accession countries 68
    correlation of supply and demand shocks xv, 209–30
    financial sectors 325–7
    modelling financial convergence 331, 333, 335, 336, 337
    new divide between other emerging economies and 4–5
    real and nominal convergence 3–4
    regional disparities within xv, 183–208
    restructuring of firms xiv, 168–82
    risks of EU accession 436–46
    before EMU entry 443–6
    structural change and catching up xiv, 131–67
    adaptability 90–92, 104
    adaptation 90–92, 93
    adaptive finance 296–303
    adjustment 90–92
    incomplete 102
    Africa 125
    agglomeration effects 194–5, 198–200, 201
    aggregate demand and supply model 214–16
    Aghion, P. 175
    agriculture 11–12, 80–81
    regional disparities 197–200
    Ahn, S.C. 330
    AIDS 125
    Akerlof, G.A. 92
    Albania 377–93 passim
    Alchian, A.A. 296–7, 304
    Alesina, A. 38, 44
    Allen, F. 313, 345, 348
    allocation of economic activities 407–8
    Almeida, A. 252
    Amadeus data set 170
    Anderson, J.E. 32, 33
    Angelucci, M. 175
    anti-globalization movement 121
    Antwerp 292
    APS 100
    arbitrage tests 31, 33–4
    Arellano, M. 330
    Aryeetey, E. 296
    Asdrubali, P. 34
    Aschauer, D.A. 196
    Asian ‘tiger economies’ 115
    Association Agreements 394
    asymmetric shocks 235, 249, 261
    Atkeson, A. 34
    Austria 94, 96–101
    Austria-Hungary 10, 13
    Austrian Information Centre for Cooperation 100
    Austrian Public Employment Service 100
    ‘Automation Alley’ 94
    BACE 120
    Backé, P. 211
    bad loans 157, 158, 324, 350, 351, 442
    Baeten, G. 94
    Bahra, P. 324
    Bairoch, P. 10, 13
    Baker, D. 19
    Bal, F. 196
    Balassa, B. 253
    Balassa-Samuelson effect 234–5, 239, 248, 273, 274, 443–4
    Hungary 262–3
    Poland 253–5
    Balkans xix, 11–12, 375–96
    bilateralism vs multilateralism 390–91
    common values 386–7
    converging economic policies 388–90
    economic indicators 379–80
    economic integration 376–8
    future role of EU in 393–5
Balkans (continued)
  inconsistent public preferences 387–8
  integration and underdevelopment 378–85
  political disintegration 385–6
  trade 378–85
  weak states 391–3
Baltic countries 223–4
  see also Estonia; Latvia; Lithuania
Banat 431
bank-based financial systems 298–9, 301–3, 304–6, 313–14
bank credit 352–4, 366–7
Bank of Estonia 278, 280, 287
bank loans
  bad loans 157, 158, 324, 350, 351, 442
  composition at Japanese banks 302
Bank of Slovenia 249
banking sector/system
  accession countries 325–6, 338
  Balkans 377, 387
  CEEC-3 345–51, 365–6
  efficiency and profitability 347–51, 366
  privatization and foreign ownership 345–6
  regulation and supervision 363–5, 368
  size and concentration 346–7
development in transition economies 324–5
Estonia 284
  Japan 301–3, 305
legal environment and development of 300
  modelling financial convergence 328–36, 337
  Russia and Ukraine 405
  systemic risk 312, 443
  USA 308
  consolidation 310–13
Banque de France 298, 314
bargaining co-ordination 42–3
Barnier, Commissioner 422, 423
Barro, R.J. 44, 57, 58, 61, 196, 251, 328
Barth, J.R. 345, 358, 363, 364
Baumol, W.J. 328
Bayoumi, T. 34, 44, 209, 211, 216, 221, 223
Beck, G. 33–4, 44
Beck, T. 358
Begg, D. 443
Belschán, A. 92
Benácek, V. 158
Berend, I.T. 11, 12, 14, 16, 17, 20
Berger, A.N. 311, 312
Bernanke, B.S. 252
Bernard, A.B. 328
Bernard, H. 309
Black, B.S. 298
Blanchard, O. 42, 209, 211, 216
Boeri, T. 39
Bond, S. 330
Bond Issuance Committee 302
  bond markets 36–7, 38, 327, 330, 340–41
Boone, L. 212–13, 218, 225
borders
  new eastern border of EU xxi, 425–35
  interstate relations in CEE 425–7
  policy implications 432
  policy proposals 432–5
  regional dimension 427–8
  trade integration and 31–2, 44
Borowski, J. 252
Boschma, R.A. 101
Bosnia and Herzegovina 377–93
  passim
bounded rationality 89–90
Bover, O. 330
Boyd, J. 299, 345
Brada, J.C. 213
Bratislava Stock Exchange 327
Bratkowski, A. 251
Braunerhjelm, P. 43
Brenton, P. 86
Bretscher, L. 196
Britain 10, 11, 221–3
Brülhart, M. 194
Brunetti, A. 295–6
Buch, C.M. 324
Budapest Stock Exchange (BSE) 326–7
budget deficits 27, 29–30, 271–2, 440, 441, 445, 450
Bulgaria 202
EU enlargement and the Balkans 377–93 passim
regional disparities 183–200 passim
structural change
manufacturing 141–54 passim
saving and investment 156–60

Bundesbank 298, 314
Burda, M. 39, 155
business cycles 260, 261–2
correlation 210–25
Button, K. 196

