



OESTERREICHISCHE NATIONALBANK

EUROSYSTEM

The Global Crisis and Policy Responses

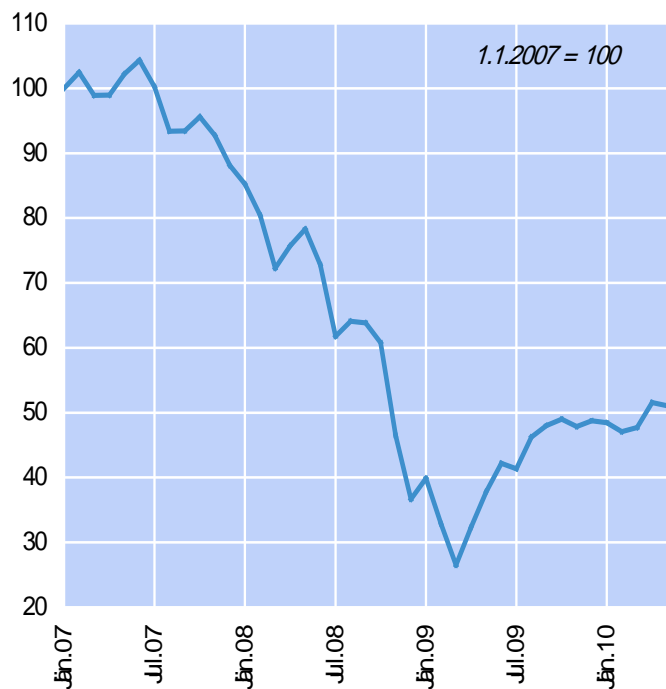
Univ.-Prof. Dr. Ewald Nowotny
Governor
Oesterreichische Nationalbank

Brussels Economic Forum
25 May 2010

Sequencing of Crises

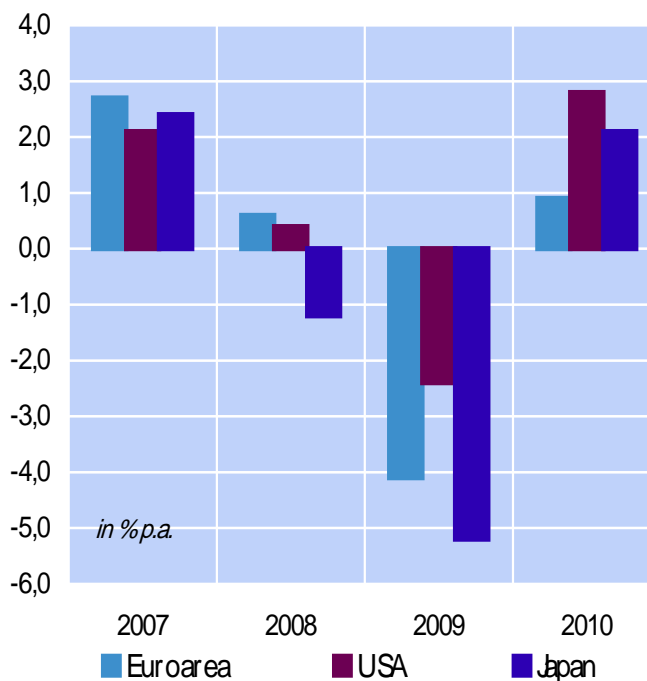
Financial Sector ⇒ **Real Economy** ⇒ **Public Finances**

WORLD FINANCIALS STOCK INDEX



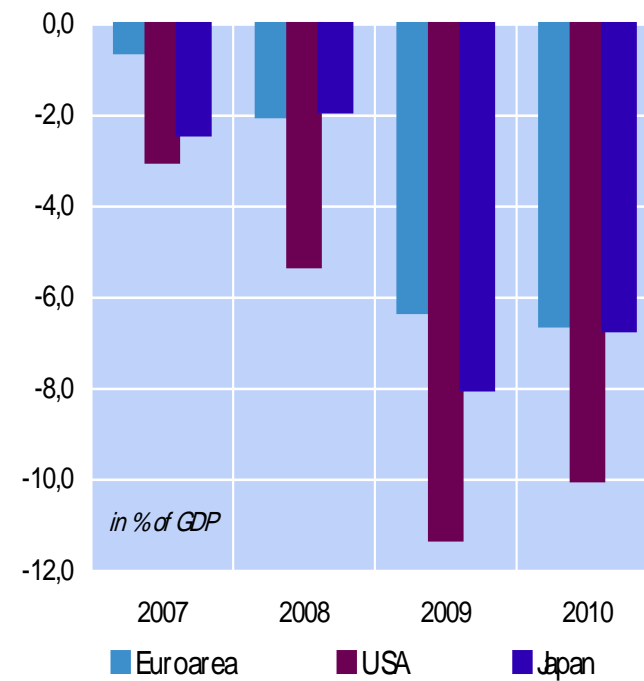
Quelle: MSCI World Financials / Thomson Reuters

Real GDP



Quelle: Eurostat, Forecast: EC Spring 2010.

