Olga Radzyner Award Winners 2015

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The Olga Radzyner Award has been bestowed annually on young economists from Central, Eastern and Southeastern Europe (CESEE) for excellent scientific work on European economic integration since the year 2000. The Oesterreichische Nationalbank (OeNB) established this award to commemorate the former head of the OeNB's Foreign Research Division, Olga Radzyner, who pioneered the OeNB's CESEE-related research activities.

In 2015, the OeNB received 16 submissions for the Olga Radzyner Award from candidates from 10 countries. The submitted papers covered a wide range of topics related, inter alia, to the economic effects of FDI, trade integration, export diversification, youth unemployment, financial stability risks, credit growth, non-performing loans, or the way fiscal policy measures are transmitted to the real economy. In terms of regional coverage, the submitted papers provided empirical evidence for Europe in general and for CESEE in particular.

From these submissions, the jury of OeNB reviewers chose four papers for distinction with the Olga Radzyner Award because they were considered outstanding in terms of originality, motivation and analysis as well as the use of state-of-the-art methods. The awards were conferred by OeNB Governor Ewald Nowotny on October 16, 2015, at the jointly held Conference on European Economic Integration of the OeNB and the Conference on the Future of the European Economy of Narodowy Bank Polski (NBP). The winners are (in alphabetical order):

Márta Bisztray (Hungary) – for her paper on "The effect of FDI on local suppliers: Evidence from Audi in Hungary." Ms. Bisztray is a PhD student at the Central European University in Budapest. In her paper, she carefully investigates the long-term impact of Audi's large-scale direct investment in Hungary in 1993 on firms operating in Hungarian supplier industries. While their sales and employment increased significantly (thereby confirming a positive demand effect), there was no considerable productivity-enhancing or export-promoting effect. The positive effects on sales and employment were mainly concentrated on foreign-owned, more productive and small or medium-sized firms. The methodological framework employed is well suited for studying the economic effects of other large-scale FDI in the CESEE region.

Zoryana Olekseyuk (Ukraine) – for her paper "Modeling of FDI in business services: additional effects in case of Ukraine's European integration." Ms. Olekseyuk is a PhD student at the University of Duisburg-Essen. In her paper, she studies the economic effects of the Deep and Comprehensive Free Trade Area (DCFTA) agreed between the EU and Ukraine. Ms. Olekseyuk provides value added to existing economic research by using a multi-regional computable general equilibrium model to account not only for the impact of a reduction of tariffs and nontariff trade barriers, but also for the impact of liberalizing FDI in business services. She finds that a combination of far-reaching trade and FDI liberalization yields the largest welfare gains; according to her simulation these gains would be substantial for Ukraine, while the EU would experience small gains. The simulation results also show that in order to mitigate deindustrialization impacts in Ukraine, it is essential to reduce the barriers for service suppliers.

Nadja Stanová (Slovakia) – for her paper on "Effects of fiscal shocks in new EU members estimated from a SVARX model with debt feedback." Ms. Stanová is a PhD student at the University of Antwerp. The main contribution of her paper lies in showing that the way in which macroeconomic time series models account for public indebtedness is very important for understanding the responses of macroeconomic indicators to fiscal policy shocks in CESEE economies. Explicit debt feedback has so far not been considered in traditional macro-fiscal vector autoregressive models for the CESEE countries. The strong increase in public debt levels during the 2008/2009 crisis makes this a very urgent issue, however. The paper's results indicate that debt feedback dampens the effect of government spending shocks on output. Moreover, output responses to spending shocks are smaller the larger the initial government debt-to-GDP ratio is, suggesting that expansionary fiscal policy measures are less effective in stabilizing the economy the more indebted a sovereign is.

Iva Tomić (Croatia) – for her paper "What drives youth unemployment in Europe?" Ms. Tomić is a research associate at the Zagreb-based Institute of Economics. Her analysis demonstrates that, for a better understanding of the determinants of youth unemployment in Europe, it is not only relevant to focus on traditional macroeconomic variables but that it is also important to consider structural and institutional factors. According to Ms. Tomić's empirical results, youth unemployment in the EU appears to be more pronounced if the share of construction in gross value added is low, the country's trade dependence is low or, probably most importantly, corruption is wide-spread. In addition, poor GDP growth, high income taxes, a low share of temporary employment in total employment, reduced mobility due to homeownership, high remittances from abroad, a low work intensity of other household members or fewer possibilities for young people to live outside their parental homes appear to be relevant factors for EU countries with comparatively high youth unemployment rates.