



Highlights from International Research Activities and a New Award: The International Kondratieff Prize

■ For many years the *European Institute for International Economic Relations*, founded in 1995 in Potsdam and now located in Wuppertal, has been an active interface between researchers, the business community and policy makers. EIIW has expanded its international network over more than a decade. Here some highlights from 2007/08:

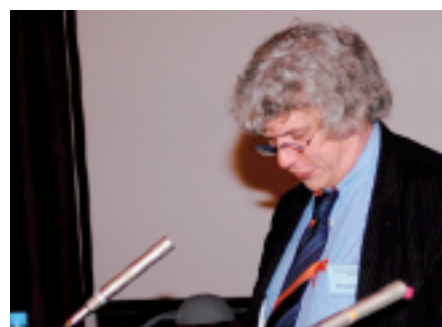
- Professor Welfens obtained the **Alfred Grosser Professorship 2007/08 at Sciences Po, Paris**, which is a renowned university and Grande Ecole. Forthcoming publications in French and English resulting from the research activities in Paris concern economic globalization, selected aspects of digital modernization in the Attali Report (for the French government) and critical aspects of energy price dynamics. Paul Welfens, already the winner of the Scientific Prize of the Wolfgang Ritter Foundation, Bremen (1996), obtained the International **Kondratieff Prize** in Moscow; with this silver medal he is – after Professor Krelle, University of Bonn – the second economist from Germany who obtained this prestigious award, which is

only awarded every three years. Several Ph.D. students of Professor Welfens have also obtained scientific prizes in past years.

- Paul J. J. Welfens participated at the 2007 Monitoring conference on the IT Economy in Berlin (November 21, The Westin Grand Berlin) which was organized by the German government. He also participated in the second national IT summit in Hanover where Welfens was active in the working group 1 of the Minister of Economic Affairs.
- Within the Jean Monnet project which involves colleagues from the University of Birmingham, the Central European University (CEU), Budapest, and the University of Madrid, several EIIW researchers participated at an interim workshop in Budapest: On the presentations and topics see the report by Christian Schröder.
- Michael Vogelsang participated in the International Conference in Radein/Bozen (Italy) where he presented a joint Vogelsang/Welfens paper on the Regulations of EU Telecommunications. The analysis is available as an EIIW paper and also is forthcoming in a conference proceedings volume.



Minister of Economic Affairs and Technology,
Mr. Michael Glos (IT Summit)



International Kondratieff Prize

Chancellor Angela Merkel



Topics

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- Several EIIW researchers visited the OECD Development Center in Paris and also enjoyed discussions with representatives of the French Central Bank who provided information about recent aspects of prudential supervision. The international banking crisis is, of course, one of the key problems analyzed at the EIIW in 2008.
- The EIIW also was involved in the St. Petersburg University of Economics and Finance/University of Wuppertal Summer Academy in St. Petersburg which gathered 35 students for 10 days of teaching about key topics of international economics and innovation; as regards research, Professor Welfens held talks with several colleagues of the University of Economics and Finance and also met representatives of the Russian Central Bank. On the Academy, see the report by Jens Perret.
- We have concluded a research project on regional innovation dynamics and structural change in the region Wuppertal-Solingen-Remscheid where the report by Andre Jungmittag, Oliver Emons and Paul J.J. Welfens came up with many new important findings which have clear implications for policy makers. In the economic upswing 2007/08, one would be well advised to tackle key long term challenges for reinforcing regional innovation performance and the internationalization of the various clusters of this dynamic region.



- In April 12-13, 2008, Professor Welfens participated in the international workshop at the University of International Business and Economics in Beijing. The conference – Competition and Partnership: Key Issues of Economic Relations between China and EU – had been organized by Professor Shiwei Shi

(VIBE) and was supported by the Heinrich Böll Foundation (incidentally, a new book on Economic Integration – in Chinese –, edited by Dieter Cassel and Paul J.J. Welfens, was published in early 2008). More on this pioneering successful conference and the Beijing visit in the summary report.



The winners of the EIIW European Economics Science Prize 2008 will be announced on the occasion of a dinner at the Hotel Renaissance, Brussels, April 27, 2008. The award is given "for contributions to Economics Research and International Scientific Cooperation".

