

# Programy QE

1. Jak globalny kryzys finansowy lat 2007-2008 wpłynął na strefę euro?
2. Dlaczego ECB uruchomił program QE znacznie później niż inne banki centralne?





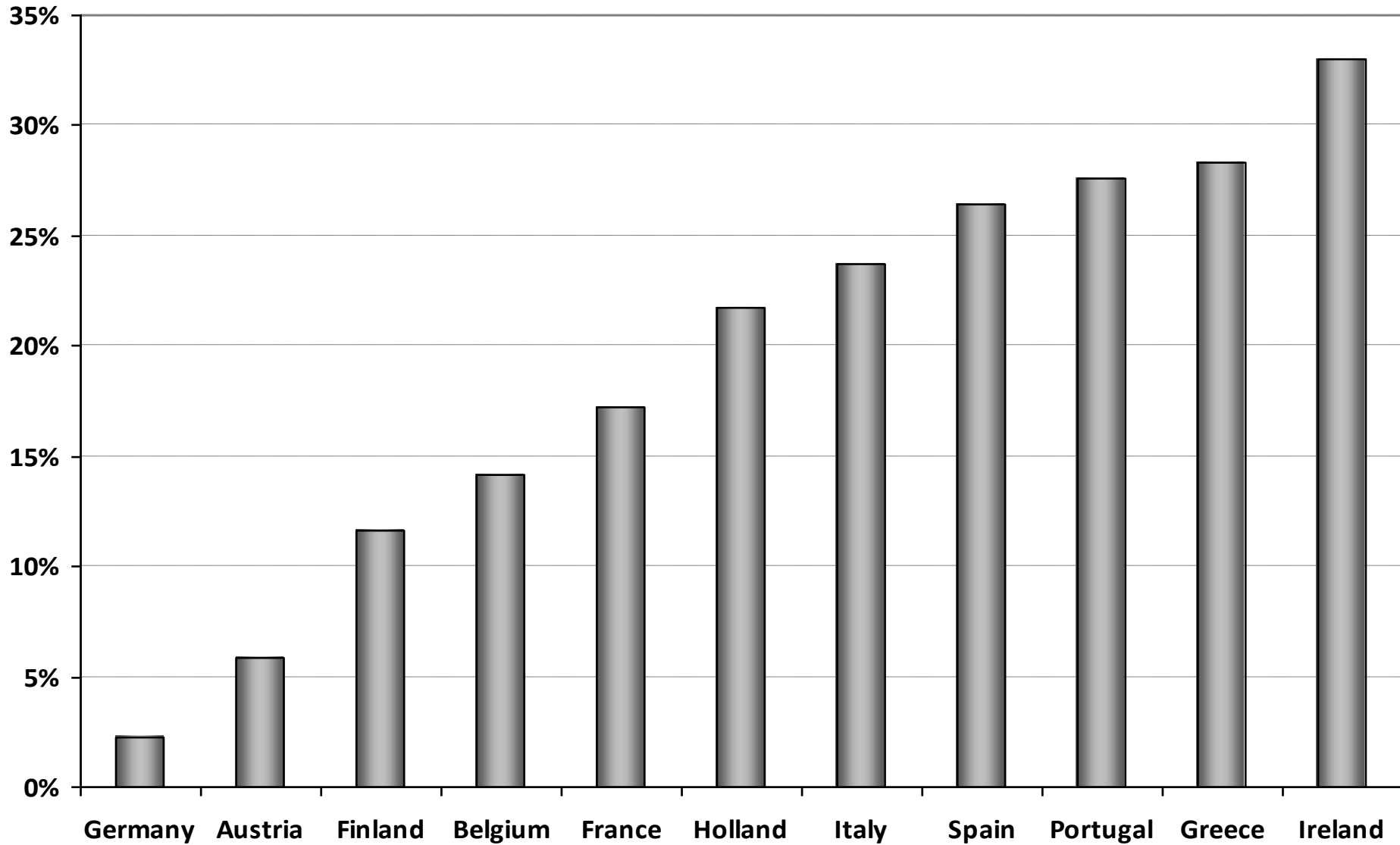
- The Euro has been the outcome of Europe's 19th and 20th century history rather than 'optimal currency areas' logic.
- An upbeat optimism may help overcome opposition.



**Co było przyczyną  
narastających nierównowag  
w gospodarkach strefy euro  
przez kryzysem lat 2007-2009?**

- „One of the **surprises** of the functioning of the Eurozone has been the extent to which the **competitive positions** of the Eurozone countries have **diverged**.
- **Germany** which by applying **tough wage moderation** since 1999, dramatically **improved its competitive position** within the Eurozone at the expense of other countries”.