Calmfors, L. 39, 43
Canada 31–2
Caniëls, M.C.J. 196

capital

capital to labour ratios 78–9
contribution to growth of GDP 159–61
inflows 235, 241, 255, 443–4

capital cities 432, 434
distance from regions to 197–200
regions containing 184–5, 191, 198–200, 201
capital-intensive industries 152–4
capital markets 4, 323, 326–7, 450
CEEC-3 353, 354, 354–5, 367
financial sector convergence 332–6, 337
imperfections 295–6
Japan 302
rise and contribution to economic growth 299–301
see also bond markets; equity markets; financial markets
capital stringency 363, 364

Carree, M. 60
Cecchetti, S.G. 36
Central and Eastern Europe (CEE) 451–2
accession countries see accession countries
core–periphery diversity 9–23 passim
eastern Germany compared with 114–15
financial sector restructuring 323–5
interstate relations 425–7
modelling financial convergence 329–36, 337
Russian and Ukrainian trade with 414
transition process 5–6
central planning 16–17, 109, 136, 192–3, 407
collapse of state socialism 20, 193

Chenery, H.P. 89
Chile 293–4, 294–5
China 122–3
Chinitz, B. 89, 92
Christiano, L. 44
Christophersen, H. 25
Cipriani, M. 254
civil law 296, 300, 314
civil society 387, 406
Clark, C. 134
Clark, K.B. 92
Clark, T.E. 44
Clement, H. 408
clusters 100–101
coalitions, distributional 90
Coase, R.H. 297
coefficient of variation 187–8
cohesion
policy 19–20, 66–7
report on economic and social 421–4
Cohesion Fund 121
Cold War 16, 17
Common Agricultural Policy (CAP) 446
common law 296, 300, 314
Common Strategy 415
communism see central planning
Community Assistance Programme (CARDS) 393–4
competition
Estonia’s competitiveness 284, 285–6
restructuring of firms 175, 176–80
concentration
banking sector 310–13, 346–7
share ownership 306–7
Styria 97
Economic convergence and divergence in Europe

construction industry 110
consumer sovereignty 136
contract enforcement 295–6, 360–62
convergence
β-convergence (regression convergence) 57–60, 118–19, 328
decomposition of rate of 75–7, 82–4
Spain 74–81
conditional 58, 119–21
play 255
regression see β-convergence
σ-convergence (variance convergence) 58, 60, 118, 328
theory 1–2, 117–27
unconditional β-convergence 58–60
Copenhagen criteria 3, 234, 250, 273
core–periphery diversity 9–23
Coricelli, F. 42
corporate financing 303–5, 352–4, 366–7
corporate governance 303–7, 406
corruption 360–62, 405, 406
Council of Mutual Economic Aid (CMEA) 16, 133
creative destruction 15, 16, 291
credibility index 295–6
creditor rights 358–60
Crisis
Czech Republic and Hungary 439, 440
weak states 391, 392–3
Croatia 160, 326, 394
EU enlargement and the Balkans 377–93 passim
Crucini, M.J. 34
Cukierman, A. 42
currency board 282–4, 286–7
currency unions 32–3, 44
current account
Balkans 380
deficit as strategy for accession countries 444–5
Estonia 285
and GDP per capita 38, 40
Russia and Ukraine 403, 404
cyclical-evolutionary approach 90–93
Cyert, R.M. 89
Czech Republic 95, 202
financial system xix, 344–72
real appreciation 237–46 passim
regional disparities 183–200 passim
risks in accession to EU 436–46 passim
stock market 326, 327
structural change
manufacturing 141–54 passim
saving and investment 156–60 passim
Dalmazzo, A. 42
Davis, S.J. 170
Dayton Peace Agreement 390
De Broeck, M. 278
De Melo, J. 56
decomcentration 97–8
debt securities 354, 355–8, 367
defensive restructuring 168–9, 170–73, 176–80, 180–81
Delors, J. 25
demand shocks xv, 209–30
correlation 220–24, 225
identification 216–17
Demirgüc-Kunt, A. 314, 349
democratization 386
Denmark 12, 138, 221–3
depression 15
de-unionization 42
Diamond, D.W. 346
Diaz-Alejandro, C. 294
diminishing returns 118, 119–20
direct inflation targeting (DIT) regime 251–3
disintegration, political 385–6
distance
between manufacturing structures 146–52, 163
regional disparities 197–200, 201
distributional coalitions 90
divergence theory 117–27
Dobrinsky, R. 132, 159, 160
Döhrn, R. 86
Doppelhofer, G. 120
Doukas, J. 323–4
Dudek, M. 254
Dumais, G. 195
Duna-Maros-Koros-Tisza Euroregion 431
duration of EU membership 62–6

Durlauf, S.N. 58, 328

Earle, J.S. 175

Eastern, W. 291

eastern border of EU see borders

ECNs (electronic communications networks) 309

economic and monetary union (EMU) xii, 2, 24–51

anchor of stability 448–53
correlation of supply and demand shocks with CEECs xv, 209–30
cost and benefit analysis of entry for Hungary 259–62, 266
financial market integration 34–9, 40, 44–5
labour markets 39–43, 45, 450–51
macroeconomic risks after EU entry and before EMU entry 443–6
OCA theory and EMU enlargement 210–14
three-step approach for accession countries 211–12, 451
trade integration 31–4, 44
economic preferences 387–90
economic and social cohesion, report on xx–xxi, 421–4
economic structure 10–11, 138–9
regional disparities 197–200, 200–201
Spain 80–81
education 60–66 passim, 77–8
Edwards, J. 307
efficiency 312–13
banking sector 347–52
Eichengreen, B. 44, 209, 211, 216, 221, 223
Ellinger, R. 91
Emerson, M. 26
employment
Balkans 380
decline in manufacturing 141
regional convergence in Spain 72–85
regional disparities 197–200
restructuring of firms 168–82
Russia and Ukraine 399, 400, 401
endogenous financial development 296–303

endogenous growth theory 2, 56, 66, 118–21, 125–6, 291
energy resources 397, 408, 411, 413–14
Engel, C. 32, 33
entrepreneurial behaviour 90–92
equity markets 324–5, 326–7
CEE-3 353, 354, 354–5, 367
contribution to economic growth 299–301
financial sector convergence 332–6, 337
fragmentation in 308–10
see also capital markets; financial markets