Editorial: The International Banking Crisis

■ In January 2006, I was sitting in the Starbucks Café at Dupont Circle in Washington DC and discussed some of the strange developments in US mortgage markets with Holger Wolf, Georgetown University. My colleague took his time to explain in some detail key aspects of financial market innovations in mortgage markets in the US to me. We both agreed that there were unsound practices in real estate financing and the only disagreement was about the point at which the bubble in the US would burst. Later, after our meeting, I recalled an interesting remark of an investment banker in Germany whom I had asked on the occasion of an EIIW workshop – in 2005 – about the bank's business activities. His answer was that the US bank for which he was working was quite active in securitization and related activities; and this included turning B-rated pools of bonds into A-rated bonds within a somewhat doubtful approach. This all suggests that experts and bankers were quite aware – two to three years before the onset of the subprime crisis in summer 2007 – about key problems which aggressive banks and hedge funds in the US and Europe were creating behind the buzzword of financial innovation. Certainly, not all innovation stood for excessive risk, but it is obvious that the quality of market signals and the clarity of balance-sheet reports were impaired through some of the new approaches of the financial sector.

The new issue of the Journal International Economics and Economic Policy offers in its Forum contributions by Charles Goodhart, Paul Welfens, Holger Wolf and Andrew Mullineux on the International Banking Crisis. The main emphasis in the contribution of Welfens is on the role of excessive required rates of return of banks – the new standard of 30% set by Wall Street Banks and British banks since the late 1990s is unrealistic and dangerous since a government bond interest rate of 4% suggests that bankers aim at projects whose average risk premium is close to 26%. Turning back to sustainable rates of return will not be possible without new tax legislation which makes long-term profit maximization more attractive and punishes excessive risk-taking of banks which often create negative national or international spillover effects in the context of the casino-capitalism. One certainly should not turn towards overregulation of banks and also not broadly undermine financial innovation, but better regulation for banks, hedge funds (often being subsidiaries of banks eager to effectively avoid regulation) and private equity funds is urgently needed – above all in the US and in the UK. I very well remember that in a hearing at the European Parliament on Basel II rules, I pointed out that the assumption of Mr. Carunia from the Spanish Central Bank – now working at the IMF – that banks would not change their behaviour in the context of new regulatory standards was highly unrealistic.



Paul J.J. Welfens, Jean Monnet Chair for European Economic Integration and Chair in Macroeconomics at the University of Wuppertal; Alfred Grosser Visiting Professor 2007/08, Sciences Po, Paris; Research Fellow at IZA, Bonn

The Eurozone – and the Euro – could be the big winner of the biggest US banking crisis since 1945. As regards the FED's aggressive reduction of interest rates, one may raise doubts that expansionary monetary policy and fiscal policy can be an adequate substitute to the structural reforms which are really needed in the US and some EU countries. The fact that almost all Spanish banks came out of the US subprime crisis without major problems can largely be attributed to the rather conservative banking regulation of Spain's central bank which require banks eager to set up special investment vehicles and push off-balance sheet activities to come up for those with the same equity requirements than for standard lending arrangements within the balance of the bank. Considering the IMF article IV reporting on the US in 2007 – which was quite uncritical – one should call on the IMF to take the task of policy surveillance more serious and not to paint artificial gold plates on a shaky US banking system; impartial and critical reporting

indeed is needed, and the IMF failed here in 2006/07.

A special problem concerns the collapse of the interbank market in the US, the UK and the euro zone over several months in 2007/08. The banks' overloaded multi-layer securitization business – following the idea of originate and distribute risks across many shoulders – has created so much intransparency in financial markets that we now face a classical market-for-lemons problem in such markets. To restore confidence and thus an effective working of such markets requires strict measures: OECD countries should introduce severe penalties on mis-ratings (e.g., certain WestLB securities were rated as triple AAA by Moody's and by Fitch in 2005, although by all means never more than a B rating would have been adequate; Moody's gave some lukewarm explanation for this mistake in spring 2008, Fitch continued the over-rating for several days more until major newspapers had run the story). The governments of the Eurozone or the EU should help launch a new European rating agency – as a private-public partnership – so that more competition in the rating business would result. A special team of neutral controllers, possibly organized by the Bank of International Settlements and the OECD or the IMF should go through the balances of all major banks and those whose evaluation brings favourable news about the quality of both assets and risk management should have preferred access to central bank liquidity.