## Cumulated ULC growth: 1999-2007





**Dlaczego Niemcom zależało  
na utrzymaniu  
niskiego tempa wzrostu płac?**

**REER based  
on relative ULC**

**Germany**

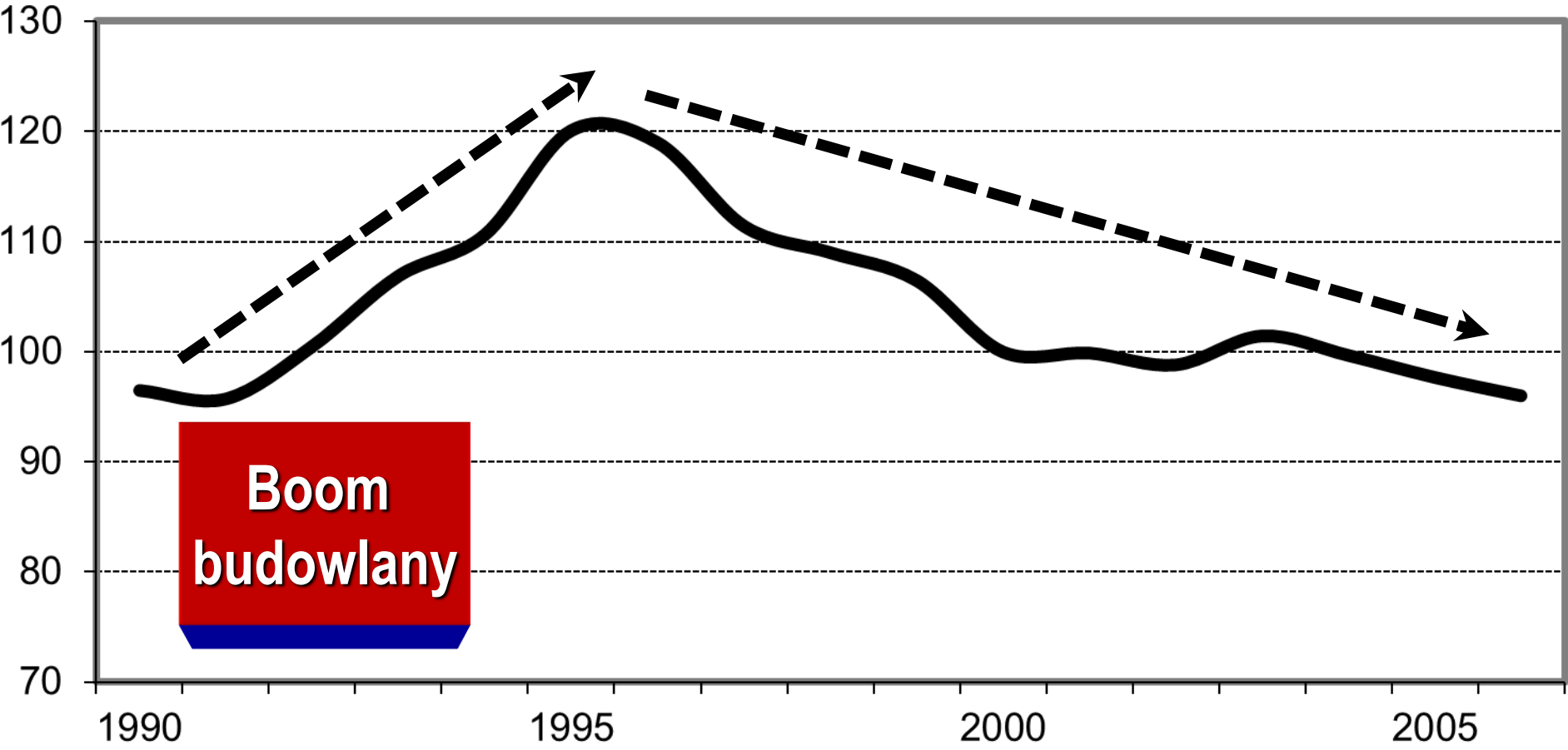
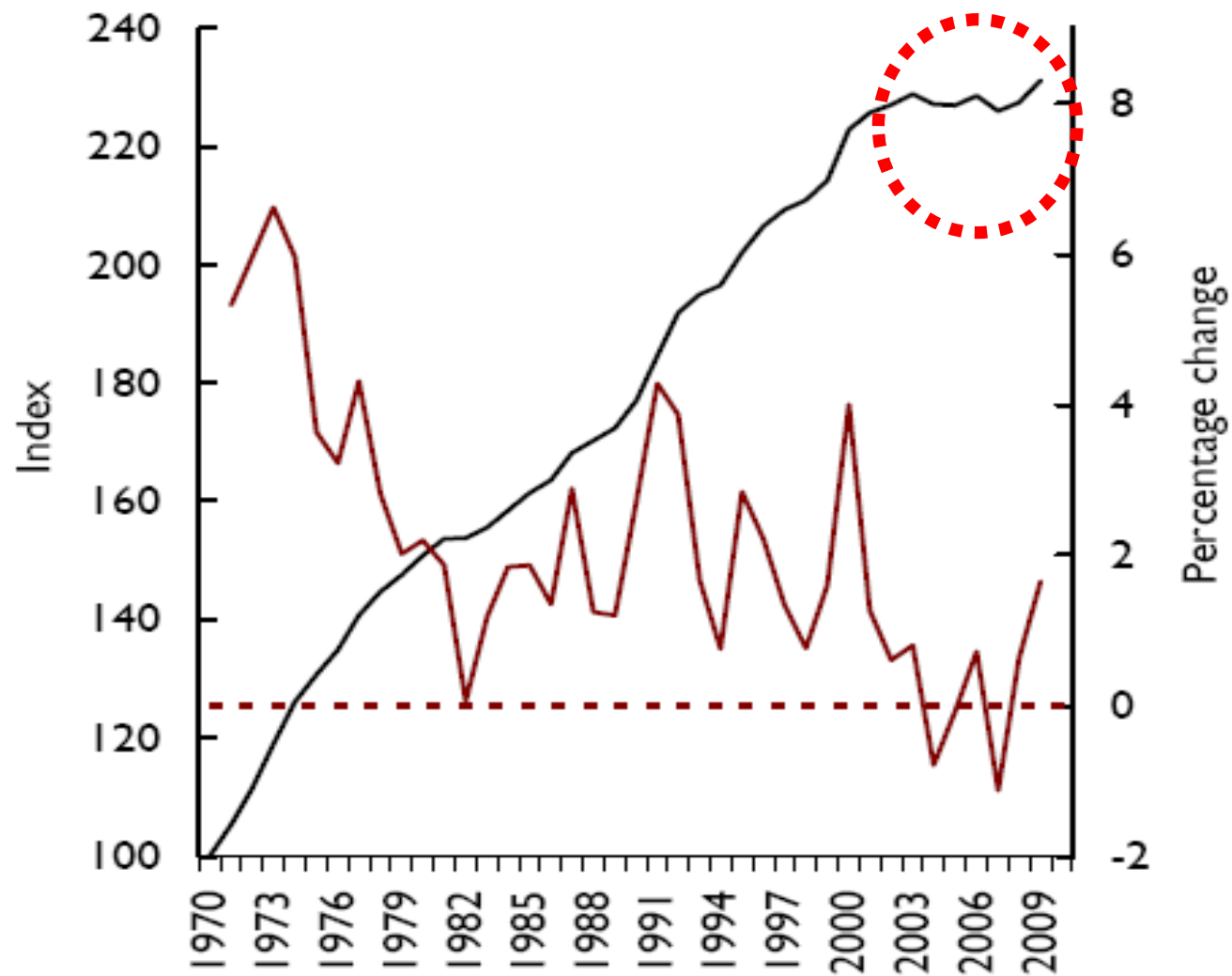


