

List of Projects

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Wage developments in the Western Balkans, Moldova and Ukraine

Austrian Chamber of Labour

January 2019 - July 2019

The objective of this study is to analyse wage developments in six Western Balkan countries (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia), Moldova and Ukraine - a region that is of particular importance for Austria. The still difficult labour market situation in this region is insofar astonishing, as it experienced a massive emigration over the past years and is characterized by a demographic decline. The central question therefore is why the unemployment in this peripheral part of Europe is so persistent and how this relates to the growth of wages and labour productivity. The study will also develop policy conclusions that might help to positively stimulate economic development in the region and to provide its citizens with a long term perspective.

Externalities of Cohesion Policy

European Parliament

January 2018 - October 2018

The study investigates the effects of Cohesion Policy (CP) which occur in a country other than the one in which CP resources were actually spent. The study estimates that macroeconomic spillovers significantly contribute to the impact of CP. Spillovers directed to EU countries represent around 9% of the total annual CP expenditure. Other spillovers to non-EU countries are around 8% of the CP expenditure. Macro and micro spillovers together arrive at 21% of the annual CP expenditure, 67% of which is distributed among EU countries. Around 20% of the CP expenditure can trigger sectoral spillover effects in the environment, transport and higher education sectors. The analysis demonstrates that externalities reinforce EU growth and competitiveness without CP deserting its convergence objective.

Territorial challenges, potentials and impacts of transnational cooperation in Central Europe

Interreg CENTRAL EUROPE

February 2018 - July 2018

The project analyses the territorial challenges, potentials and impacts of the transnational cooperation programme Interreg CENTRAL EUROPE (CE). It is divided into three tasks:

- Identification of the main territorial challenges and needs of CE,
- Analysis of the impacts and results of transnational cooperation in CE achieved by the CE 2007-2013 and the Interreg CE 2014-2020 programme, illustrated by concrete case studies,
- Outlook and conclusions on the future needs and potentials of transnational cooperation in CE.

Task1 analyses ten main challenges of the CE area, i.e. a) circular economy / environment, b) climate change, c) demographic change / migration, d) digital economy, e) employment / skills, f) energy, g) globalisation / competitiveness, h) governance, i) social situation / social risks and j) transport infrastructure / accessibility. For each challenge the study identifies specific policy areas for which TNC has a high potential to promote regional integration and development and analyses the TNC policy options to address them.

Task 2 analyses the achievements and results of the Interreg CE 2007-2013 the CE 2014-2020 programmes. The **first part** of the task includes a quantitative analysis of the financial, output and outreach and results data as well as a qualitative analysis of the CE 2007-2013 programme's results. The **second part** consists of a survey conducted

among 2007-2013 project participants and of 12 case studies providing an in-depth analysis of selected and representative projects of the 2007-2013 period.

Task 3 summarises the results of assesses the key contributions of the CE programmes to tackle the CE region's challenges. It comments on the CE programme's synergies with other EU policies, provides recommendations for the upcoming call for projects of the Interreg CE 2014-2020 programme and gives an outlook of a potential focus of a post-2020 CE programme.

Wage developments in Central and East European EU Member States

Austrian Chamber of Labour

January 2018 - March 2018

The aim of the project is to describe the wage developments in eight EU countries of Central and Eastern Europe that are of major importance for Austria (EU-CEE-8: Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia), to analyse their determinants and to derive policy recommendations. These are to assist in providing a positive stimulus to the EU-CEE-8 economies and to offer a long-term perspective for the population. Particular focus is put on the wage share in the EU-CEE-8 countries, which has recently started to rise again. Nevertheless, the question arises why wage growth has not been even stronger in view of the tightening labour market in the region, with most countries recording shortages of labour/skilled workers. This is the central research question of the project.

Tradability of Output and the Current Account in Europe

Anniversary Fund of the Oesterreichische Nationalbank

July 2015 - December 2016

One aspect in the debate about current account imbalances in Europe is the consequence of 'de-industrialisation' observable in several European countries. This project highlights the role of tradability of output as a key determinant of the current account balance. The relationship between a country's specialisation in the production of tradables will be investigated empirically for 46 European countries over the period 1995-2014. To this end a tradability index is developed which can be understood as a country's expected degree of openness given its economic structure. The tradability hypothesis to be tested in this project suggests that countries specialising in the production of relatively more tradable output have a tendency to run current account surpluses. It is shown that this relationship is also predicted by intertemporal models of the current account. The tradability hypothesis is tested using both panel regressions and cross-country regression techniques.

How to Stabilize the Economy of Ukraine and Put it on a Sustainable Growth Trajectory

United Europe e.V.

December 2014 - June 2015

On behalf of United Europe and Bertelsmann Stiftung, wiiw explored the possible ways how to stabilise the Ukrainian economy and analysed the economic effects of the Russia-Ukraine conflict. To that end, wiiw analysed the macroeconomic developments, foreign trade and FDI relations, as well as industrial and regional patterns. The study was presented jointly with the clients, representatives of the EU Commission (Commissioner J. Hahn) and of the Ukrainian parliament in the framework of a Policy Dialogue in Brussels. A similar presentation in Kyiv also generated considerable attention among international as well as Ukrainian media and policy-makers. The study was furthermore supported by the Austrian Central Bank (OeNB), Bertelsmann Stiftung, DER-think tank, ING Bank NV, Porsche Holding Gesellschaft m.b.H and Raiffeisen Bank International AG.