In the election year 2008, the US FED is likely to linger on with its opaque policy of massive interest rate cuts. However, already the massive interest rate cuts of the FED in January 2008 went along with a rise of the long term interest rate so that higher inflation expectations are obvious. Moreover, the real interest rate in the US is negative in 2008 and this is going to cause new problems through creating incentives for overindebtedness and also by dampening the private savings rate which – considering the high current account deficit-GDR ratio – already may be considered as much too low. The standard models of the FED and the OECD are somewhat inconsistent in the sense that there hardly is a future penalty in terms of future output losses or inflation/welfare losses if the real interest rate falls below zero. In real life such penalty is, however, quite likely to occur and results partly from the misallocation which occurs if the real interest rate is over an extended period much below the real output growth rate. In a normal economy, the real interest rate must be identical to the growth rate of real income in the long run. It is also clear that the massive dollar devaluation which has occurred imposes part of the adjustment costs on major holders of high stocks of foreign reserves denominated in US dollars. Japan, the Republic of Korea and Taiwan thus are effectively contributing part of their respective gross national product to the



EIIW-Team. On the left: Andre Jungmittag who has joined Global Insight, Frankfurt.

The Institute is a competent professional partner in research and offers valuable advice to policymakers, firms, NGOs and the general public in all major fields of economic policy, international economic relations, integration studies and factor market analysis. Independent intelligence from EIIW – an international team of skilled experts and award-winning researchers – coupled with our worldwide network offers unique assets at your disposal. First-mover advantage and EIIW think tank expertise can be combined to achieve your goals in a faster, more innovative and truly efficient way. Feel free to contact us or to express your interest in supporting our high quality research and superb knowledge networking. Be the first to know more and make sure you can rely on the best arguments for your field of interest (e.g., take a look at the precise analysis on the euro/monetary union – simply read the EIIW publications on this topic published in 1998/99; or read the acclaimed research on ICT expansion and the dynamics of the EU's structural changes and shifts in specialization patterns in the context of EU eastern enlargement; or consider the EIIW perspectives on the international banking crisis and on globalization as well as OECD innovation dynamics).

US where obviously government expects such generous behaviour as the price for the US military protection. Of course, this argument does not hold for China where the structure of reserves is likely to be adjusted in favour of the euro. A massive nominal and real appreciation of the Euro will undermine export growth of the Eurozone; at the same time investors from the euro area can obtain US firms and more generally firms in the dollar area at a discount. The biggest winner, however, will be banks and sovereign wealth funds from Singapore, China and some Arab countries.

As regards prudential supervision, weaknesses in the EU should be carefully considered. The proposals of the EU calling for group-based supervision (with groups of countries being involved in the supervision of major international banks) are impractical. If resistance of the British government against a more integrated EU supervision system should continue, countries of the euro zone would be wise to adopt their own integrated system. With Iceland facing the heat of hedge funds' speculation against the currency there will be second thoughts in Iceland as to whether joining the EU and the Eurozone would be a superior alternative to standing alone with a national currency. The fallout of the US banking crisis on the British financial system – likely to be much higher than for the euro zone – could also trigger a new discussion about the Euro in the UK in the long run. EU countries would be wise to help the US in sorting out the mess in financial markets.

Concerning the reform proposals of the US Minister of Finance, Mr. Paulson, one may raise some doubts about the need to shift more responsibility in prudential supervision to the US central bank (there the responsible person had emphasized for years that minimal regulation for banks and financial markets would be desirable in any case). Better financial regula-

tion should be quite important for the US for four reasons:

- Many people rely on financial market products for their retirement (while the average savings rate of private households was zero in 2007 one should not overlook that median age households have a positive savings rate).
- The stability of financial markets is a key requirement for maintaining the status of the dollar as a global reserve currency and to attract high capital inflows.
- Stable banks and resilient financial markets may be considered one pillar for sustainable financing of investment and innovation projects which are crucial for economic development and economic growth.
- Instability of banks and financial markets in the US will have negative international spillover effects which could heavily under-

mine the stability of the world economy in a world with global financial markets. Massive depreciations of assets in the US (and Europe) are likely to dampen consumption and investment on the one hand, while there could be – depending on central bank behaviour – massive changes in the nominal and real effective dollar exchange rates on the other.