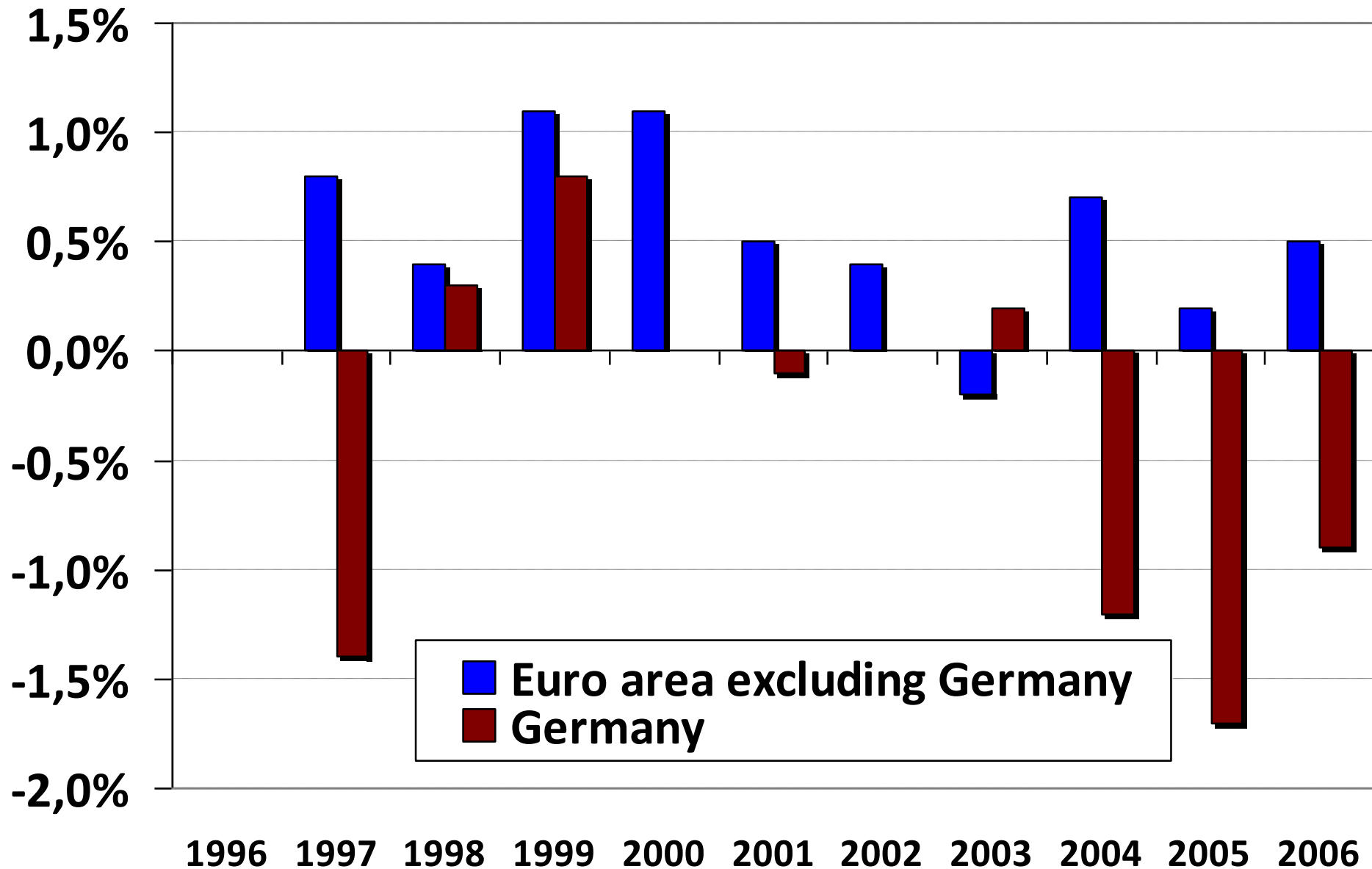
Figure 6. Real hourly gross wage



Source: Federal Statistical Office of Germany.

Source: Jens Boysen-Hogrefe, Dominik Groll, 2010

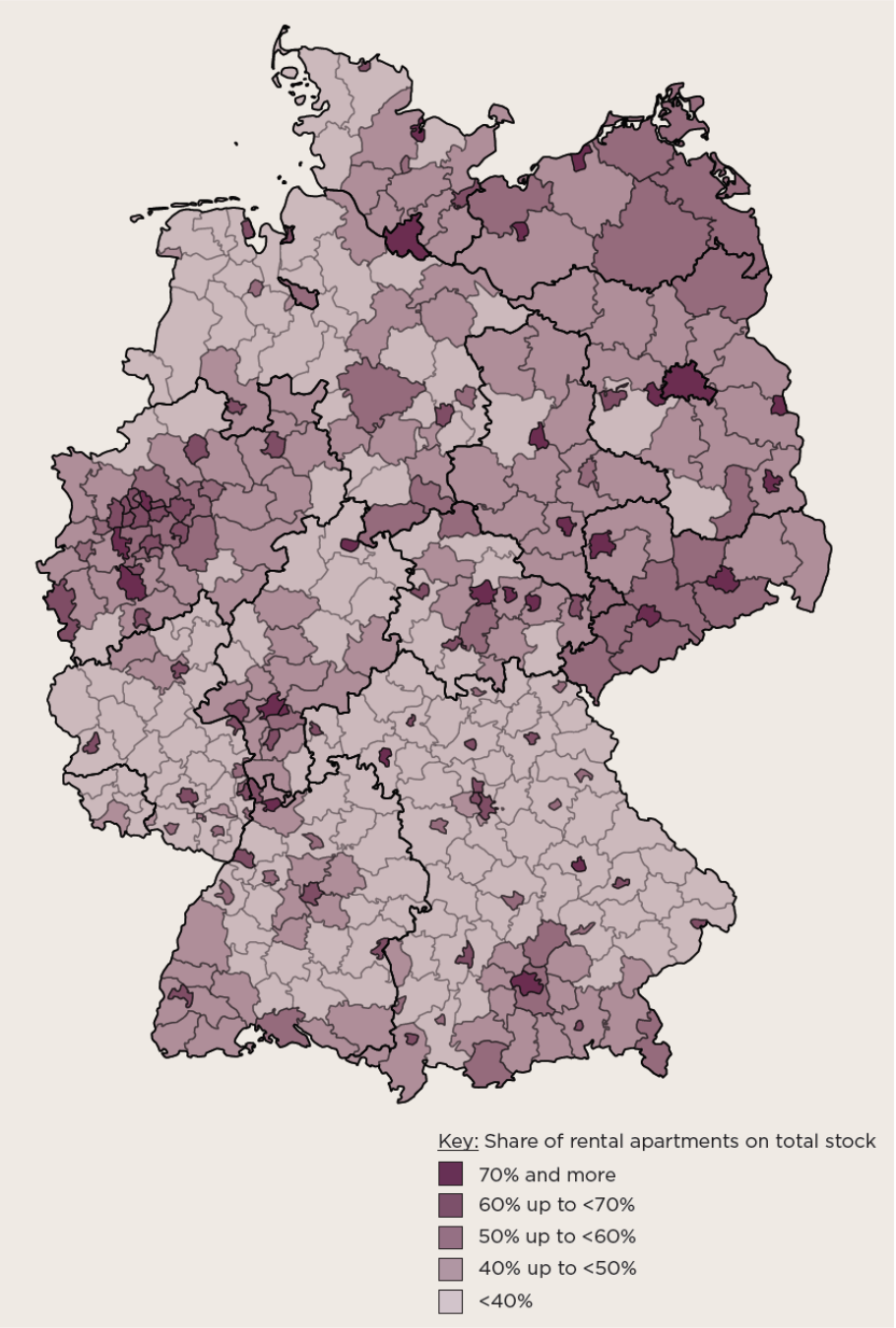
## Per capita growth in real wages





**Dlaczego boom budowlany  
po zjednoczeniu Niemiec  
nie wywołał wzrostu  
płac i ULC?**

**Graph 1** Share of rental apartments in Germany



Source Savills / data basis: Federal Statistical Office; base map: BKG

**Table 1** Highest and lowest shares of rental apartments nationwide

| Lowest share of rental apartments |       | Highest share of rental apartments |       |
|-----------------------------------|-------|------------------------------------|-------|
| District                          | Share | District                           | Share |
| Merzig-Wadern                     | 24.0% | Rostock                            | 82.7% |
| St. Wendel                        | 24.8% | Potsdam                            | 81.7% |
| Freyung-Grafenau                  | 26.6% | Berlin                             | 81.5% |
| Südwestpfalz                      | 26.8% | Dresden                            | 81.1% |
| Kusel                             | 27.5% | Frankfurt am Main                  | 78.1% |
| Straubing-Bogen                   | 27.8% | Jena                               | 77.5% |
| Kronach                           | 28.2% | Leipzig                            | 76.8% |
| Cochem-Zell                       | 28.5% | Schwerin                           | 75.5% |
| Cham                              | 28.5% | Cottbus                            | 75.2% |
| Aurich                            | 28.9% | Hamburg                            | 75.1% |
| Haßberge                          | 29.2% | Erfurt                             | 75.1% |
| Saarlouis                         | 29.3% | Magdeburg                          | 74.5% |
| Vulkaneifel                       | 29.6% | Frankfurt (Oder)                   | 74.5% |
| Wittmund                          | 29.7% | Halle (Saale)                      | 74.5% |
| Neumarkt i.d.OPf.                 | 30.0% | Düsseldorf                         | 74.3% |

