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 the "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 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 fourth time.

The winners of the Klaus Liebscher Award 2008 are *Kerstin Gerling* (University of Mannheinm) and *Aleksandra Riedl* and *Silvia Rocha-Akis* (both University of Economics and Business Administration, Vienna). The papers of the laureates are available as OeNB-Working Papers 141 and 142.

In the first paper, *The Real Consequences of Financial Market Integration when Countries are Heterogeneous,* Kerstin Gerling develops a new theory of how financial market integration affects both the pattern of international capital flows and domestic economic performance of individual countries. The theory implies that financial market integration is overall beneficial but some countries may be adversely affected through the pattern of capital flows and restrictions in the access to domestic credit. In this way the theory has important economic policy conclusions by identifying conditions under which a country is most likely to benefit from integration into the global financial market.

In the second paper *Testing the Tax Competition Theory: How Elastic are National Tax Bases in Western Europe,* Aleksandra Riedl and Silvia Rocha-Akis complement the theory of tax competi-

tion between countries by establishing empirical evidence about how sensitive the tax base in a country reacts to the tax rates in neighboring countries using a database covering 14 western European countries. The authors find that the tax base of small countries is more sensitive to the countries own tax rates than to the tax rate of neighboring countries. In contrast the tax base of large countries reacts more sensitive to the tax policy in other countries. These facts are important for the policy discussion about tax competition and tax harmonization in Europe.