As massive recapitalization of banks in the US, Switzerland, the UK and some euro area countries is necessary, the influence of sovereign wealth funds, including those from Singapore, China and certain Arab countries will gain importance. The economic weights in the world economy could be shifted away from OECD countries.

Paul J.J. Welfens (Jean Monnet Chair for European Economic Integration)

EIIW Headquarter in Wuppertal



Publications

New books

Tilly/Heise/Welfens, eds. (2007)
50 Years of EU Economic Dynamics. Integration, Financial Markets and Innovations

Contributors from ECB, Deutsche Bundesbank, European Commission, academia and banking community take stock of integration dynamics and major future challenges; Heidelberg and New York: Springer 2007

Welfens (2008)
Innovations in Macroeconomics
 2nd revised and enlarged edition,
 Heidelberg and New York, 2008

Forthcoming books in 2008 include conference proceedings volumes of Addison/Welfens, eds.

"The EU and the United States: Innovation, Employment, and Growth Policy Issues" and
 Welfens/Knippling/Chirathivat/Ryan, eds.,
"EU-ASEAN: Facing Economic Globalisation" (with contributions by Dora Borbely, Martin Keim and P.J.J. Welfens) as well as on Meijers/Dachs/Welfens. eds.

"Internationalization of European ICT Dynamics" (with contributions by Andre Jungmittag, Michael Vogelsang and P.J.J. Welfens). A new book on the international banking crisis – with a clear explanation of the international banking crisis and proposals on how to get out of the critical mess created by the US banking crisis – is ready to go to the publisher (Stuttgart/Munich).

Journal International Economics and Economic Policy

■ The issue 2007/4 includes a Forum on the International Banking Crisis where Charles Goodhard, Paul J.J. Welfens, Holger Wolf and Andrew Mullineux have presented their analysis shedding new light on the serious problems in the financial sector in the US and parts of Europe. The journal which provides an intellectual interface between academia and the policy community is a great success in Europe, the USA and Asia – notably with more than a dozen of institutional subscribers in China after the launching year in 2004. The number of subscribers has increased steadily and the digital clicks on the papers have also been rising over

time. All major index services now cover the journal which has become an influential innovative intellectual platform in Economics.

The three managing editors of the Journal International Economics and Economic Policy, Welfens (EIIW/University of Wuppertal)/Wolf (Georgetown University)/Wolters (Freie Universität Berlin), proudly took stock of the expansion in the first four years: see the issue 2007, No.4. The journal – launched in 2004 – was indexed after the first volume in the Journal of Economic Literature and is now covered by all major indices. In the editorial to the fourth issue of volume 4, the managing editors expressed their gratitude for several years of excellent work of Christopher Schumann, who has been a great editorial assistant in the first years. Also the involvement of so many referees was appreciated; support of several central banks and of major companies and several institutions was acknowledged as well. Thomas Domeratzki has taken over as the new editorial assistant and has set course for the special macro issue and the new volumes.

Support for Research and Publications

As regards support for the scientific activities at the Institute in recent years (2000-2007), we are particularly grateful to:

- Alfried Krupp von Bohlen und Halbach Foundation, Essen
- AOL Deutschland, Hamburg
- AWGmbH, Wuppertal
- Barmenia Insurance Company, Wuppertal,
- BP Europe,
- Deutsche Bank, Frankfurt
- Deutsche Telekom AG, Bonn
- DGB
- Dresdner Bank, Frankfurt
- Fortis Bank, Brussels
- GWG Wuppertal
- Global Insight, Frankfurt
- Haniel Foundation, Duisburg,
- Hans Böckler Foundation, Düsseldorf
- Landesinvestitionsbank Brandenburg, Potsdam