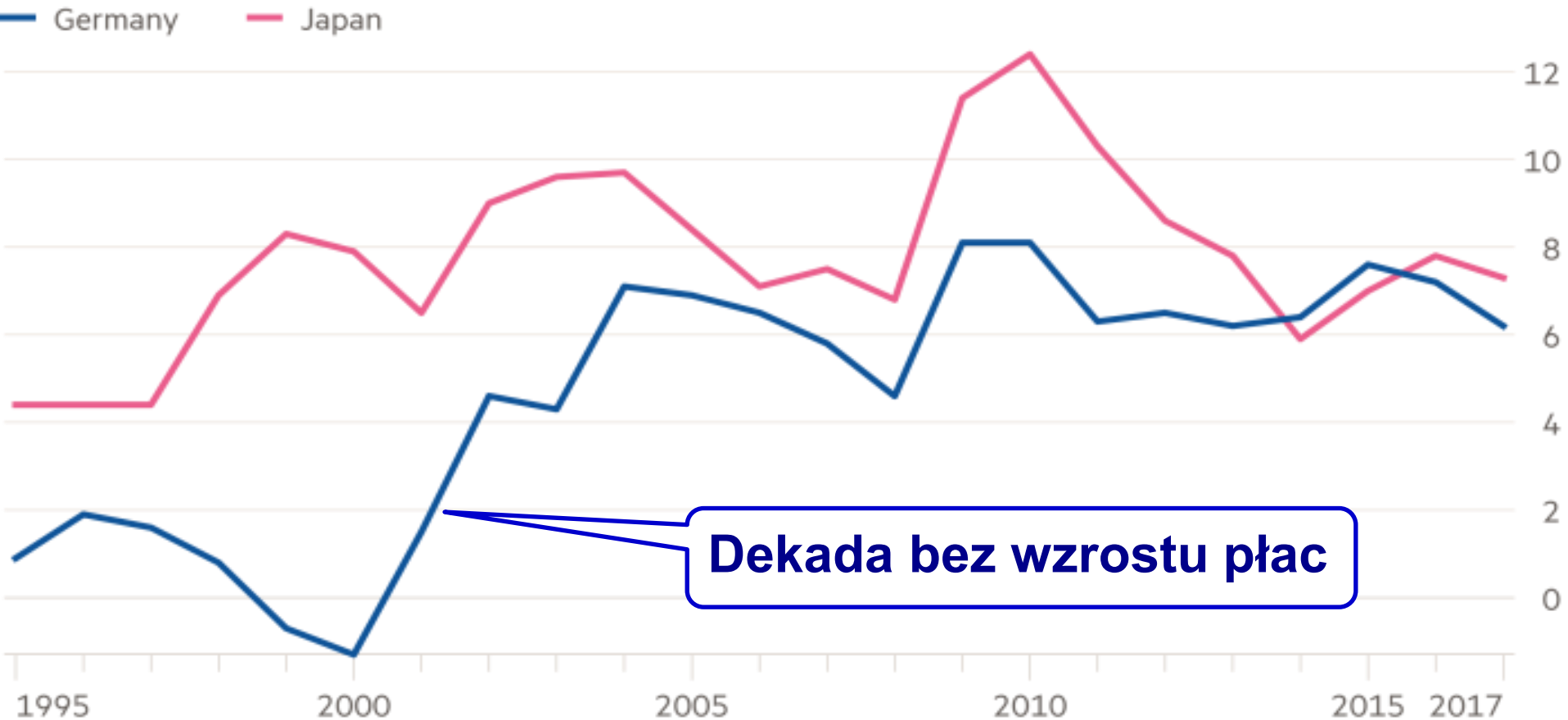
Source Savills / data basis: Federal Statistical Office



**Jaki był efekt dekady  
niskiego tempa wzrostu płac  
w Niemczech?**

# The private sector surpluses of Japan and Germany have converged at a high level

Private sector savings-investment balance (% of GDP)



