

# 10<sup>th</sup> Conference of the South-East European Monetary History Network (SEEMHN)

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The general theme of the conference, which took place in Vienna on October 1 and 2, 2015, was “Financial development and economic growth in South-East Europe.” The conference was jointly organized by the Department for Economic and Social History of the University of Vienna and the Oesterreichische Nationalbank (OeNB). The purpose of the SEEMHN conference was to gather scholars researching the historical development of banks, central banks and financial markets as well as the economic development of countries in Southeastern Europe to gain new insights into the growth-finance nexus.

In his keynote address, Professor *Philipp Ther* (Department for East European History, University of Vienna) focused on economic reforms in Eastern Europe in the 1990s within a wider context of political and economic developments in the advanced European economies. According to Ther, the success of reforms has remained mixed and today economic inequality between rich and poor regions within Eastern European countries is as big as between Eastern and Western European economies.

The second keynote lecture also addressed regional inequalities with respect to the questions of why and how countries industrialized. Professor *Max-Stephan Schulze* (London School of Economics and Political Science) presented new evidence on regional growth in the late 19<sup>th</sup> century Habsburg Empire. Here again, inter-regional differences in levels and growth of GDP per capita were far larger than previously assumed; Eastern regions economically lagged behind Western regions mainly due to the absence of nearby consumer markets.

The first session, chaired by *Julia Wörz* (Foreign Research Division, OeNB) dealt with the evolution of financial markets in the Balkans. *İrfan Kokdaş* (Izmir Kâtip Çelebi University) looked at the connections between the formation of large agricultural estates and the concentration of tax farms in the hands of a few families as well as the workings of financial markets in the Ottoman Balkans. By way of example, he focused on three towns during the period from 1690 to 1850. *John R. Lampe* (University of Maryland) presented a comprehensive overview of the evolution of the banking and financial system in Southeastern Europe since independence. Moreover, he pointed out a lot of open questions – some of which will be addressed in his contribution to the forthcoming six-volume publication on the history of Southeastern Europe of the University of Regensburg.

The second session, chaired by Professor *Carsten Burhop* (Department for Economic and Social History, University of Vienna), explored the origins and propagation mechanisms of financial crises, taking 1931 as an example. *Stefan Nikolic* (University of York) analyzed the propagation of the 1931 financial crisis from the core to the periphery, using weekly data looking for “fast and furious” effects as posited by Kaminsky. Nikolic provided evidence that the 1931 crisis was also a sovereign debt crisis, which forced Balkan countries to introduce exchange controls. While the collapse of *Creditanstalt* had no significant impact on the long-term government bond yields of Balkan countries, significant effects can be detected for the ensuing German crisis and in particular for the weeks after the U.K. had left the gold standard. *Flora Macher* (London School of Economics and Political Science) presented evidence that the Hungarian crisis in 1931 originated in the banking system and was caused by a tight monetary policy after the currency

crisis in 1928, an agricultural crisis in 1930 and a fiscal policy that promoted the provision of state-guaranteed loans. Ongoing research will try to explain what triggered the crisis and how it interacted with the crisis which hit neighboring Austria at the same time.

The final session, chaired by *Martin Ivanov* (Bulgarian Academy of Science and Sofia University), focused on the interplay between government debt and financial markets and the importance of sound government finances for the sustainability of fixed exchange rate regimes. The evidence presented by *Matthias Morys* (University of York) showed that the Greek debt crisis has to be seen within the context of the Balkans' long history of reliance on external financial support as well as international financial supervision. *Michael Pammer*, Professor at the Johannes Kepler University in Linz, scrutinized the determinants of the higher risk premium on Hungarian state bonds as compared to Cisleithanian state bonds. For the period 1881–1914 the relevant factors determining the spread in yields were strictly fiscal ones, he argued, particularly the difference in the ability of both states to finance their interest payments out of their tax, fee and property revenues. Political crises affected relative price movements from time to time, but only in the short run and to a negligible extent compared with ordinary fluctuations. 19<sup>th</sup> century Balkan economies needed to attract foreign capital for large-scale investment in various infrastructure and other key sectors, which led to the accumulation of enormous public foreign debt. Professor *Nikolay Nenovsky* and *Jacques-Marie Vaslin* (both CRIISEA, University of Picardie Jules Verne, Amiens) elaborated on the incompatibilities of shadowing the Latin Monetary Union and public debt dynamics at the Balkans periphery.

The details of the program as well as a link to selected presentations can be found at: <https://www.oenb.at/en/Monetary-Policy/Research/conferences.html>

Box 1

### **What is the South-East European Monetary History Network (SEEMHN)?**

*The South-East European Monetary History Network (SEEMHN) was established in 2006 and brings together financial and monetary historians, economists and statisticians working on South-East Europe. Its main objective is to increase the visibility of the region in historical research and promote research on the region as an integral part of European history.*

*An important outcome of the long-standing cooperation of the central banks involved in the SEEMHN has been the compilation of datasets of monetary and financial variables for seven South-East European countries, including Austria, covering the period from the 19<sup>th</sup> century to World War II. This data volume was published in December 2014 and is available for free download on the websites of the central banks involved:*

*<https://www.oenb.at/en/Publications/Economics/south-east-european-monetary-history-network-data-volume.html>*