Budget Deficits

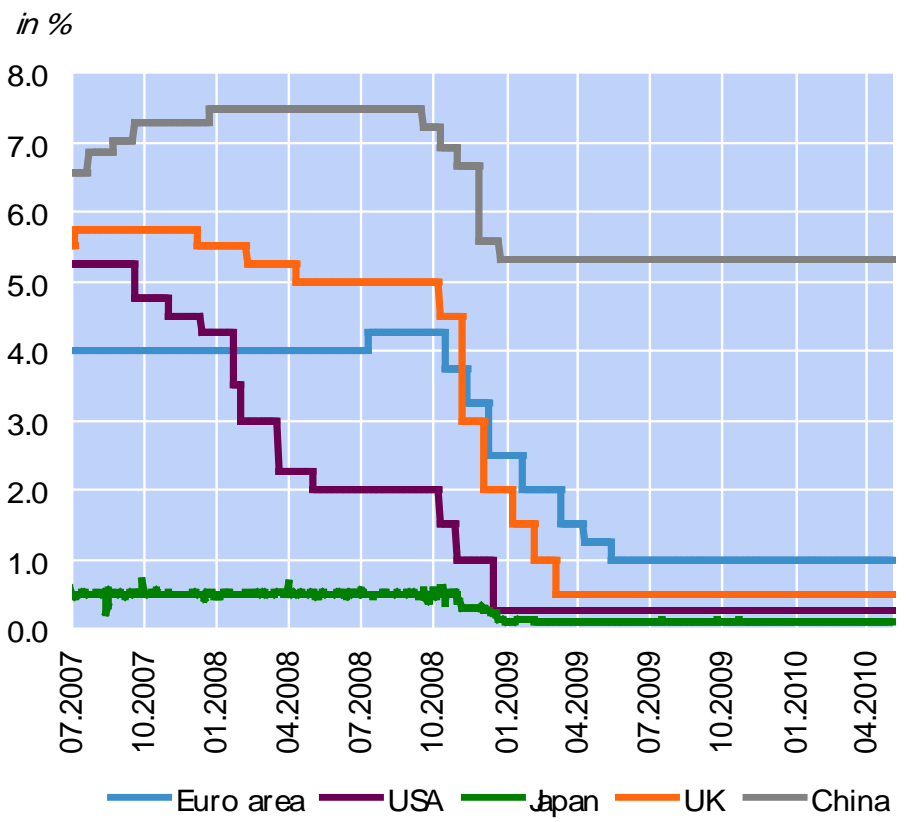


Quelle: Eurostat, Forecast: EC Spring 2010.

Lessons from the Great Depression have been learned:

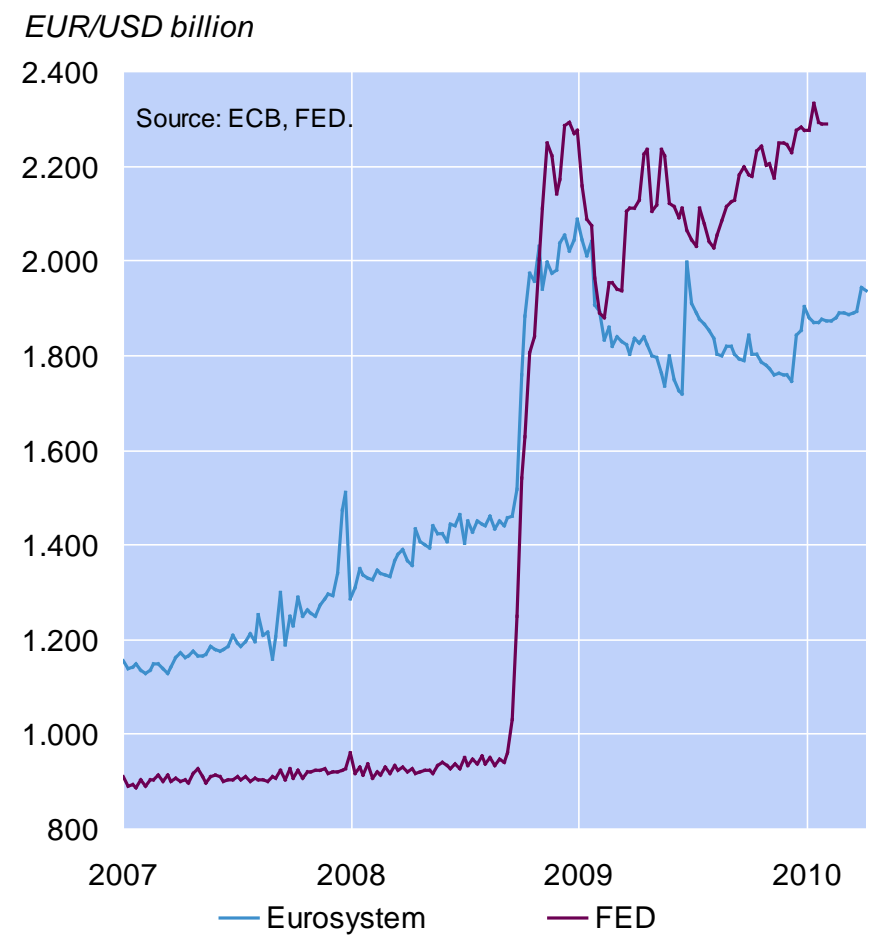
Joint efforts of central banks ...