Growth-Innovation-Competitiveness: fostering cohesion in Central and East Europe (GRINCOH)

European Commission, 7th Framework Programme

April 2012 - March 2015

GRINCOH was an FP7 research project with the main objectives: (1) to establish development scenarios for the CEECs for the period up to 2020; (2) to identify the implications for sustainable growth - based on innovation and the development of technological capabilities - and greater economic, social and territorial cohesion in the CEECs; and (3) to advise on future policy options for the CEECs, and in particular for EU cohesion policy. wiiw led a work package on economic development patterns and structural change in the process of transition and EU membership. Furthermore, wiiw contributed research on labour market development, migration, inequality, trade integration, foreign direct investment, EU budget as well as regional aspects.

Agglomeration, international linkages and the location choices of European foreign direct investors

Anniversary Fund of the Oesterreichische Nationalbank

January 2013 - June 2014

This project investigated the location decision of multinational companies from six European countries in the EU over the period 2003-2010. A conditional logit model was used to estimate the impact of agglomeration effects on location choices of FDI investors. In addition, we included international inter-industry linkages which reflect the openness of a host country. This framework allowed us to compare the importance of two potentially opposing factors relevant for FDI decisions.

Balance of payments constrained growth: Thirlwall's Law extended

Anniversary Fund of the Oesterreichische Nationalbank

July 2012 - December 2013

Thirlwall's Law represents an important approach to international macroeconomics. The Law parsimoniously characterises the link between economic growth and (balanced) external trade. However, since the early 1990s the theory and practice of the mainstream international economics has failed to incorporate the lessons derived from the Law and did not pay due attention to external imbalances. The post-2007 crisis has brought these imbalances to the fore. Controversies over the mode of 'rebalancing' within the euro area continue, necessitating the development of simple, yet powerful, ways to analyse the links between real growth and developments on external balances. This project not only reconsiders the original version of the Law (and some of its past extensions) but also propose some important modifications. The modified versions of the Law serve as the basis for empirical models to be specified also for the EU Member States.

Analysis of the main factors of regional growth: an in-depth study of the best and worst performing European regions

European Commission, DG Regional Policy

January 2008 - June 2012

The aim of the study was to deepen our understanding of economic development in the regions of the EU27. Special emphasis was given on the one hand to NUTS2 regions that performed relatively well (i.e. well above EU average or as compared to their national average) and, on the other hand, to NUTS2 regions that performed relatively poorly (i.e. well below EU average or as compared to their national average). Underlying factors of the different performance had to be identified and analysed. Broad policy conclusions have been drawn. wiiw was partner in a consortium with Applica and Cambridge Econometrics.

World Input-Output Database (WIOD)

European Commission, 7th Framework Programme

May 2010 - April 2012

WIOD aimed to develop databases, accounting frameworks and models for policy-makers who are facing increasing and pressing trade-offs between socio-economic growth and environmental problems. The core of the database is a set of harmonised supply and use tables, alongside with data on international trade in goods and services. These two sets of data have been integrated into sets of inter-country input-output tables. Taken together with extensive satellite accounts with environmental and socio-economic indicators, these industry-level data provided the necessary input to several types of models used to evaluate policies aimed at striking a suitable balance between growth, environmental degradation and inequality across the world. wiiw led two work packages in this project: (1) WP2 „International Trade Data“ and (2) WP8: „Application of the database: Socio-Economic Aspects“. The institute also contributed to WP3 „Estimation of inter-country input output tables“ and to WP5 „Satellite Accounts: Socio-Economic Indicators“.

<http://www.wiod.org>

Monitoring of sectoral employment

European Commission, DG Employment, Social Affairs and Inclusion

December 2010 - April 2012

The aim of the study was to provide a comprehensive collection and a long-term analysis of key sectoral data with a view to identifying and monitoring sectoral employment developments and inter-dependencies. The impact of the

crisis has been analysed for a representative set of sectors, paying special attention to issues such as flexicurity, skills, outsourcing and restructuring, labour productivity, technological change. wiiw coordinated this project in collaboration with Applica and with support from various local experts.

Country risk analysis

Erste Group Bank AG

November 2011 - April 2012

Country studies are performed for Austria, Croatia, the Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia and Ukraine, analysing the political and institutional, economic and social situation on a qualitative and quantitative basis.

Market analysis of selected sectors - Poland

Reed Exhibitions Austria

October 2011 - November 2011

In a country study on Poland, both the macroeconomic development and the sectors which are of special importance for the client's marketing activities are analysed.

Three contributions to exchange rate economics (wiiw Team Leader)

Anniversary Fund of the Oesterreichische Nationalbank

July 2008 - June 2010

The project constructively contributes to the literature on some well-known puzzles in international economics. Part 1 offers a demand-side alternative to the Balassa-Samuelson Effect which is commonly invoked to explain the presence of exchange rate/purchasing power parities gaps. The alternative is tested against the recent ECP data. The same set of data underlies Part 2, concerned with specification of neoclassical general equilibrium models of pan-European trade. Analyses of the models' solutions shows that the ER-PPP gaps can persist even if the "Law of One Price" operates perfectly. Part 3 studies the ECP data with the means of advanced dynamic econometrics to test hypotheses on movements of relative price and GDP levels across Europe. It is hypothesised that these movements are not disconnected. Part 3 has important implications for the policy (e.g. on euro adoption) debates.