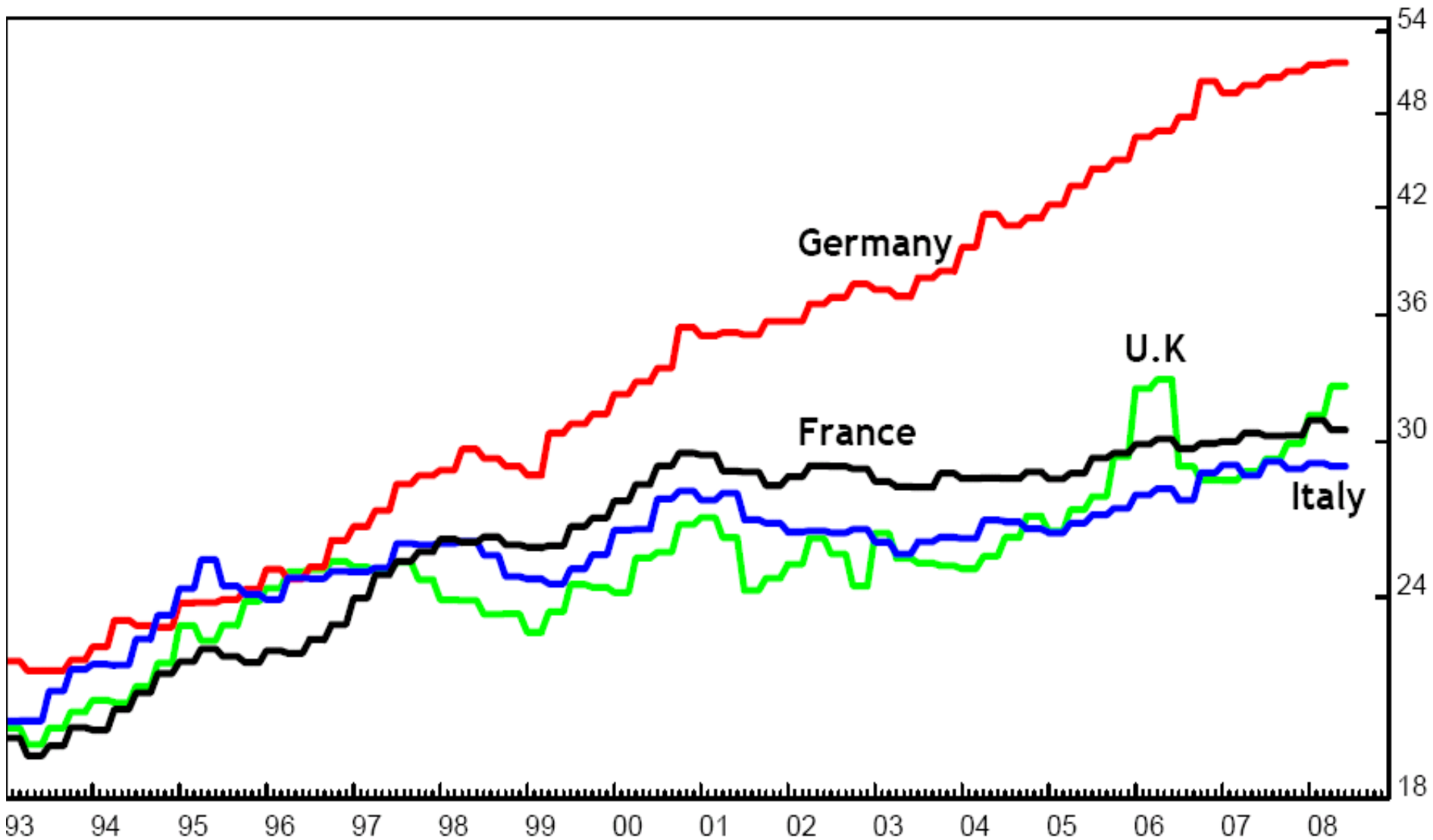
**Dekada bez wzrostu płac**

Source: OECD

© FT

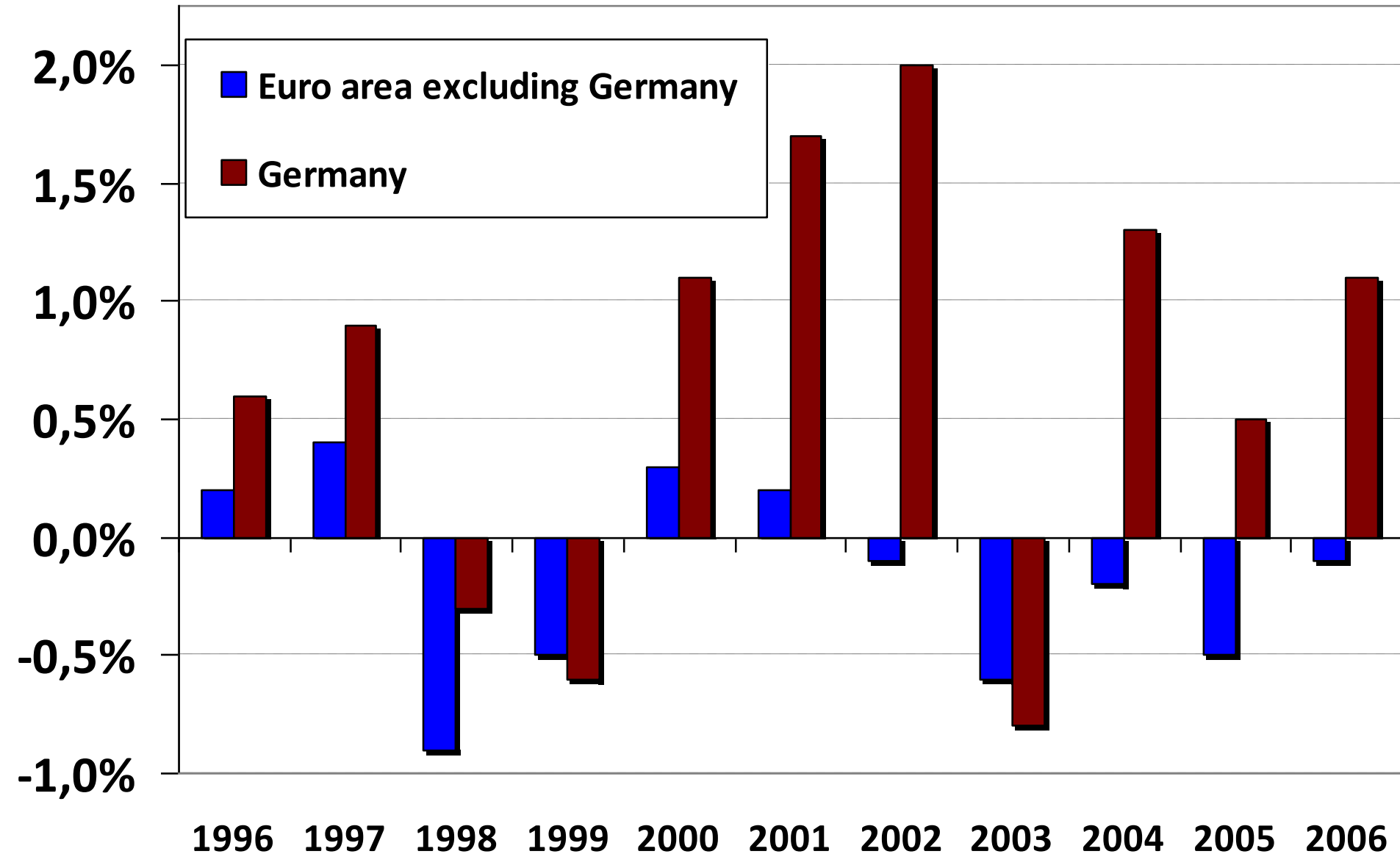
Martin Wolf (2019). „How the euro helped Germany avoid becoming Japan”. *Financial Times*, 29<sup>th</sup> October

