis Using Post-War U.S. Data

Burkhard Raunig and Johann Scharler (Working Paper 168)

We estimate the effects of stock market volatility on the growth rates of durable consumption, non-durable consumption and investment using post-war US data. Our results indicate that high levels of stock market volatility exert large adverse effects on the growth rates of investment and durable consumption, whereas the influence on non-durable consumption growth is rather limited. The ordering of the magnitudes of the effects of stock market volatility across the three components of aggregate demand supports the idea that stock market volatility is closely related to uncertainty about future economic developments.



### Can Regional Transfers Buy Public Support? Evidence from EU Structural Policy

Steffen Osterloh (Working Paper 169)

Regional transfers are assumed to have an impact on the public opinion towards the benefactor, but empirical evidence is still scarce. In this paper we test this hypothesis for the structural funds of the European Union (EU) by combining detailed data on regional transfers with public opinion surveys. A positive impact of transfers on public support for the EU can be confirmed. Moreover, we scrutinize the role of awareness of being a recipient of funds in this process. In particular, we find that the impact of the amount of transfers on the individual's awareness is heterogeneous and particularly depends on education. Finally, we show that the type of information source which arouses the citizen's awareness of the transfers affects the impact on his opinion.



## Bank Bailouts, International Linkages and Cooperation

Friederike Niepmann and Tim Schmidt-Eisenlohr (Working Paper 170)

Financial institutions are increasingly linked internationally. As a result, financial crisis and government intervention have stronger effects beyond borders. We provide a model of international contagion allowing for bank bailouts. While a social planner trades off tax distortions, liquidation losses and intra- and inter-country income inequality, in the non-cooperative game between governments there are inefficiencies due to externalities, no burden sharing and free-riding. We show that, in absence of cooperation, stronger inter-bank linkages make government interests diverge, whereas cross-border asset holdings tend to align them. We analyse different forms of cooperation and their effects on global and national welfare.

## 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

September 22–23, 2011	SUERF/BOF/CEPR/JFI Conference in Helsinki "The Future of Risk Management"
November 21–22, 2011	Conference on European Economic Integration (CEEI) 2011: European Integration in a Global Economic Setting – China, Russia and CESEE, jointly organized by the OeNB and Suomen Pankki – Finlands Bank

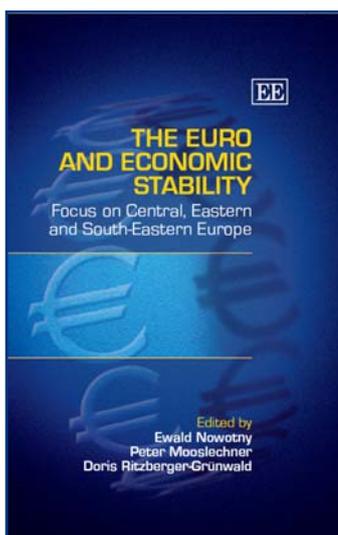
### Recent

July 11, 2011	Celebrating 50 years of OECD
July 1, 2011	Sudipto Battacharya (London School of Economics): Securitized Lending: Adverse Selection and Exuberance
June 20, 2011	69 <sup>th</sup> East Jour Fixe – Credit to the Private Sector: Threat to or Opportunity for Growth in CESEE?
June 10, 2011	Franz Seitz (Fachhochschule Amberg Weiden): Der Auslandsumlauf deutscher Euro-Banknoten
May 23–24, 2011	Economics Conference: The Future of European Integration: Some Economic Perspectives
May 13, 2011	Krisztina Molnar (University of Bergen): Economic Stability and the Responsiveness of Inflation Expectations
May 11–12, 2011	29 <sup>th</sup> SUERF Colloquium "New Paradigms in Money and Finance?" (Brussels)
April 29, 2011	Guntram Wolff (European Commission / Bruegel): Rules and risk in the euro area: does rules-based national fiscal governance contain sovereign bond spreads?
April 15, 2011	Michael Grill (University of Mannheim): Collateral Requirements and Asset Prices'
April 1, 2011	Thomas Gehrig (University of Vienna): Short-Sale Constraints and Informational Efficiency

## 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)

August 29 – September 2, 2011	OeNB Summer School 2011: The Econometrics of Panel Data: Methods and Applications
September 26 – 30, 2011	Macro-Financial Stability and Road to the Euro
October 3 – 7, 2011	Economic and Monetary Integration in Europe: CIS-Related Aspects
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



### The Euro and Economic Stability: Focus on Central, Eastern and South-Eastern Europe

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

This book assesses the euro area's merits as a shelter and the merits of euro assets as a safe haven and revisits the case for rapid euro adoption from a post-crisis view. Policymakers and economists provide relevant lessons from euro area divergences for future euro area members and, more generally, from the financial crisis, while banking representatives discuss post-crisis business models of banks in the area. Last but not least, an academic chapter proposes the use of "bottom-up economics" to remedy the discrepancy between mainstream macroeconomic modeling and real-world decision-making.

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