- RAG/Evonik, Essen,
- Siemens AG, Munich
- Stadtsparkasse Wuppertal,
- Volkswagen Foundation, Wolfsburg
- Vorwerk Company, Wuppertal
- Wolfgang Ritter Foundation, Bremen

We also appreciate the support of and project financing from:

- the European Commission
- the Deutsche Bundesbank
- the European Parliament

As regards our international partner network we particularly appreciate cooperation with

- AICGS/The Johns Hopkins University, Washington DC
- ARC-Sys, Vienna
- CASE research center, Warsaw
- Russian Academy of Sciences, Moscow

- Higher School of Economics, Moscow
- Institute for World Economics, Budapest
- Center for European Studies at Chulalongkorn University Bangkok
- Center for European Studies at the University of Birmingham
- Leontief Center, St. Petersburg
- MERIT at the University of Maastricht

Reception at the German Embassy in Beijing

■ On April 14, 2008, Welfens participated in the German Embassy's reception for the German Minister of Education and Science in Beijing. Mrs. Annette Schavan delivered an excellent speech to some 200 representatives from German and Chinese companies and representatives from academia and politics. She emphasized the great opportunities to continue joint R&D projects, some of which will strongly contribute to China's economic catching up. Mrs. Schavan argued that scientific cooperation is well developed and in such a framework it certainly should be possible to discuss all issues of mutual interest – though not always in public.

The German ambassador, Mr. Schäfer, pointed out the importance that China's growth be maintained while the government should pay adequate attention to the role of minorities. This somewhat hidden reference to the conflicts in Tibet leave unclear where the real

political priorities of German foreign policy really are.

The view of Professor Welfens: Taking a closer look at Tibet's history and the role of the Dalai Lama – ruling a very poor Tibet in a feudalist style until 1951 and showing poor progress with respect to overcoming illiteracy – it is somewhat doubtful that the EU countries will overemphasize the role of the Dalai Lama. However, it is absolutely unacceptable that TV news of CNN, BBC and other foreign channels or internet sources are blocked for certain periods by Chinese authorities. This is neither in line with the contract which China signed with IOC nor does it show the willingness of the political elite – acting in a very much modernized economy – to let 1.3 billion people decide themselves about weighing the arguments on this or that issue. Just as parents in China have for decades now stopped selecting future husbands for their daughters (so the girls can take their own marriage deci-

sions on a well informed basis), one may expect that a modern government lets people read the domestic and foreign information sources as they wish. Freedom of the press is a prerequisite for rational decision-making and long term prosperity as well as moving towards a distinct innovation policy – a long term challenge for China (and Russia) will not be successful without intellectual freedom. The last thing the western critics should wish is to push China closer and closer towards the rather authoritarian Russian political system; the new Russia has, however, shown some progress in terms of democracy. As regards Russia slow progress over time in any case is better than falling back into rigid political regimes. Finally, one can only wish that the Olympic Games 2008 in Beijing, for whose preparation millions of Chinese people and athletes worldwide have devoted so much effort, will be a wonderful and successful event.



Mrs. Schavan in Beijing



Professor J.J. Welfens in Paris

You will find additional info and analyses on
www.plusnews.tv

Jean Monnet Project: Financial Market Integration, Structural Change, Foreign Direct Investment and Economic Growth in EU25

■ Professor Welfens is coordinator for Jean Monnet Project (for European Commission) "Financial Market Integration, Structural Change, Foreign Direct Investment and Economic Growth in EU25"; jointly with University of Birmingham, National University of Madrid and Central European University in Budapest. The objective of the study is to develop a theoretical and practical understanding of the dynamics of financial market integration and innovation dynamics in the EU25; to compile data on this topic and to show by comparative analysis how different types of financial markets affect both innovation and growth.

After the kick-off meeting at the European Institute of International Economic Relations (EIIW) in Wuppertal in late 2006, first research results were presented on a two-day workshop in Budapest on Oct.19-20, 2007. Our partner in Budapest organized this workshop which took place at the Centre for the EU Enlargement Studies. Beside the researchers involved directly in the project, external experts presented contributions.

The final papers will be presented in Brussels on April 28, 2008. The host of this is the European Commission (DG ECFIN), Ave de Beaulieu no 5, B-1049 Brussels. Below is the preliminary programme.