## Exports as a Percentage of GDP in Europe



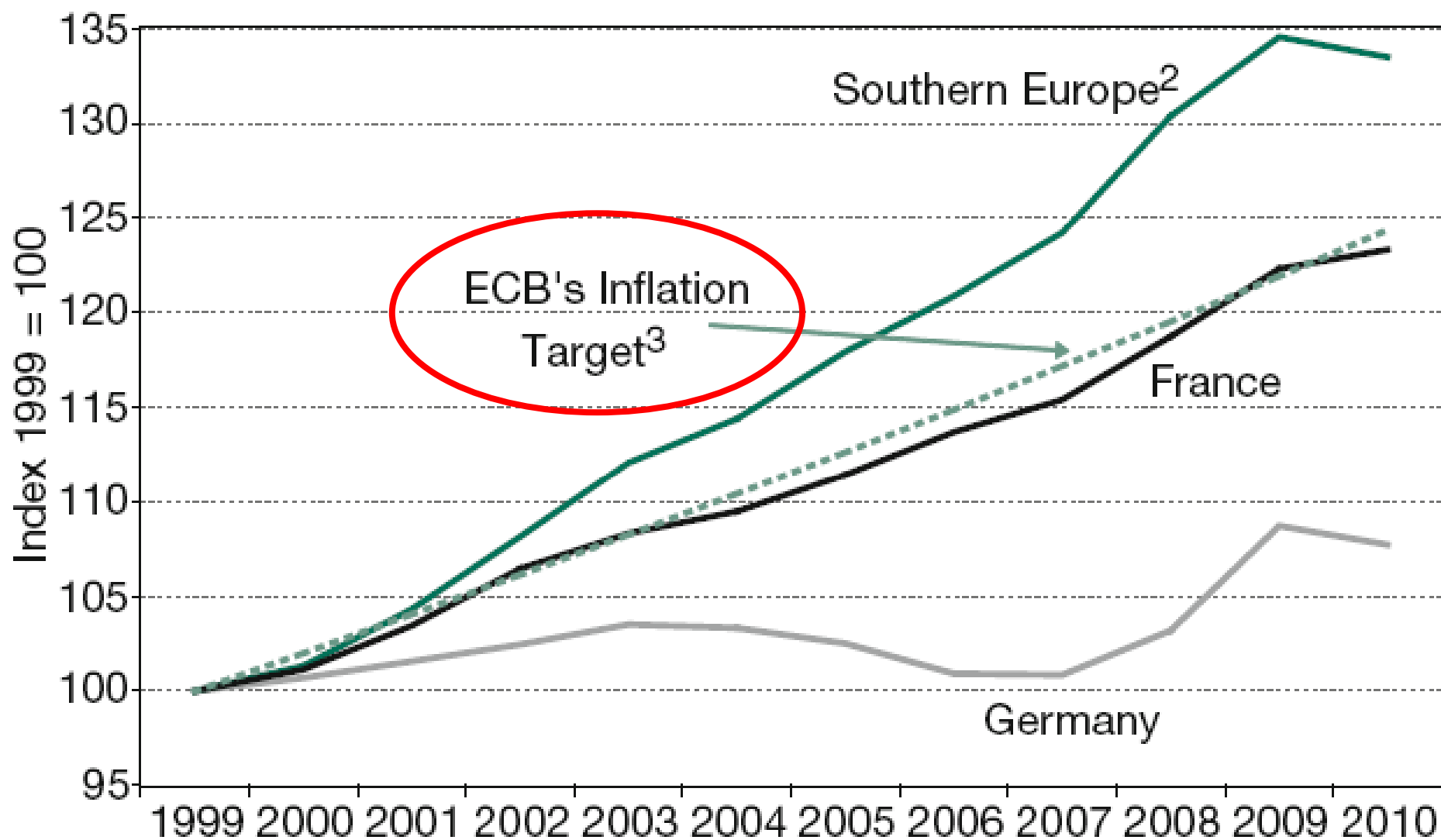
Anirvan Banjeri, Pami Dua (2009), Synchronization of Recessions in Major Developed and Emerging Economies,

