

Olga Radzyner Award Winners 2011

2011 marks the 12th year that the OeNB bestowed its Olga Radzyner Award on young economists from Central, Eastern and Southeastern Europe (CESEE) for excellent scientific work on European economic integration. This award commemorates Olga Radzyner, the former head of the OeNB's Foreign Research Division, who died in a tragic accident in August 1999.

Interest in the award has been rising continually over the years. In 2011, the OeNB received 32 submissions from young economists from 15 countries, a great number of which was of outstanding quality. The many different aspects related to European economic integration covered in the contributions ranged from trade and FDI issues, financial integration and financial market developments to fiscal and monetary policy issues.

Out of the pool of promising young CESEE economists competing for the award, a panel of OeNB reviewers selected four papers, which were considered outstanding in terms of originality, overall presentation of the research question and analysis, and the use of state-of-the-art methods. On November 21, 2011, at the OeNB's Conference on European Economic Integration (CEEI), Governor Ewald Nowotny conferred this year's award upon:¹

- *Audrė Bičiūnaitė* (Lithuania), freelance analyst, and *Povilas Lastauskas* (Lithuania), PhD student at the University of Cambridge. In their paper, they apply a broad-based approach to explain the Baltic countries' economic integration at the European level. Assessing different aspects of economic convergence fostering economic growth in the Baltic region from 1992 to 2009, they find that besides spatial proximity, trade integration and FDI played a decisive role for the successful economic integration of the Baltic countries.
- *Olena Havrylchyk* (Ukraine), economist at the CEPPII Institute in Paris. In her paper, she investigates how foreign bank entry impacted on firm entry and exit as well as on the size of startup firms in nine CESEE countries from 2002 to 2005. Havrylchyk finds that the foreign banks' mode of entry was a key determinant. She concludes that besides the positive effect of foreign bank entry on average loan supply in the CESEE economies, both the entry and exit rates of firms in opaque (in terms of technology) industries increased and especially small and medium-sized enterprises (SMEs) may have faced tighter credit constraints.
- *Osman Rraci* (Kosovo), teaching assistant at University College Dardania (Kosovo). His paper focuses on the impact of the share of foreign-owned banks on obstacles to access to financing and cost of financing of firms in 25 transition economies in 2005. The analysis based on EBRD-World Bank Business Environment and Enterprise Performance Survey (BEEPS) 2005 data indicates that both obstacles to access and costs of financing are higher for SMEs compared to large firms, yet no such effects were observed for exporting and foreign-owned firms. Moreover, an increase of the asset share of foreign banks indiscriminately affects all firms irrespective of their size.
- *Marina Tkalec* (Croatia), research assistant at the Zagreb Institute of Economics. Her paper investigates the determinants of deposit euroization in 12 CESEE countries. By applying threshold models, the author focuses on the

¹ *Winners in alphabetical order.*

nonlinear effects of the exchange rate regime and the interest rate differential on deposit euroization. This study finds threshold effects in all CESEE countries in the sample except for Poland and the Czech Republic. Tkalec concludes that exchange rate depreciation has a stronger effect than exchange rate appreciation both on deposit euroization and on the widening of interest rate differentials.