Escrivá, J.L. 36
Estonia xvii, 153, 202, 278–87, 326
correlation of supply shocks 223–4, 225
currency board 282–3, 286–7
supporting policies 283–4
main policy challenges 284–6
nominal convergence 279–82, 286
regional disparities within 183–200 passim
risks in accession to EU 436–46 passim
saving and investment 156–60 passim

Estrin, S. 175, 218
ethnic homogenization 387
euro 25, 33, 35–6, 377
euro area see economic and monetary union
Europe Agreements 385
European Bank of Reconstruction and Development (EBRD) 20, 157, 344, 345, 346
European Central Bank (ECB) 35, 36, 37, 38, 253, 449
European Commission 67, 268
European Union (EU) 2
convergence and growth in 57–60
economic and social cohesion report xx–xxi, 421–4
enlargement 68, 451
and the Balkans xix, 375–96
risks for accession countries 436–46
risks for present members 446–7
enlargements up to 1990s 19
European Union (EU) (continued)
financial sector
banking sector 326, 339
bond markets 341
legal and supervisory environment compared with CEEC-3 358–65
modelling convergence 332, 333, 336
future role in the Balkans 393–5
impact of European integration on growth xii, 55–71
manufacturing production 147–54, 163
membership and growth 60–66
new eastern border see borders
origin (as European Common Market) 17
real appreciation and accession process 242–5
Russia and Ukraine’s economic ties 411–16
sectoral distribution of GDP 138–9
services 139, 140
Slovakia’s trade with 270
three-step approach to monetary integration of accession countries 211–12, 451
total factor productivity (TFP) 160–61
European Union Treaty 24
Euroregions 431
task force for development of 434–5
evolutionary approach 90–93
exchange rate 63, 234–5
appreciation of nominal exchange rates 445
Estonia 279, 280
Maastricht criterion 243–4
Exchange Rate Mechanism (ERM) 27
ERM II 273, 440, 445, 452
exchange rate regime
Balkans 389
Estonia 285
Poland 251, 253–6
Slovakia 272, 273
structure of real appreciation 239–42
exogenous growth model 1–2, 55, 57, 67–8, 120
expenses 350–51, 352
export industries 110–11
exports 11
Balkans 378–85
CEE exports to EU 152–4
export–import balance 156, 157
restructuring of firms 178–9
Slovakia 269–70
Fagan, G. 36, 253
Faggio, G. 169, 170
Feldstein, M. 38
Ferenczi, B. 261
Ferguson, R.W. 313
Fidrmuc, J. 213, 214, 218, 223, 225
‘finance and growth’ school 291, 307–8
financial markets 4, 450
integration 34–9, 40, 44–5
see also bond markets; capital markets; equity markets
financial repression 293–6
financial sector 452
convergence xviii–xix, 322–43
CEE accession countries 325–8
modelling convergence 328–36
restructuring in transition economies 323–5
and economic growth xviii, 291–321
changing perspective 292–6
corporate governance 303–7
endogenous financial development 296–303
life cycle of financial structure 313–14
transformation in US 307–13
stability 262
transition in CEEC-3 xix, 344–72
banking system 345–52, 365–6
legal and supervisory determinants of financial development 358–65, 367–8
public sector funding 354–8, 367
structure of funding 352–4, 366–7
financial transfers 66–7, 446
firm-level restructuring xiv, 168–82
firm size 176–80
fiscal policy 244–5, 245–6, 450
Estonia 281, 282, 286
fiscal stability 402–4
Fisher, S. 21–2
fixed capital 158, 159

