‘The key is to what extent Europe and Asia will be able to decouple from the sharp slowdown in the US’.

Director and Professor of the Department of Economics, Fernando Ballabriga has a PhD in Economics from the University of Minnesota (USA) and a degree in Economic Sciences from the Autonomous University of Barcelona. He has been an economic advisor to the European Commission's Directorate General for Economic and Financial Affairs and a research advisor for the Bank of Spain's Research Department. One of his main areas of specialisation is global macroeconomics and finance. He has coordinated the publication of the twice-yearly ESADE Economic Report from its launch.

**Fernando Ballabriga**  
Director and Professor of the Department of Economics
What was the idea behind and what is the objective of the Report?
The idea is twofold: on one hand, to have a publication which is specific to ESADE’s Department of Economics, where professors can write about topics within their areas of specialisation. These contents also have to be of interest to our target audience, which ranges from former students who are now in the business world to those who are still studying. Hence we aim to analyse economic reality from a rigorous perspective which will also be intelligible and interesting to these readers.

Why have you focussed on the Eurozone?
This was another of the key ideas when we got started, since we believe that the Eurozone needs to be analysed as a unique economic entity and not just as a conglomeration of countries. From our perspective it has become the former, but we must not overlook areas outside the EU or Spain. Hence we tackle topics of global interest as well those of particular interest to the EU and Spain. For example, in the last issue we dealt with Morocco.

What working methodology is used to put together the Economic Report?
In terms of logistics, the Report is prepared exclusively by professors from the ESADE Department of Economics. After the publication of each issue we evaluate it and reflect on what contents to include in the next one. Topics may be chosen either because they are topical or because we think they may be of interest to readers.

What information sources are used for the magazine?
With respect to information sources, we use studies from the leading international institutions such as the International Monetary Fund, central banks and the European Commission. For information about the Spanish economy we closely follow studies carried out by the Bank of Spain. But we also use our own model to analyse the economic situation in the Eurozone. This model from our Department is based on benchmark macroeconomic variables and is structured by using data on energy prices and interest rates, among others.

The mortgage crisis in the United States is one of the main topics in the Report for 06. With respect to this situation, what do you forecast for the coming months?
In the last issue, the subprime crisis was presented as the epicentre of the entire current financial crisis. From this perspective the Report also delves into its possible consequences, a topic which is left open because there is complete uncertainty about it. In fact, because of its importance this topic will be covered in subsequent issues, using this initial analysis as a starting point. When more information is available, we will try to ascertain to what extent it could have a significant impact on economic growth.

To what extent could this crisis affect the rest of the world?
The key issue here is to what extent Europe and Asia will be able to decouple from the sharp slowdown in the US economy. It is an open question, but they will most likely be affected, even if one of the reasons for creating the Eurozone was to form an economic area that had its own growth dynamics. For the first time perhaps we will have the chance to see whether it succeeds or not.
What role will emerging markets such as China and India play?
On the worldwide level, one can distinguish between rich or Western blocs such as North America, Western Europe and Japan, and Emerging blocs with China and India as key countries. So the question we must ask ourselves is to what extent we can expect these emerging economies to sustain worldwide growth when the developed world is experiencing a sharp economic slowdown. As this issue is still unclear, we will also tackle it in forthcoming issues. More specifically, the next issue will include an introduction to China’s role in Africa. In any case, there are indications suggesting that China may soon experience serious economic difficulties, regardless of what happens to the US economy.