On the basis of our findings, policy proposals will be formulated and discussed with policy makers. The upcoming conference in Brussels - held at the European Commission/DG II on April 28 - will shed further light on the links between financial market integration, investment, structural change and growth in the EU.

A further highlight will be the ceremonial decoration of Prof. Dr. Ruslan Grinberg and Prof. Dr. Alexander Rubinstein (both Russian Academy of Sciences, Institute of International Economic and Political Studies) as well as Prof. Dr. Cillian Ryan (University of Birmingham) on April 27, 2008 in the Renaissance Hotel Brussels. They received the prize through the President of the EIIW Prof. Dr. Paul J.J. Welfens for their "Contributions to Economics Research and International Scientific Cooperation".

Energy Research: forthcoming paper on global oil and gas markets by Paul J.J. Welfens, Deniz Erdem and Mevlud Islami

Contributors and Contributions at the Brussels Workshop, 28.04.2008 (also outside participants from central banks)

Time	Contributions/Contributors
09.00	<i>Financial Market Integration, Stability and Growth</i> Paul J.J. Welfens (EIIW/University of Wuppertal)
09.30	<i>Is there an Anglo-American Corporate Governance Model?</i> Andrew Mullineux (University of Birmingham)
10.00	Coffee Break
10.15	<i>Evolving Corporate Financing Patterns in Europe: Is there Convergence?</i> Victor Murinde (University of Birmingham), Rudra Sensarma
10.45	<i>Corporate Financing and Macroeconomic Volatility in the European Union</i> Victor Murinde/Rudra Sensarma/Andrew Mullineux (University of Birmingham)
11.15	<i>Understanding the Effects of EU Market Integration when Capital is Intermediated by Banks</i> Cillian Ryan (University of Birmingham)
11.45	Lunch
12.45	<i>The Interdependence between Stock Markets and Foreign Exchange Markets</i> Mevlud Islami (EIIW/University of Wuppertal)
13.15	<i>Channels of International Risk-Sharing: Capital Gains versus Income Flows</i> Martin Schmitz (University of Dublin)
13.45	<i>Financial System in Spain and Portugal: Institutions and Market Structure</i> Antonia Calvo Hornero and Ignacio Garrido Sanchez (National University of Madrid)
14.15	Coffee Break
14.30	<i>The Role of Venture Capital in Promoting Growth in Europe and the US</i> David Dickinson and Hong Tu (University of Birmingham)
15.00	<i>Different Modes of Foreign Direct Investment in Ireland – A Theoretical Based Analysis</i> Mareike Koeller (University of Goettingen)
15.30	<i>Assessing the Contribution of Venture Capital to Innovation in Germany</i> Christian Schröder (EIIW/University of Wuppertal)
16.00	<i>Adjustment Dynamics: The Cases of Hungary and Slovakia</i> <i>Aspect of Market Integration in a Transition Economy</i> Julius Horvath (Central European University, Budapest)
16.30	Coffee Break
16.45	<i>Trade and FDI Related Effects of the Monetary Union and Structural Adjustment in Central and Eastern Europe</i> Kalman Dezséri (Central European University, Budapest)
17.15	<i>Paths and Factors of Real Convergence in East and Central Europe</i> Attila Bartha (Kopint-Tarki Ltd., Budapest)

Summer Academy in St. Petersburg

■ In May 2007, a cooperation agreement was signed by the University of Wuppertal and the St. Petersburg State University of Economics and Finance (FINEC). To strengthen its bonds to Eastern Europe and especially Russia, the EIIW supported the cooperation process with its financial resources; Christopher Schumann and Jens Perret coordinated the cooperation talks and the development of joint work programme. They also engaged in the counselling of students interested in studying abroad in Russia. As a joint programme, the Summer School 2008 in St. Petersburg was established under the title of "International Dynamics and Economic Policy Reforms in the EU and Russia". As far as researchers of the EIIW were concerned, Prof. Dr. Paul J.J. Welfens as well as Jens Perret, Mevlud Islami and Deniz Erdem lectured at the Summer School. Paul Welfens contributed with two lectures on "Information & Communication Technology: Growth and Innovation Dynamics" as well as a discussion of the current topic of "The International Banking Crisis". Jens Perret who also organised (with Dr. Nikitina) most parts of the summer school presented a lecture on "Measuring Structural Change and International Competitiveness". A thorough discussion of stock markets in theory and practice – with some empirical elements – was presented by Mevlud Islami in his presentation on "Financial Market Development and Stock Market