Monetary policy interest rates



Source: Thomson Reuters.

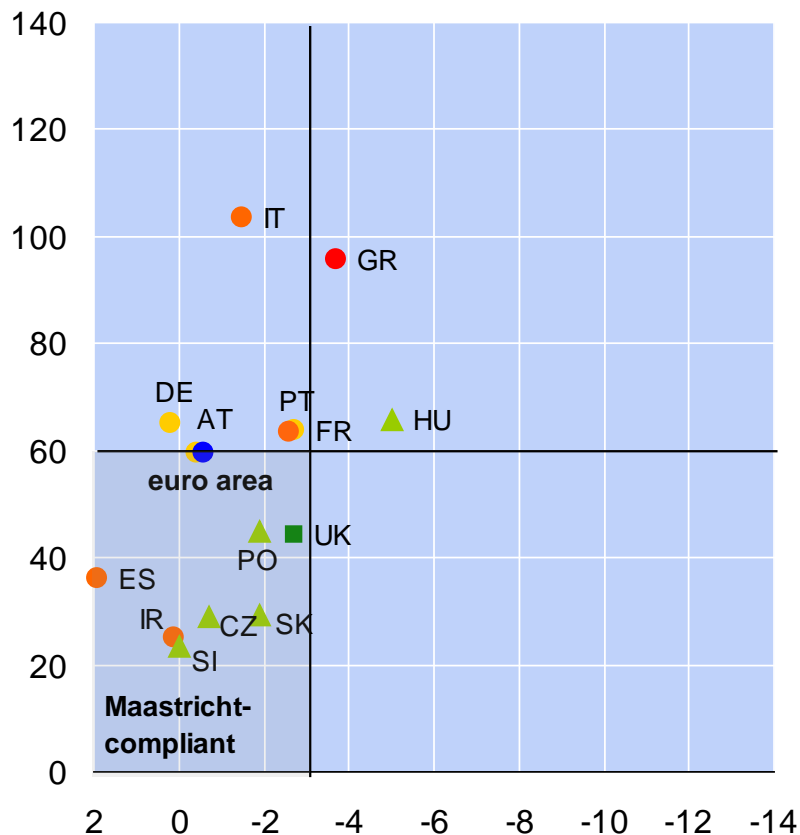
Comparison of Total Assets



...and fiscal policy succeed in stabilizing the economy; yet well timed and designed exit strategies have to come