Gertrude Tumpel-Gugerell and Peter Mooslechner - 9781781951286
Downloaded from Elgar Online at 07/22/2019 06:27:50PM via free access
fixed exchange rates 240–41
floating exchange rates 241
Fölster, S. 67
forbearance discretion 365
foreign bank credit 353, 354, 367
foreign currency-denominated debt 355–6, 357
foreign debt 442–3
foreign direct investment (FDI) 241
Estonia 284, 285–6
Russia and Ukraine 403, 404
foreign ownership 179–80, 345–6
fragmentation 308–10
France 11, 224, 225, 298, 300
Frankel, J.A. 25, 33, 44, 213
Franks, J. 306
free trade zones 415–16
Freixas, X. 345
Frenkel, M. 212, 221, 223
Fujita, M. 194
Gale, D. 313, 345, 348
Galicia 429–30
Gaspar, V. 36
Geldner, N. 86, 89, 92, 94
Generalized System of Preferences 416
Germany 14, 138, 261, 300
correlation of shocks 209–10, 212–13, 224, 225
legal structure 298
reunification xiii, 108–16
eastern Germany as special case 114–15
innovation gap 109–14
shifting financial paradigm 305–7
Gersbach, H. 194
Gertler, M. 345
Giavazzi, F. 42
Gilson, R.J. 298
Gini coefficients 186–7
Glasgow 94
Glass-Steagall Act 1933 292
global economy 448–9
global inequality 118–19, 121–4
GMM estimator 330
Goldsmith, R.W. 308
Gompers, P. 298
Gomulka, S. 438, 445
Good, D. 13
Goodhart, C.A.E. 252
government size 67
government spending 61–6 passim, 127
gravity model 31, 376, 377
Greater Romanian Party 431
Greece 14–15, 65, 251, 259, 376, 390
financial transfers to 66–7
Hungary compared with 264–6
Grosfeld, I. 168
gross domestic product (GDP) 1, 227–8, 229
Balkans 376, 378, 380
CE-8 436, 437
conditional convergence 120–21
core–periphery diversity 14–15, 17, 18, 21
correlation 217–20
Estonia 280, 287
evolution in CEE applicant countries 168
growth, EU membership and initial GDP 60–66 passim
imperfect measure 126, 127
per capita evolution in EU 58–60
Hungary compared with Greece, Portugal and Spain 264–5
and real appreciation 237–8, 239
Slovakia 269
and price level 278, 280
production of 133, 133–54, 161
manufacturing 133, 139–54, 161
services 133–9, 140, 161, 162
regional convergence in Spain 72–82
decomposition of income per capita 75, 82–4
sources of convergence 74–9
regional disparities 184–5, 186–8, 189–91, 196–201
Russia and Ukraine 398
Slovenia 248
utilization of 133, 154–61, 161–2
gross job reallocation 170–73, 174
gross national product (GNP) 10–13
gross regional product (GRP) 409–10
Grossraumwirtschaft 14
Group of Ten 311, 312, 313
growth 4
aggregate growth and regional convergence in Spain 72–4
growth (continued)
balancing real and nominal convergence 234
core–periphery diversity 10, 12–13, 14–15, 18, 19, 20–22
financial sector and xviii, 291–321
impact of European integration on xii, 55–71
performance of accession candidates 438
slow growth strategy 445
growth theory 1–2, 88–9, 126–7, 195–6
endogenous 2, 56, 66, 118–21, 125–6, 291
neoclassical 1–2, 55, 57, 67–8, 120
Gurley, J.G. 308
Halpern, L. 254
Haltiwanger, J. 170
Hansen, L.P. 330
Harrison, A. 63
Havlik, P. 90
Heckscher, E. 11
Heckscher-Ohlin trade theory 194
Heilemann, U. 86
Helliwell, J. 31
Hellwig, M. 313
Helsinki summit 1999 268
Henrekson, M. 57, 67
Hess, G.D. 31, 32
Hirsch, S. 90
Hirschman, A.O. 89
Hitler, A. 14
Hobsbawm, E. 10
Holden, S. 42
Holman, O. 19
Hooghe, L. 20
Horioka, C. 38
Horvath, J. 212
Hoshi, T. 302
Huang, H. 196
Huizinga, H. 349
human capital 60–66 passim, 77–8, 125, 196
Hume, D. 45
Hungary 202, 390
correlation of shocks 223–4, 225
EMU entry xvii, 259–67
comparison with Greece, Portugal and Spain 264–6
cost and benefit analysis 259–62
satisfying inflation criterion 262–3
financial system xix, 344–72
new eastern border of EU 425, 427, 433
relations with Romania 426
Transcarpathia 430
regional disparities within 183–200 passim
risks in accession to EU 436–46 passim
stock market 326–7
structural change manufacturing 141–54 passim
saving and investment 155–60 passim
services 137–8
import-substituting industrialization 13–14
Ilieșcu, President 426
imports 178–9
Balkans 378–85
export–import balance 156, 157
Slovakia 269–70
income per job 75–7, 82–3
income levels see gross domestic product
India 122, 123
industrial areas xii–xiii, 86–107
reasons for decline of old industrial areas (OIs) 88–93
reconversion 96–104
lessons from 101–4
Styria 96–101
regional concentration in decline 93–6
industrialization 9–11, 13–14
industry 111
employment and regional disparities 197–200
indigenous innovative industrial base 112–14
production 136–7
structural shifts 133, 139–54, 161
Index

inflation 227–8, 230, 278
accession countries 440–42, 451–2
risks of macroeconomic instability on joining EU 443–4
correlation 217–20
Czech Republic 241–2
target 242–3
Estonia 279–81, 285, 286, 287
in euro area 27, 28, 449–50
Hungary 260–61, 266
satisfying convergence criterion 262–3
impact of EU membership on growth 61–6 passim
impact of regulated prices 238
Poland 253–6
direct inflation targeting 251–3
real appreciation 234–5
structure 239–42
Russia and Ukraine 402–3
Slovakia 271, 273, 274
information costs 297–8, 307–8
incomplete 304–5
infrastructure investment in eastern Germany 110
and regional growth 196
Spain 77, 78–9
Styria 98
Innofinanz 99
innovation 101
gap and German reunification 109–14
Innovation and Technology Fund (ITF) 100
institutions 67
and diffusion of technologies 125
financial sector and growth 292–3
credibility indicator 295–6
‘institutions and growth’ school 307–8
intensity of trading 31–3
inter-bank market 325
interest rates 449
Balkans 389
Czech Republic 241, 242
Estonia 281, 282, 286
Hungary 261–2
risks for accession countries on joining EU 443–4
spreads and banking sector efficiency and profitability 347–52
Interim Agreements 415
International Country Risk Guide 360, 361
International Monetary Fund (IMF) 278, 389
inter-war period 13–16
intra-industry trade 214, 264, 265
investment
FDI see foreign direct investment
growth and EU membership 60–66 passim
innovation gap in Germany 112–14
Russia and Ukraine 399–402
structural change 133, 154–61, 161–2
investment funds 325
Ireland 19–20, 65, 66–7, 142, 144, 251
Italy 13, 14–15
Iversen, T. 42
Japan 261
financial system 293, 297, 305–6, 307
failure to adjust 301–3
main bank system 301–2, 305
Järvinen, M. 212
Joanneum Research 99
job destruction 170, 176–80
job reallocation 170–73, 174
jobs per capita 75–6, 79–81, 82–4
Jürgens, U. 306
Juschtschenko, Prime Minister 406
Kaitila, V. 214
Kapfenberg Business Incubator 98
Kapfenberg Technology Centre 98–9
Kashyap, A. 302
Kenen, P.B. 25
kernel density estimation 188–92, 193
Kiev 430
Kinach, Prime Minister 406
Kindleberger, C.P. 89
King, R.G. 291, 308
Klein, I.M. 89
Klein, M.W. 34
Klomp, L. 60
knowledge creation 112–14
knowledge import 112–14