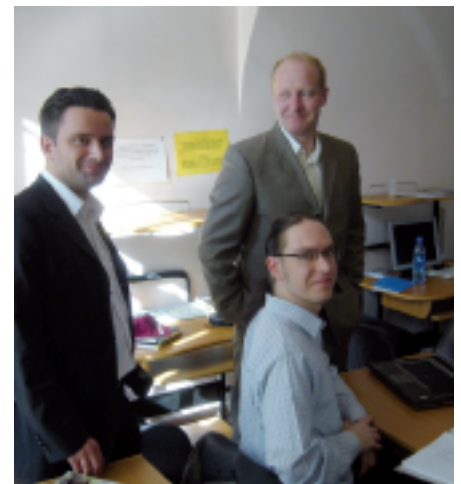


Prof. Dr. Koubek, Prof. Dr. Boente and Dr. Nikitina

Dynamics: Theory and Empirical Analysis". Finally Deniz Erdem discussed "Energy Markets and Growth in the EU" in cooperation with Kirsten Meyer from the chair for Innovation and Production at the University of Wuppertal.

Please do not hesitate to contact Mr. Erdem (erdem@wiwi.wuppertal.de) or Mr. Keim (keim@eiiw.uni-wuppertal.de), if you have further questions about energy markets...

Three other researchers from the University of Wuppertal as well as the director of the academic foreign office of the University of Wuppertal, Mrs. Bieck, and a representative of the Centre for Student Counselling of the university were also active in the summer academy. Russian colleagues lectured at the summer school. The full program of the course is given below.

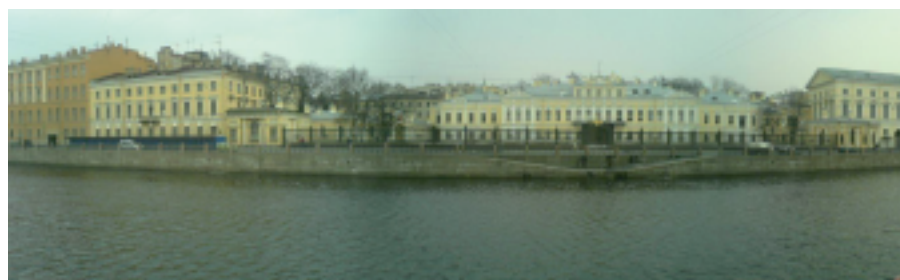


Prof. Dr. Boente, Mevlud Islami and Jens Perret in St. Petersburg



Deniz Erdem (BUW/EIIW) and Kirsten Meyer (BUW) teaching at FINEC

Programme of the Summer School:



31.03.08	<i>Financial Market Development and Stock Market Dynamics: Theory and Empirical Analysis</i> (Islami / BUW and EIIW)
01.04.08	<i>Economic Growth in Russia: A Macroeconomic Perspective</i> (Prof. Dr. Selischev / FINEC)
02.04.08	<i>Knowledge Spillovers, Innovation, and Growth</i> (Prof. Dr. Bönnte / BUW)
03.04.08	<i>Outsourcing Dynamics and Offshoring – A Business Perspective</i> (Prof. Dr. Koubek / BUW)
04.04.08	<i>Information & Communication Technology: Growth and Innovation Dynamics</i> (Prof. Dr. Welfens / BUW and EIIW)
04.04.08	<i>The International Banking Crisis</i> (Prof. Dr. Welfens / BUW and EIIW)
05.04.08	<i>Economic Globalization: Russian Perspectives</i> (Dr. Dr. Feiguine / FINEC)
07.04.08	<i>Energy Markets and Growth in the EU</i> (Erdem / BUW and EIIW // Meyer / BUW)
08.04.08	<i>Supply-side Dynamics, Growth Accounting and Structural Change in Russia:</i> <i>Empirical Insights</i> (Prof. Dr. Jelisejeva / FINEC)
09.04.08	<i>Measuring Structural Change and International Competitiveness</i> (Perret / BUW and EIIW)
10.04.08	<i>Banking and Financial Market Integration</i> (Dr. Nikitina / FINEC)
11.04.08	<i>Studying in Germany / The German Culture</i> (Bieck / BUW / Zavorodnya / BUW)

