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SPEECH

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Check against delivery!

10th conference of the South-East European Monetary History Network “Financial development and economic growth in South-East Europe – a historical and comparative perspective”

Workshop “The central bank balance sheet in the (very) long run – how to construct it, how to read it, what to learn from it”

Opening remarks

Dear Ladies and gentlemen,

It’s a great pleasure to welcome you today here at the Oesterreichische Nationalbank. As governor I quite often have the occasion to give some introductory words to lectures, workshops and conferences, which are organized by the Austrian central bank. Today, however, I have the rare opportunity to welcome you to not only to one but to two events, which will take place here today and tomorrow.

On the one hand there will be the 10th conference of the South-East European Monetary History Network. The aim of the conference is – as every year – to look at questions, which are important for the SEE region and which rank highly in current policy debates, from both a historical and comparative perspective. This year’s general theme of the conference is “Financial development and economic growth in South-Eastern Europe”, but there will also be a session on the origins and propagation mechanisms of financial

crises, taking 1931 as an example, as well as a session on the interplay between government debt and financial markets and the importance of government finances for the sustainability of fixed exchange rate regimes. As we all know, these topics are quite close to our current concerns in economic policy.

The second event will be a workshop on “The central bank balance sheet in the (very) long run”. It will look at various aspects of central bank policy through the lens of the central bank balance sheet, including the handling of credit to the private and the public sector as well as the central banks’ possibilities to influence financing conditions in the economy and the interest rate.

The link between these two events – which at first sight might seem to be little related – is the South East-European Monetary History Network. The Network was established in 2006 upon the initiative of the Bulgarian National Bank and the Bank of Greece and brings together financial and monetary historians, economists and statisticians working on South-Eastern Europe. Its main objective is to increase visibility of the region in historical research and promote research on the region as an integral part of European history. When the idea of creating a network on the monetary history of South-Eastern Europe came up in 2006, it was immediately clear that the OeNB would participate actively in this endeavour. The region of Central, Eastern and South-Eastern Europe (CESEE) is of primary importance for both the Austrian economy and the stability of the Austrian financial markets. As a consequence, the OeNB monitors and analyses this area particularly closely and supports the CESEE area through technical cooperation activities and as a sponsor of the Joint Vienna Institute, an economic policy-oriented training center for public officials from CESEE, the Caucasus, and Central Asia. As part of this strategic orientation, the OeNB has already organized the second conference of the South East-European Monetary History Network in 2007.

In addition to bringing together scholars working on the monetary and economic history of the region, a very important outcome of the year-long cooperation of the central banks involved in the network has been the compilation of data sets of monetary and financial variables for seven SEE countries including Austria for the 19th century up to World War 2. This data volume, which was published last year, provides for the first time a reliable data basis for comparative empirical studies on the region. It thus represents a milestone in the joint endeavour to increase the visibility of the region in international research and I would like to use the occasion and congratulate the participants in the network again to the successful completion of their project.

Within this context, the workshop on central bank balance sheets has a two-fold interest. *First*, to open a new field of activity for the data collection team of the network. Central bank balance sheets are crucial when we want to understand monetary policy and the role of the central bank in the economy. Yet, reliable, comparable information and data for periods further back in history are difficult to obtain. This is particularly true for South-Eastern Europe.

The *second* interest of the workshop is to reach out to research on countries outside the region. After gaining independence from the Ottoman Empire during the last decades of the 19th century, the newly established states in the region founded central banks in order to build up and modernize their monetary and financial system. In doing so, they observed the activities and experiences of already existing central banks in other European states. When we study the historical operations and balance sheets of these countries, we realize how actively South-East European central banks tried to adapt European models to local conditions and needs.

All too often, the history of European central banking is reduced to the development of the Bank of England, the Banque de France and the Reichsbank. However, the European picture is more colourful and the story more complex. I am, therefore, very happy to see in the conference program contributions on the Swedish Riksbank and the Nederlandsche Bank among others. So, bringing together examples from various parts of Europe will increase our knowledge of parallel developments in other countries.

An even more interesting contribution that this conference could provide is to spur further research on the interaction *between* these different national banks. Because, none of the European central banks were acting in a void, neither those of the leading economic powers nor those of smaller countries. For various interests, they observed each other's measures and experiences. Future research might conclude that not only the European markets increasingly integrated since the late 19th century but also the European central banking system was more entangled than we might believe. The Austro-Hungarian National Bank and its engagement in South Eastern Europe before the First World War, makes Vienna today a perfect place to discuss central banking as a transnational phenomenon in Europe.

As you might know, the OeNB will celebrate its bicentenary next year. Such a jubilee is always a good opportunity to account not only for the bright but also for the dark sides of an institution. We recently assigned a team of historians to research the history of the OeNB during the years preceding Austria's Anschluss in 1938 and during the Nazi

regime. The results revealed an increasing number of secret Nazi party members among OeNB staff even before 1938; on the other hand, this study documented for the first time the fate of politically or racially persecuted employees and their families after the Nazi takeover. A plaque beside the main entrance today commemorates the two employees who were murdered in concentration camps during the war. Besides the obligatory festivities, we will also publish innovative scholarly studies on the history of our bank, not least the monograph prepared by one of the organizers of this conference, Clemens Jobst.

Finally, I want to thank all presenters for coming; I thank the University of Vienna for the good cooperation – a warm welcome to Professor Eigner, Vice-Dean University of Vienna, who will chair the first session today.

I wish you productive days, stimulating discussions and mutual learning.