Gertrude Tumpel-Gugerell and Peter Mooslechner - 9781781951286
Downloaded from Elgar Online at 07/22/2019 06:27:50PM
via free access
knowledge spillovers 56, 68
Koenig, R. 254
Köke, J. 352
Koman, K. 95
Konings, J. 169, 170
Koo, J. 44
Kopits, G. 211
Korea 114
Korhonen, I. 213, 225
Kornai, J. 133, 155
Kosovo 390
Kubin, I. 92
Kutan, A.M. 213
Kuznets, S. 89

La Porta, R. 296, 297, 300, 314, 358, 359, 360
labour
contribution to GDP growth 159–61
hoarding 170
labour force in Russia and Ukraine 397
migration 79–81, 438, 446
mix 195
mobility 43, 109–10, 249, 427–8
shedding 168, 176–80
labour-intensive industries 152–4
labour markets 286
EMU and 39–43, 45, 450–51
segmented 92–3
Lambooy, J.G. 101
Landau, D. 56
Landes, D.S. 14
Landesmann, M. 145
Latvia 153, 203
correlation of shocks 223–4, 225
regional disparities within 183–200
passim
risks in accession to EU 436–46
passim
saving and investment 156–60 passim
Loayza, N. 156
location of production 193–5
long-run aggregate supply curve (LRAS) 214–16
Lucas, R.E. 44
Lviv 429–30

Maastricht criteria 3, 233, 247, 250
CE-8 and 440–42, 443–4, 446
nominal appreciation and 243–4
Slovakia and 271–2, 274
Macedonia 377–93 passim, 394
Machlup, F. 88
macroeconomic models 67
macroeconomic stability 440–42
macroeconomic stabilization 242–5, 251, 279
Maddison, A. 13, 15, 18, 19, 21
Magyar Nemzeti Bank 351
Main, B.G. 92
main bank system 301–2, 305
mainstream manufacturing industries 152–4
malaria 125
manufacturing see industry
March, J.G. 89

financial sector contribution to growth 295–6, 297–9, 300, 313–14
rule of law 360–61, 391, 392
Russia and Ukraine 405
Leoben Joanneum Research Laser Centre 99
Leoben Technology-Transfer Centre (TTZ) 98
Lerner, J. 298
Levine, R. 61, 291, 296, 297, 299, 300, 303, 308, 313, 314
liberalization 279
life cycle approach 90–93
Limburg 94
Linnemann, H. 31
liquidity 310
Lithuania 135, 203
correlation of shocks 223–4, 225
regional disparities within 183–200
passim
risks in accession to EU 436–46
passim
saving and investment 156–60 passim
Loayza, N. 156
location of production 193–5
long-run aggregate supply curve (LRAS) 214–16
Lucas, R.E. 44
Lviv 429–30

Maastricht criteria 3, 233, 247, 250
CE-8 and 440–42, 443–4, 446
nominal appreciation and 243–4
Slovakia and 271–2, 274
Macedonia 377–93 passim, 394
Machlup, F. 88
macroeconomic models 67
macroeconomic stability 440–42
macroeconomic stabilization 242–5, 251, 279
Maddison, A. 13, 15, 18, 19, 21
Magyar Nemzeti Bank 351
Main, B.G. 92
main bank system 301–2, 305
mainstream manufacturing industries 152–4
malaria 125
manufacturing see industry
March, J.G. 89
Index

Maribor 95–6
market
creative function 90–92
and reconversion process 102–3
market-based financial systems 298–9, 304–5, 307, 313–14
market failures 126–7
marketing-driven industries 152–4
Markusen, A.R. 86, 91, 92
Markusen, J.R. 195
Marshall, A. 195
Marshall Plan 17
Martin, C. 251
Maskus, K.E. 195
Material Product System 134
Maurel, M. 212–13, 218, 225
McCallum, J. 31
McKinnon, R.I. 25, 44, 214, 293–4, 308
McKinnon-Shaw financial repression thesis 293–6
Mediterranean (periphery) 9–23 passim
Melitz, J. 33
mergers 97, 307, 311–12
Messick, R.E. 295
Mészáros, K. 326
Meyer, L.H. 311
migration, labour 79–81, 438, 446
Milosevic, S. 427
minerals 397, 408, 413–14
Mishkin, F.S. 345
modernization 11–12
monetary assets, accumulation of 294
monetary integration see economic and monetary union
monetary policy
convergence 212–13
Czech Republic 242–3
Poland 251–6
real appreciation and accession 242–4
Slovakia 272–4, 274–5
Slovenia 247–8, 249
and wage setting 42
money
national money as barrier to trade 31–2
role of 26
money markets 35–6
money supply 380
monobank system 324
monopolistic competition 111–12
Mori, T. 194
Morita, T. 21–2
Moucque, D. 67
Mullineux, A.W. 323, 324
multilateralism 390–91
multinational enterprises (MNEs) 19, 125–6, 195
Mundell, R.A. 25, 44, 210
Munnel, A.H. 196
Murinde, V. 329
Nasdaq equity market 309–10
National Bank of Hungary (Magyar Nemzeti Bank) 351
National Bank of Poland (NBP) 251, 252, 253, 256, 445
National Bank of Slovakia (NBS) 270–71, 272, 273, 274
natural resources 397, 408, 413–14
‘neighbourhood’ policy 433–5
Nelson, R.R. 90
neoclassical growth model 1–2, 55, 57, 67–8, 120
net interest income 348–9
net interest margins (NIM) 349, 350
net provisioning charges 350, 351
networks, territorial 100–101
new economic geography 193–5
‘new’ growth theory see endogenous growth theory
Nibler, M. 307
Nickell, S. 175
Nijkamp, P. 196
Niklasdorf Technology Centre 99
nominal appreciation 243–4
nominal convergence 3–4, 236, 247, 250, 278, 451
balancing real convergence and 233–5
Estonia 279–82, 286
Hungary 265–6
Slovakia 271–2
non-performing loans 157, 158, 324, 350, 351, 442
non-tradable sector 239, 253, 254
see also Balassa-Samuelson effect