# Contribution of net exports to GDP growth

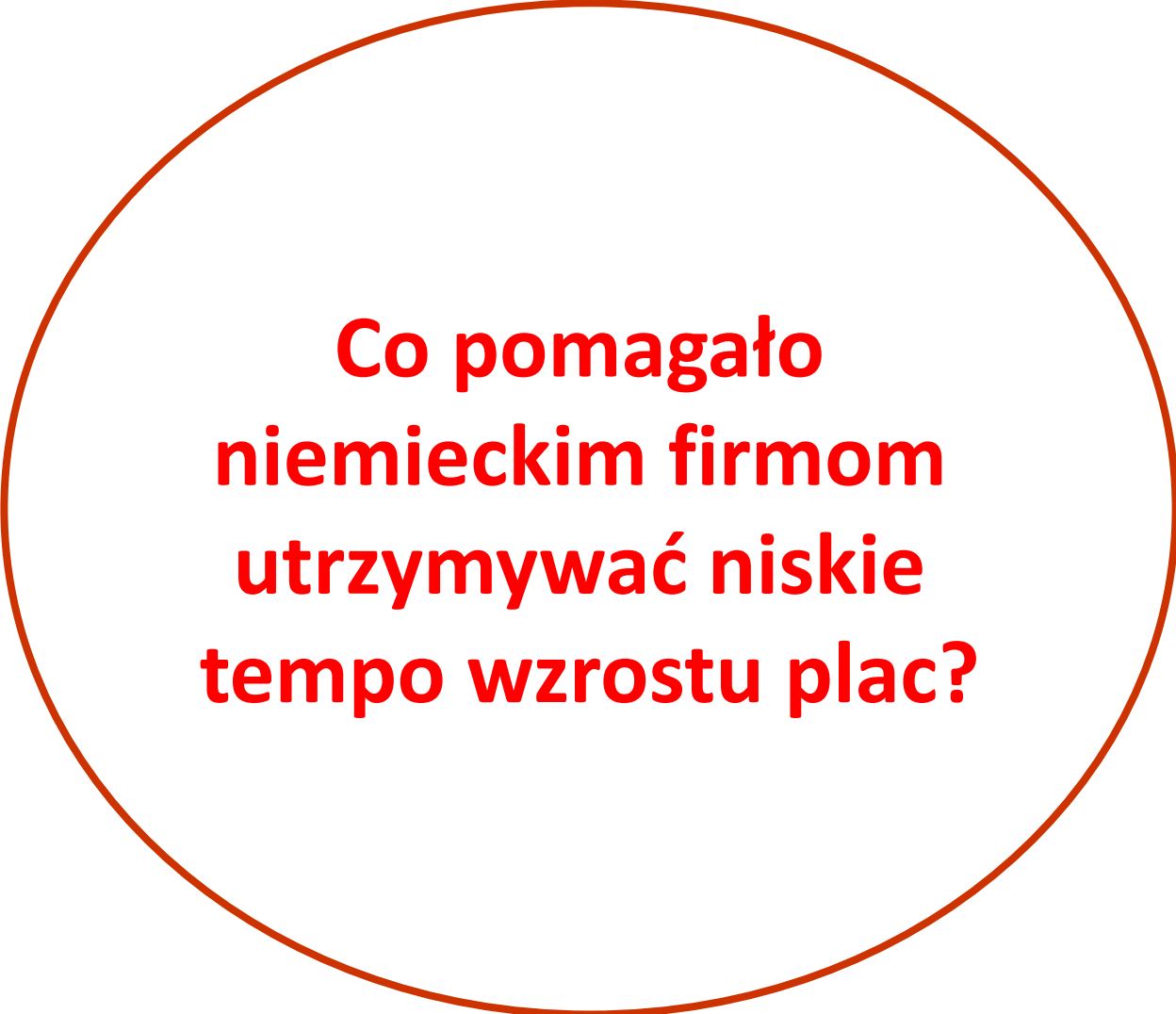


Source: G. Horn, C. Logeay, K. Rietzler, 2008

# Unit Labour Cost<sup>1</sup> Divergence Opens a Huge Competitiveness Gap Within EMU

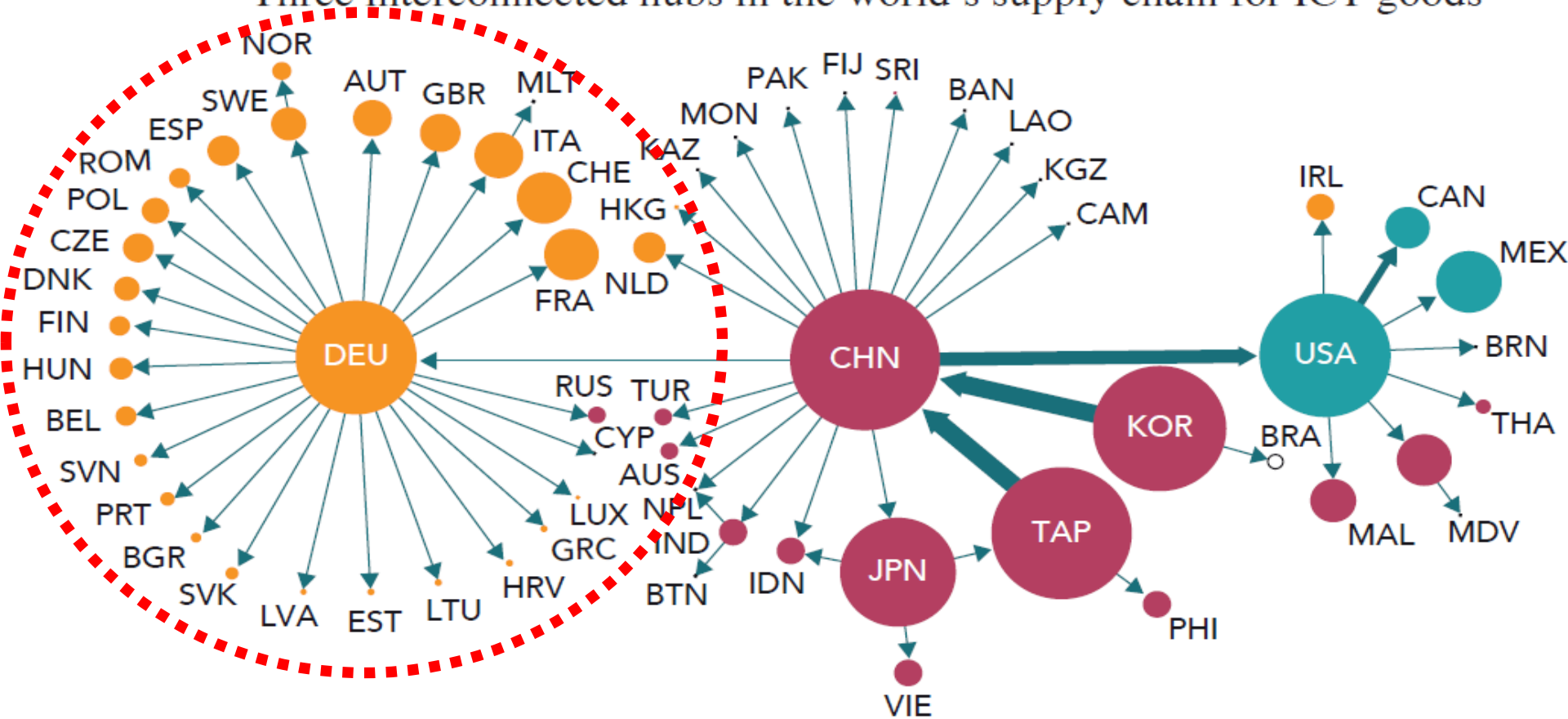


Źródło: Heiner Flassbeck, Friederike Spiecker, 2011



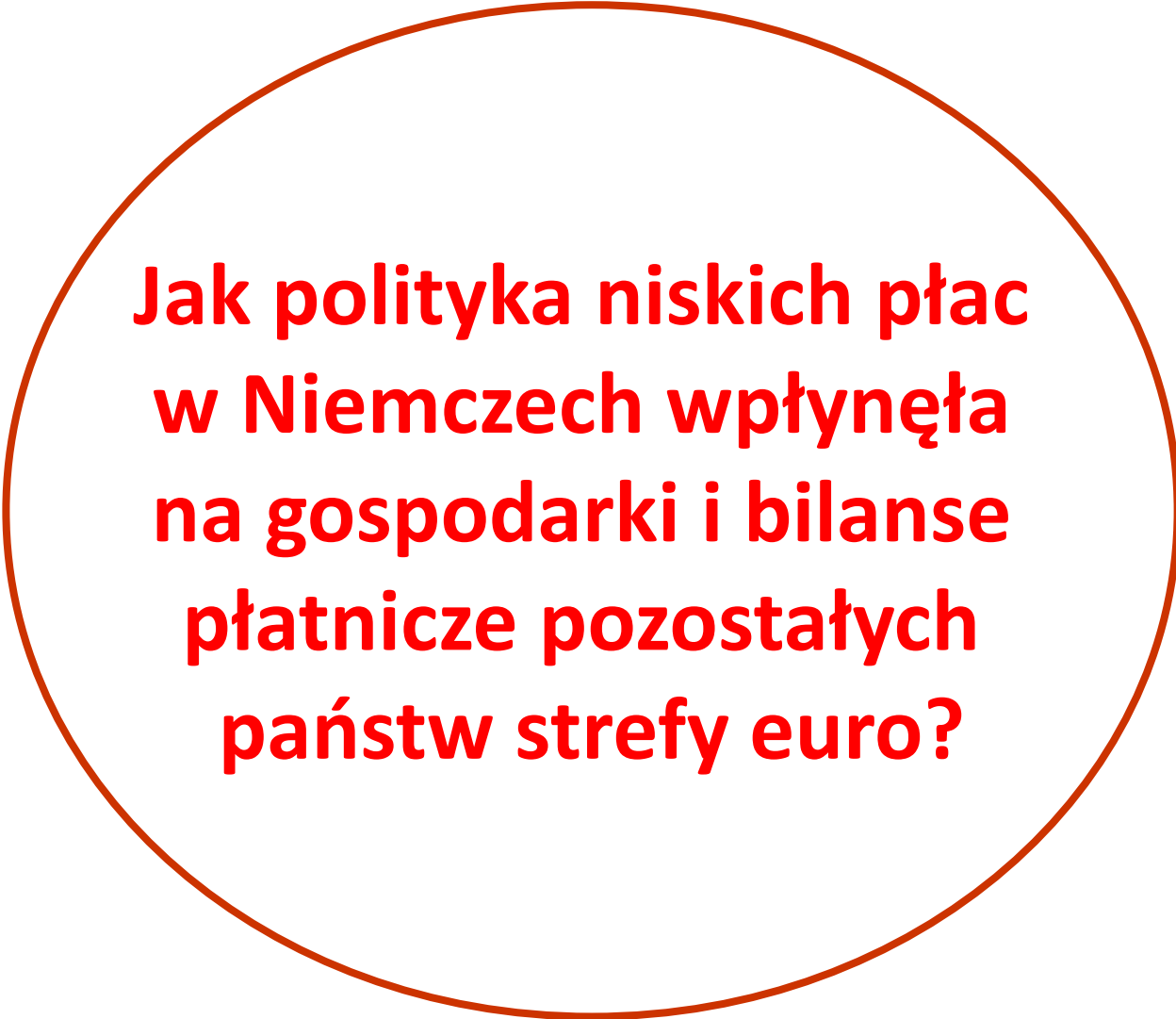
**Co pomagało  
niemieckim firmom  
utrzymywać niskie  
tempo wzrostu plac?**

## Three interconnected hubs in the world's supply chain for ICT goods



Source: Global Value Chain Development Report, 2019, [www.WTO.org](http://www.WTO.org)