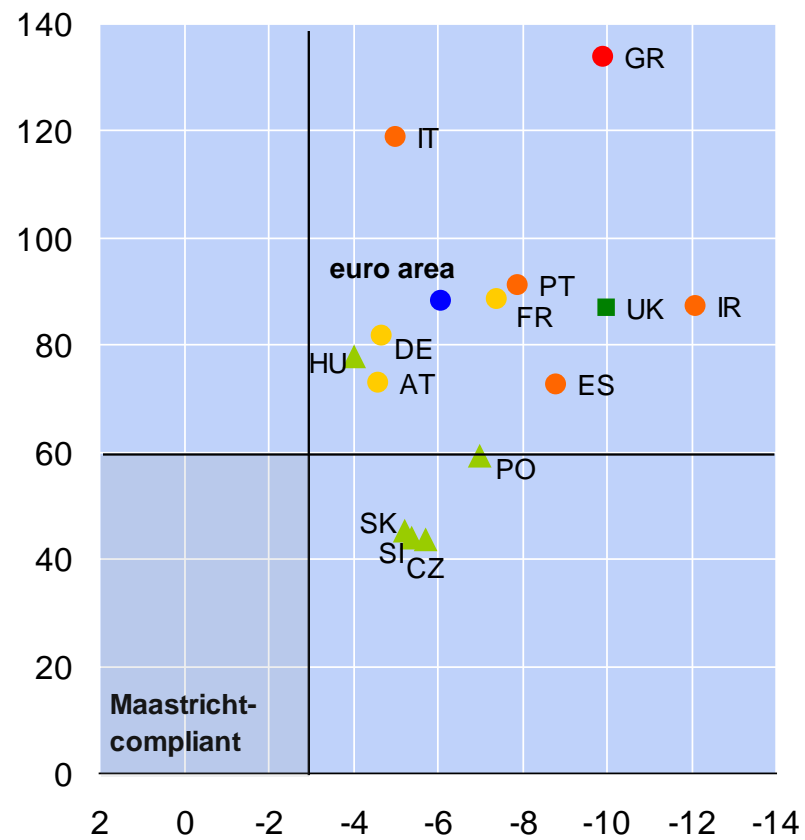
2007

x-axis: public deficit, y-axis: public debt, in % of GDP



2011 (forecast)

x-axis: public deficit, y-axis: public debt, in % of GDP

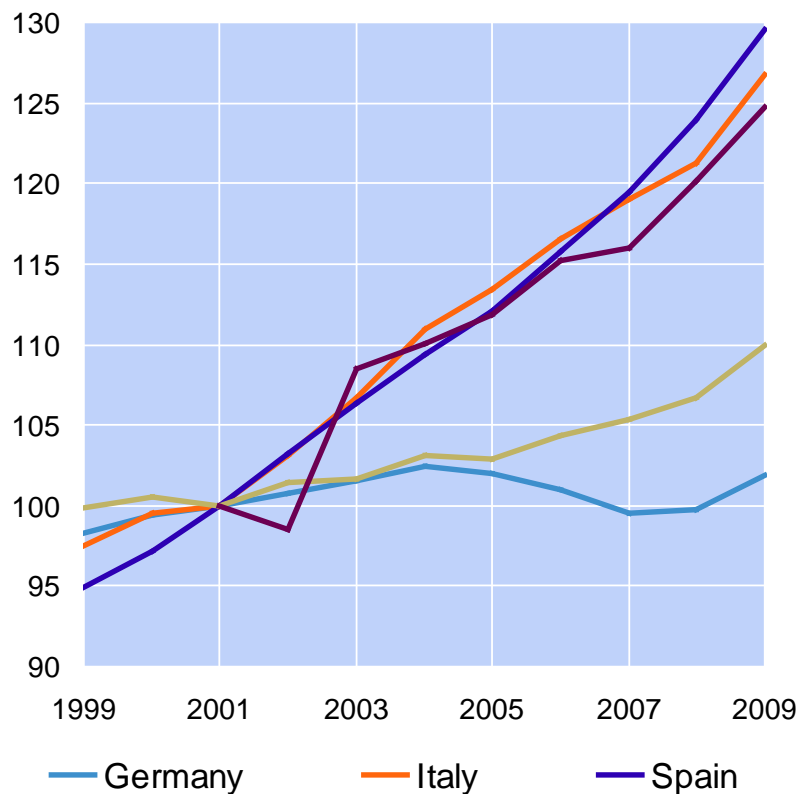


Source: European Commission Spring Forecast, May 2010.