Gertrude Tumpel-Gugerell and Peter Mooslechner - 9781781951286
Downloaded from Elgar Online at 07/22/2019 06:27:50PM
via free access
North, D.C. 292, 293, 295, 296, 301, 303, 308, 314, 315
Norton, R.D. 86
Norway 12
ÖAR 100
Obstfeld, M. 34
OECD 43
Oesterreichische Nationalbank (OeNB) 5–6, 448
oil crises 18
old industrial areas (OIAs) see industrial areas
Olson, M. 88, 90, 126
openness 284
growth and EU membership 61–6 passim
operating expenses 350–51, 352
optimum currency area (OCA) 25, 44, 261
criteria and Hungary 259, 260
criteria and Slovenia 248–9
and EMU enlargement 210–14
between EU and accession countries xv, 209–30
optimum monetization 294
Ottaviano, G.I.P. 194
output 379
industrial 379, 398–9, 400
over-identifying condition 216, 220
ownership
financial development and
ownership structure 305–7
firm-level restructuring 175–80
foreign ownership of banks 345–6
Pach, Z.P. 9
Padoa-Schioppa, T. 25
Paierl, H. 100–101
Palairet, M. 12
Paris Treaty 24
Partnership and Co-operation Agreements (PCAs) 415
path dependence 292–3
Pawlinek, P. 95
payment systems 37–8, 39
PDSR (Social Democracy Party of Romania) 433
Pelkmans, J. 132
Peneder, M. 152
people, welfare of 121–4
periphery–core diversity 9–23
Persson, T. 33
Phare programme 432, 434
Phelps, E.S. 92
Pichelmann, K. 39
Piore, M.J. 92
Podravska 95–6
Poland 203–4, 224
balancing real and nominal convergence xvi–xvii, 250–58
financial system xix, 344–72
new eastern border of EU 425, 433
Przemysl 428–9
relations with Ukraine 425–6
regional disparities within 183–200 passim
restructuring of firms xiv, 168–82
risks in accession to EU 436–46 passim
stock market 327
structural change
manufacturing 137, 141–54 passim
saving and investment 156–60 passim
policy
Balkans and converging economic policies 388–90
closure of innovation gap in Germany 113–14
convergence theory and 121
Estonia
currency board and convergence 282–4
main policy challenges 284–6
EU enlargement
accession countries after EU entry and before EMU entry 445–6
present members and 446–7
proposals and eastern border of EU 432–5
Russia and Ukraine
regional disparities 408
relations with EU 415–16
strategies and instruments for reconversion 96–101, 104
political disintegration 379–86
political forces 292–3, 300
political integration 375
political preferences 387–90
political will, weakness of 391, 392
Pontusson, J. 42
Poot, J. 196
portfolio theory of financial asset accumulation 294
Portugal 65, 66–7, 259, 264–6
Posch, U. 92
Poyhonen, P. 31
Prague 183
Prague Stock Exchange 326
preferences, inconsistent public 387–90
prices
Balkans 380
inflation see inflation
law of one price 31, 33–4, 44
price and trade liberalization 175
regulated prices and inflation 238
stability 449–50
Prisching, M. 86, 90
private ownership 179–80
private sector
financing 303–5, 352–4, 366–7
foreign debt 442–3
privatization 354–5
banking system 345–6
development of stock markets 327
and firm-level restructuring 175–6
Russia and Ukraine 405
product markets 450
production
allocation of in Russia and Ukraine 407–8
location of 193–5
structural change 133, 133–54, 161
manufacturing 133, 139–54, 161
services 133–9, 140, 161, 162
productivity
Estonia 279, 280
gap and German reunification 108, 109–14
regional convergence in Spain 74, 75–9, 82, 83
total factor productivity (TFP) in CEECs 159–61
profitability, banking sector 347–52, 366
property rights 295
Przemysl 428–9
public debt
CE-8 440, 441, 442–3
CEE3-3 355–8
debt ratios in EU 27, 29–30
Estonia 281, 282
Russia and Ukraine 403
Slovakia 271, 272
public preferences, inconsistent 387–90
public sector 77–8
funding 354–8, 367
Puga, D. 194, 195
Quah, D.T. 58, 188, 209, 211, 216, 328
quantity tests 31–3
Radnitzky, G. 91
rail infrastructure 98
Rajan, R.G. 291–2, 298, 299–300, 305, 308
Ránki, G. 11, 12, 14
Rapp, J. 306
real appreciation xvi, 234–5, 236–46
accession and macroeconomic stabilization 242–5
real convergence and 236
time horizon 237–9
structure of 239–42
real convergence 1, 3–4, 247, 250, 278, 451
balancing nominal convergence and 233–5
Estonia 286
Hungary 264–5
and real appreciation 236–9
Slovakia 269–71
reconversion 94, 96–104
lessons from 101–4
strategies and instruments 96–101, 104
redistribution
regional policies in Spain 78
Russia and Ukraine 407
Rees, J. 86
regional disparities xv, 183–208
distribution dynamics 188–92
EU enlargement and 421–4
evolution 186–92
Russia and Ukraine 407–11
underlying reasons for 192–200
regional EU offices 434
regions
adjacent to new eastern border of
EU 427–8, 434–5
regions (continued)
convergence in Spain xii, 72–85
Euroregions 431, 434–5
within countries and trade
integration 31–2, 44
regulated prices 238
regulation
banking 363–5, 368
Russia and Ukraine 405
Renelt, D. 61
Repkine, A. 175
repo market segment 36
Report on Economic and Social
Cohesion xx–xxi, 421–4
repression, financial 293–6
research and development (R&D) 196
research-driven industries 152–4
restructuring of firms xiv, 168–82
return on equity (RoE) 348, 349
Reutter, M. 254, 444
reverse causation 294
