

KLAUS-LIEBSCHER-PREIS
KLAUS LIEBSCHER AWARD



*Klaus Liebscher Award for Scientific Work on
European Monetary Union
and Integration Issues
by Young Economists from EU
and EU Candidate Countries*

On the occasion of the 65th birthday of Governor Klaus Liebscher and in recognition of his commitment to Austria's participation in European monetary union and to the cause of European integration, the Oesterreichische Nationalbank (OeNB), in 2005, established a "Klaus Liebscher Award." This award is the highest scientific distinction, the OeNB offers every year for two excellent papers on European monetary union and European integration issues written by young economists (up to 35 years) from EU Member States or EU candidate countries. The award is worth EUR 10,000 per paper. The papers are refereed by a panel of highly qualified reviewers.

The Klaus Liebscher Award is granted this year for the second time.

The winners of the Klaus Liebscher Award 2006 are **Petra Geraats** (University of Cambridge, United Kingdom) and **Marek Jarociński** (Universitat Pompeu Fabra, Barcelona). The papers of the laureates are available as OeNB-Working Papers 123 and 124.

In the first paper, "*The Mystique of Central Bank Speak*," **Petra Geraats** shows that a certain degree of "constructive ambiguity" in the communication strategy of central banks might be desirable. In particular, it could be positive to provide clarity about inflation targets while circulating information about output

targets and supply shocks only in an incomplete manner. The reason for this theoretically derived result is that transparency about inflation targets stabilizes inflation expectations, while transparency about real developments might lead to excessive



movements and overreactions in inflation expectations. This could ultimately have a negative effect on the preservation of price stability.

In the second paper, "*Responses to Monetary Policy Shocks in the East and the West of Europe: A Comparison*," **Marek Jarociński** shows that the effects of monetary policy on prices and output in the new Member States are similar to those in the euro area countries before implementation of the single currency. It is even the case, that presently the effect on prices, albeit a bit delayed, is stronger in the new Member States than it then was for euro area countries. This contradicts the common belief that, given their less developed financial system, monetary policy is less effective in the new Member States. ❧