Euroarea: reduction of disequilibria by structural reforms

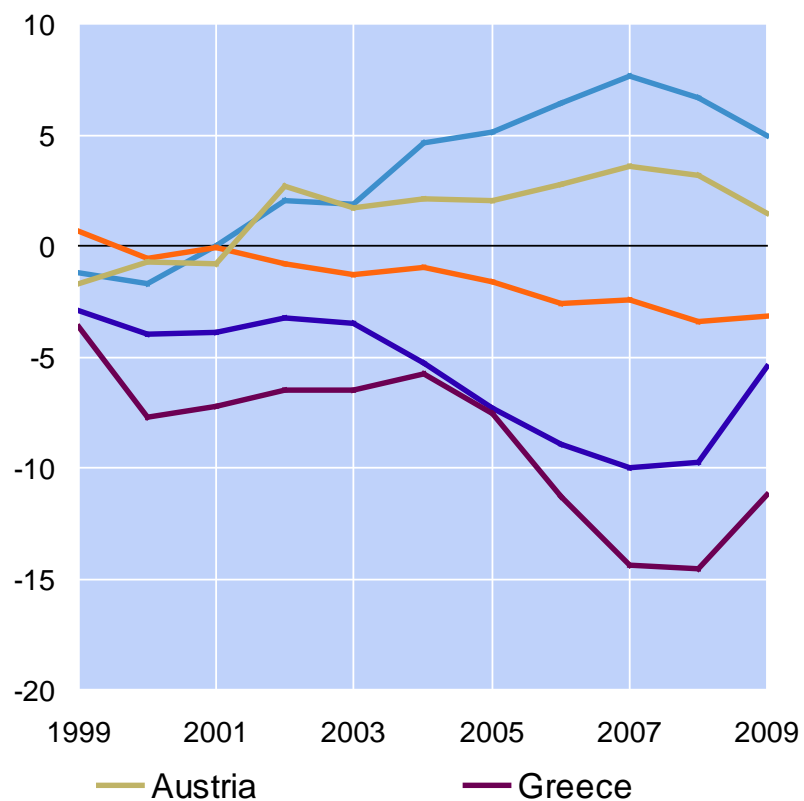
Unit Labour Costs

Index, 2001=100



Current account balance

in % of GDP



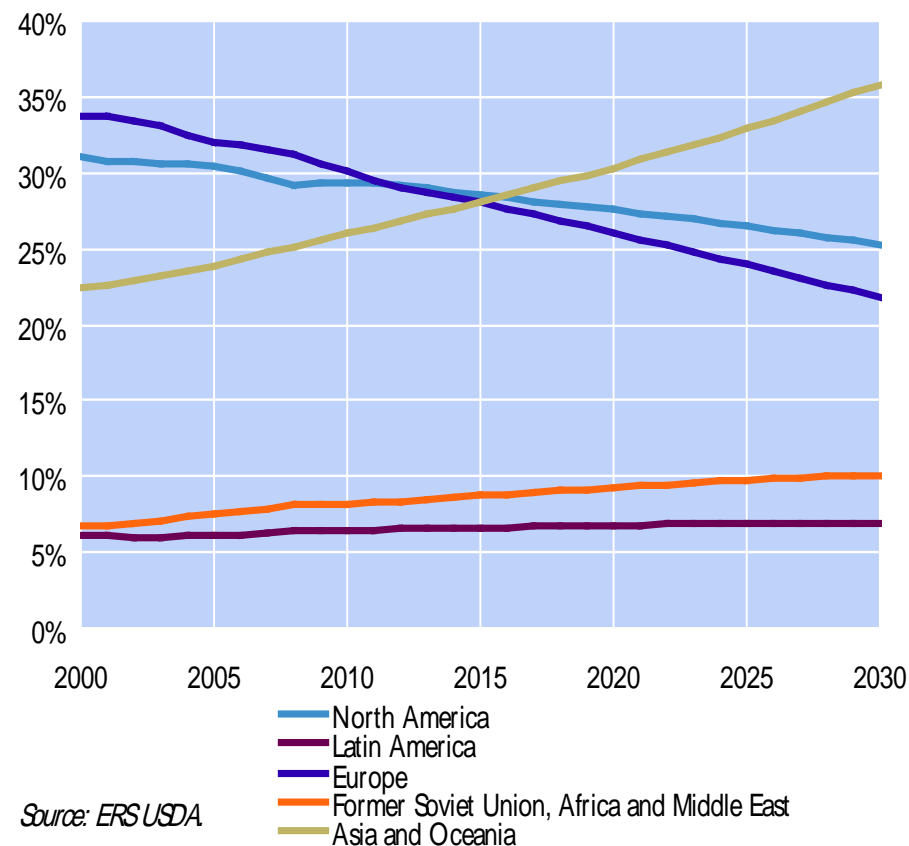
Source: Eurostat.

Note: Data about Austria only includes Q3/2009.

Macroeconomic approaches for a prospering EU

- **Restore fiscal discipline**
- **Increase productivity in “lagging” economies**
- **Restructure the EU-economy for growth (Agenda 2020)**
- **ECB: maintain price stability as priority; restore normality to financial markets**
- **Regulatory reforms**

Share of Real World GDP 2000-2030 (projected)



Thank you for your attention!

ÖSTERREICHISCHE
NATIONALBANK