Ricardo, D. 194
Richter, A. 169
risk
in accession to EU 436–47
CE-8 countries 436–46
present EU countries 446–7
market liquidity 310
road infrastructure 98
Rochet, J.J. 345
Rodrik, D. 156
Rogers, J. 32, 33
Rogoff, K. 34
Roland, G. 168
Romania 11, 204–5
EU enlargement and the Balkans
377–93 passim
new eastern border of EU 425, 433
Banat 431
relations with Hungary 426
regional disparities within 183–200
passim
restructuring of firms xiv, 168–82
structural change
manufacturing 141–54 passim
saving and investment 156–60
passim
Romer, P.M. 56, 126
Rosati, D. 132, 254
Rose, A. 26, 31, 32–3, 44, 213
Rosenbluth, F.M. 302
Rostowski, J. 251
rule of law 360–61, 391, 392
rules, credibility of 295–6
Russia xx, 5, 20, 397–417, 439
economic dynamics 397–402
economic ties with EU 411–16
fiscal stability 402–4
regional disparities 407–11
Soviet period 13–14, 16–17
state of reforms 405–6
Rusyns (Ruthenes) 430
Sachs, J.D. 63, 156
Sala-i-Martin, X. 56, 57, 58, 120, 196,
251, 328
Sallant, S. 92
Samuelson, P.A. 253
saving 438, 444
structural change 133, 154–61, 161–2
Scandinavia 12
Schaffer, M. 169
Schardax, F. 254
Schengen regime 425, 426
Schmidt, P. 330
Schrutzler, A. 194
Schumpeter, J. 15, 90, 291
Schwartz, R.A. 308–9
'sclerosis approach' 89–90
'screwdriver' operations 141, 142
Securities and Exchange Commission (SEC) 292, 309
Securities Industry Association 309, 312
securitization 299
segmented labour markets 92–3
September 11 terrorist attacks 394, 448–9
services 110
regional disparities 197–200
structural change 133–9, 140, 161,
162
settlement systems 37–8, 39
share ownership structure 305–7
shareholder rights 358–60
Shaw, E.S. 293, 294, 308
shocks
asymmetric 235, 249, 261
correlation of supply and demand
shocks xv, 209–30
short-run aggregate supply curve 214–16
Siberia 408, 409
Simon, H.A. 89
single market 324
monetary unification and xii, 24–51
Sinn, H.-W. 254, 444
Slok, T. 278
Slovakia xvii, 205, 268–77, 425, 430
current and future policy 272–4
nominal convergence 271–2
real convergence 269–71
regional disparities within 183–200
passim
risks in accession to EU 436–46
passim
stock market 327
structural change
manufacturing 141–54 passim
saving and investment 156–60
passim
Slovenia 95–6, 205, 225, 327, 390
progress in convergence xvi, 247–9
regional disparities within 183–200
passim
risks in accession to EU 436–46
passim
structural change
manufacturing 141–54 passim
saving and investment 156–60
passim
Smith, A. 95
Smith, B.D. 299
Snower, D. 42
social capital 387
social policy 408, 445
Solow, R. 16, 55, 250, 291
Solow residual 291, 304
Soskice, D. 42
‘South-Eastern Europe’ 390
Soviet Union 13–14, 16–17
see also Russia
Spain 14–15, 65, 259
financial transfers 66–7
Hungary compared with 264–6
regional convergence xii, 72–85
aggregate growth and 72–4
sources of convergence 74–9
structural change and migration 79–81
specialization 193–5
speculative capital 241
Stability (and Growth) Pact (SP) 27, 244, 281, 391, 394, 395, 432, 434, 450
stabilization, macroeconomic 242–5, 251, 279
Stabilization and Association Agreement/Process (SAp) 390, 391, 394
Stalin, J. 14
state 17–18
corporate governance and 303–4
as an encumbrance to financial development 292–3
intervention 13–14
weak states in the Balkans 391–3
state capture 392
state socialism see central planning
Steiner, M. 86, 92, 93, 94, 97, 101
Stiglitz, J. 126, 308
stock markets see equity markets
strategic restructuring 168–9, 176–80
structural change xiv, 131–67, 236
industrial areas 88–9, 101–2
manufacturing 133, 139–54, 161
saving and investment 133, 154–61, 161–2
services 133–9, 140, 161, 162
Spain 79–81
structural crises 15–16
Structural Funds 67, 78, 121, 422
structural shift indicator 145–6, 164–5
structural transfers 66–7, 446
Styria 94, 96–101, 104
Styrian Industrial Promotion Agency (SFG) 99–100
Styrian Technology Policy Concept 101
Summers, L.H. 92
supervision 363–5, 368
supervisory forbearance discretion 365
supervisory power index 363–4
supply shocks xv, 209–30
correlation 220–24, 225
identification 216–17
Swann, D. 19
Sweden 11, 12, 221–3
systemic risk 312, 443
Szapáry, G. 254
Tacis programmes 415, 432, 434
Taiwan 299
Tamura, R. 196
TARGET 36
taskforce to promote Euroregions 434–5
tax arrears 442
technology 124–5
core–periphery diversity 15–16, 18–19
growth and 55–6, 66, 126–7, 195–6
territorial networks 100–101
terrorist attacks (September 11) 394, 448–9
Thakor, A.V. 313
Thissé, J. 194
Tichy, G. 86, 90
Tinbergen, J. 31
Tobin, J. 26
Tondl, G. 196
Torstensson, J. 194
total factor productivity (TFP) 159–61
trade 11, 450
Balkans 376, 378–85, 389
CMEA area 133
integration 31–4, 44, 389
intra-industry 214, 264, 265
price and trade liberalization 175
Russia and Ukraine 411–14
free trade zone with EU 415–16
Slovakia 269–70
theory 193–4
see also exports; imports
trade unions 42
transaction costs 297–8, 307–8
Transcarpathia 430
transfers, structural 66–7, 446
transition crisis 397–8
transition probability matrix 188–9
Transylvanian question 426
Tsuru, K. 301, 302
Tudor, V. 431
Turkey 376, 390