If you have further questions please feel free to contact Mr. Perret:
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Upcoming Workshop:

"Sustainable Growth, Resource Productivity and Sustainable Industrial Policy – Recent Findings, new Approaches for Strategies and Policies"
September 17–19, 2008 at the University of Wuppertal

If you are interested, please contact
Deniz Erdem: erdem@wiwi.uni-wuppertal.de or
Prof. Dr. Bleischwitz: raimund.bleischwitz@wupperinst.org

Looking Ahead to 2008/09

■ Key issues on our research agenda are the International Banking Crisis as well as innovation dynamics (see the book *Innovations in Macroeconomics* which has a second edition after just one year) and the expansion of information and communication technology. Moreover, the course of the policy reforms in the EU and in EU member countries will be highlighted. Another analytical focus will be on transatlantic economic relations and global energy market issues as well as EU-Russia and EU-China cooperation.

Emphasis on research on EU-China and EU-Russia as well as EU-US will be given in the coming years. Moreover, the decision-making process of the European Union will be studied in terms of efficiency, consistency and innovativeness. Here the Lisbon Agenda is also quite interesting, and in this context the EIIW will continue to focus on the role of information and communication technology for productivity growth, innovation and the environment. We consider one of Germany's government ICT topics, namely Green ICT, as a key challenge: The ICT sector itself is quite energy-intensive so that raising energy efficiency in the sector would be quite useful. Moreover, there are many complementary activities of ICT and the use of ICT is a general phenomenon – close to 50% of jobs in Germany are strongly using ICT. Thus Green ICT could have a broader perspective and indeed should be interesting for sustainable development. The EIIW suggests enlarging the German government's agenda by an outreach perspective, namely to create a German-China research agenda on Green ICT. Such a new approach could finally lead to a long term EU-China cooperation in this field. One may, however, emphasize that long term policy approaches are unlikely to be realized as long as the current short-termism in the banking sector of many OECD countries is not looked over.

EIIW Working Papers

(see web site: www.euroeiiw.de)

Press (selected): Handelsblatt, 09.08.07,
28.02.08. ARD/WRD, 10.08.2007, 24.4.08

Fund Raising

■ EIIW is interested in obtaining additional funding from leading international companies as well as small and medium-sized firms and individuals interested in supporting European Integration and critical independent research in International Economics. EIIW is a non-profit organization and as such, donations are tax deductible under German law. On the topic of sponsoring and membership, please contact: Mrs. Edeltraut Friese at friese@eiiw.uni-wuppertal.de or Mr. Paul J.J. Welfens at welfens@eiiw.uni-wuppertal.de.

According to Professor Welfens' analysis the private sector can benefit remarkably from links with the scientific community and some companies have indeed reported higher price-earnings ratios as a consequence of increased demand for the respective stock in the market. A highly recommendable investment in economic intelligence is subscription to EIIW research papers (almost all of which are in English) – a dozen papers p.a. for about 500 Euro is a very decent investment given all the analytical insights which can be obtained. A major German bank reported that it has used research results of Professor Welfens for major transactions in international markets. We are particularly interested in financial support for a future project, Economic and Medical Aspects of Fighting Malaria and Poverty.

Interns at the EIIW and New Degrees

(including Jean Monnet activities)

- Martina Hufschmidt, Ute Filipiak, Magdalene Swiderski, Laura Fan and Thorsten Boehm have joined EIIW as new interns.
- We gratefully acknowledge the great work of Max Brüggemann who is leaving EIIW and will go abroad to study in Spain.
- Mrs. Edeltraut Friese has finished her studies in BWA, St. Gallen and now holds a degree as "Dipl.-Europabetriebswirtin (B.A. in European Business)"

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