Ukraine xx, 5, 94–5, 397–417
economic dynamics 397–402
economic ties with EU 411–16
fiscal stability 402–4
new eastern border of EU 425, 433
Lviv 429–30
Przemysl 428–9
relations with Poland 425–6
Transcarpathia 430
regional disparities 407–11
state of reforms 405–6
underdevelopment 378–85
unemployment
accession countries 1, 4
regional distribution 185–6, 191–2, 193, 196–200
Russia and Ukraine 399, 400, 401
unit labour cost (ULC) 269, 270
United Kingdom (UK) 10, 11, 221–3
United Nations Economic Commission for Europe (UN ECE) 156, 157
United States (US) 31–2, 394, 448–9
financial system 292, 293, 298, 306, 345
transformation 307–13
Urga, G. 218
utilization of GDP 133, 154–61, 161–2
values 375, 386–7
Van der Wee, H. 18, 291
Van Wincoop, E. 31, 32, 33, 44
Vanhoudt, P. 57
Venables, A.J. 195
venture capital 298
verification costs 299
Vernon, R. 90
Verspagen, B. 196
Vojvodina 431
wages 195, 239, 380
moderation and EMU 39–43
Wallerstein, I. 9
Walsh, P. 175
Walter, I. 323
Warner, A. 63, 156
Warsaw Stock Exchange (WSE) 327
Weaver, D.G. 308–9
Welfare 121–4
<table>
<thead>
<tr>
<th>Name</th>
<th>Reference(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welfens, P.J.J.</td>
<td>86</td>
</tr>
<tr>
<td>West European core</td>
<td>9–23 passim</td>
</tr>
<tr>
<td>West Siberia</td>
<td>408, 409</td>
</tr>
<tr>
<td>‘Western Balkans’</td>
<td>390</td>
</tr>
<tr>
<td>WIFO taxonomy</td>
<td>152–4</td>
</tr>
<tr>
<td>Winter, S.G.</td>
<td>90</td>
</tr>
<tr>
<td>Wójcik, C.</td>
<td>252</td>
</tr>
<tr>
<td>World Bank</td>
<td>123, 348</td>
</tr>
<tr>
<td>World Development Indicators (WDI)</td>
<td>157</td>
</tr>
<tr>
<td>World Trade Organization (WTO)</td>
<td>416, 450</td>
</tr>
<tr>
<td>Wynne, M.</td>
<td>44</td>
</tr>
<tr>
<td>Wyplosz, C.</td>
<td>25, 155, 254</td>
</tr>
<tr>
<td>Xu, C.</td>
<td>196</td>
</tr>
<tr>
<td>Yafeh, Y.</td>
<td>305</td>
</tr>
<tr>
<td>yield differentials</td>
<td>36, 37</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td></td>
</tr>
<tr>
<td>EU enlargement and the Balkans</td>
<td>377–93 passim</td>
</tr>
<tr>
<td>new eastern border of EU</td>
<td>425, 427, 433</td>
</tr>
<tr>
<td>Zagreb Stock Exchange</td>
<td>326</td>
</tr>
<tr>
<td>Zaporizhzhya</td>
<td>94–5</td>
</tr>
<tr>
<td>Zeltweg A.i.Z. Unternehmerzentrum</td>
<td>99</td>
</tr>
<tr>
<td>Zervos, S.</td>
<td>299</td>
</tr>
<tr>
<td>Zingales, L.</td>
<td>291–2, 298, 299–300, 308</td>
</tr>
<tr>
<td>Zon, H. van</td>
<td>94, 95</td>
</tr>
<tr>
<td>zoning</td>
<td>423</td>
</tr>
</tbody>
</table>