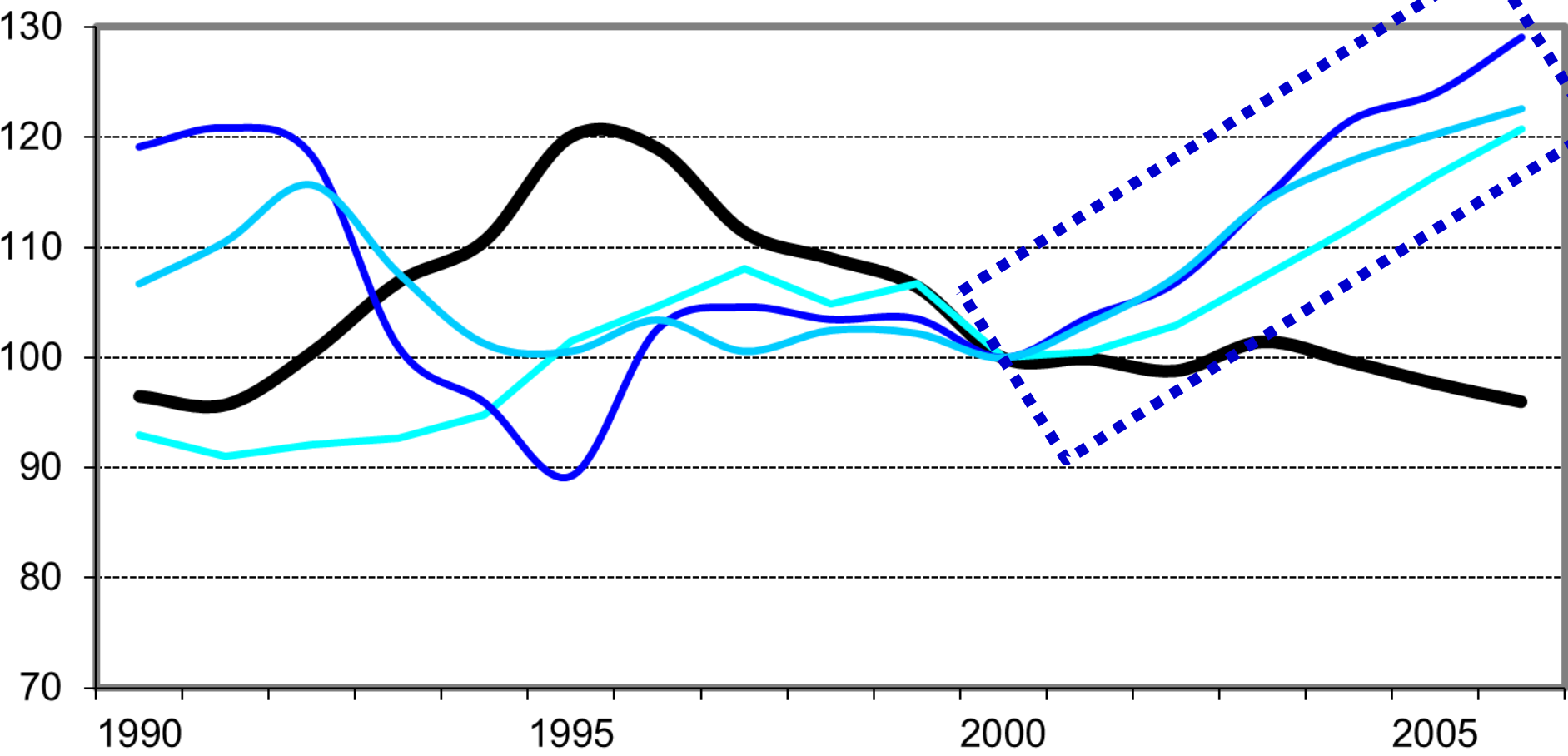
*Economics in the Time of COVID-19* (2010) Edited by Richard Baldwin and Beatrice Weder di Mauro, CEPR Press, London



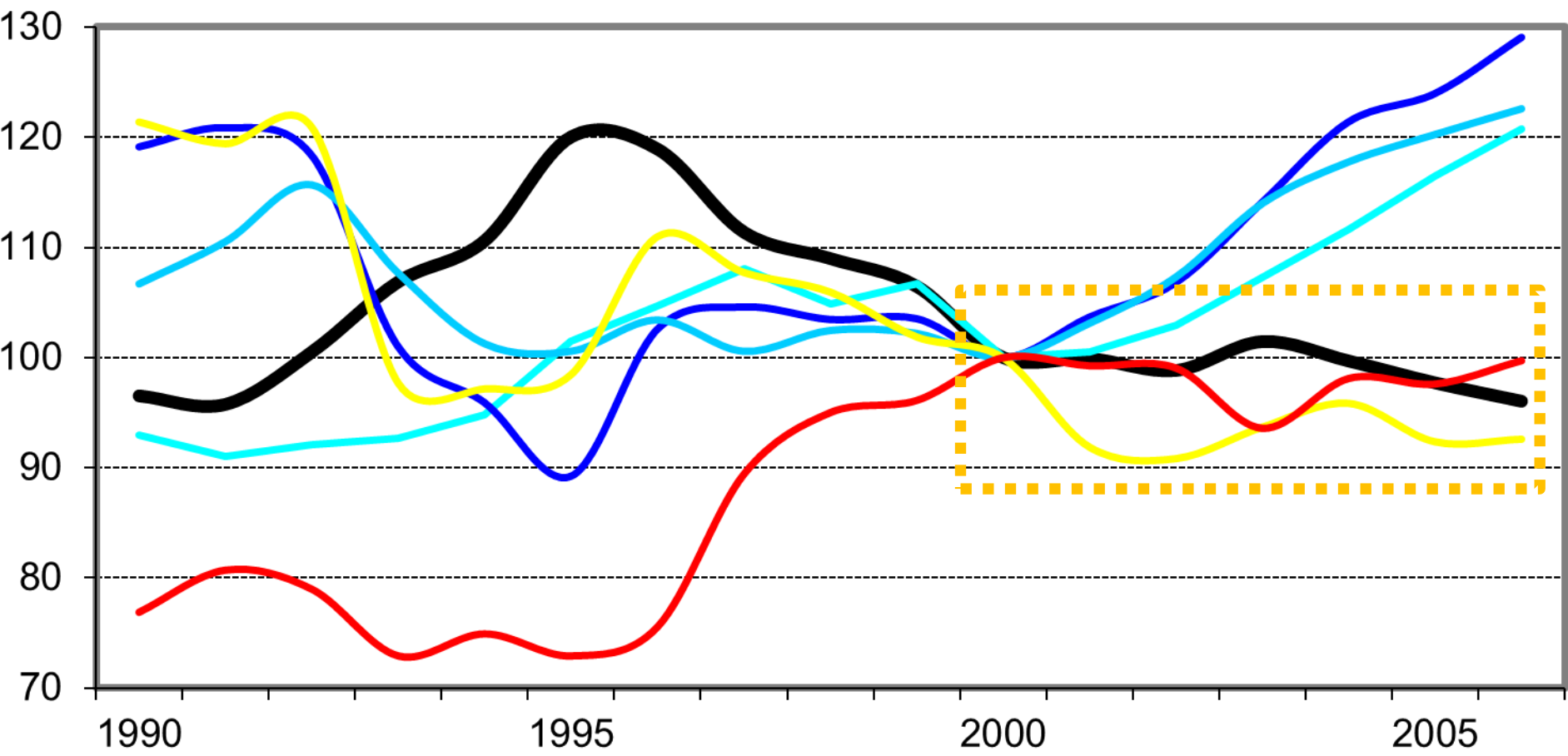
**Jak polityka niskich płac  
w Niemczech wpłynęła  
na gospodarkę i bilanse  
płatnicze pozostałych  
państw strefy euro?**

**REER based  
on relative ULC**

**Germany** **Greece** **Italy** **Spain**

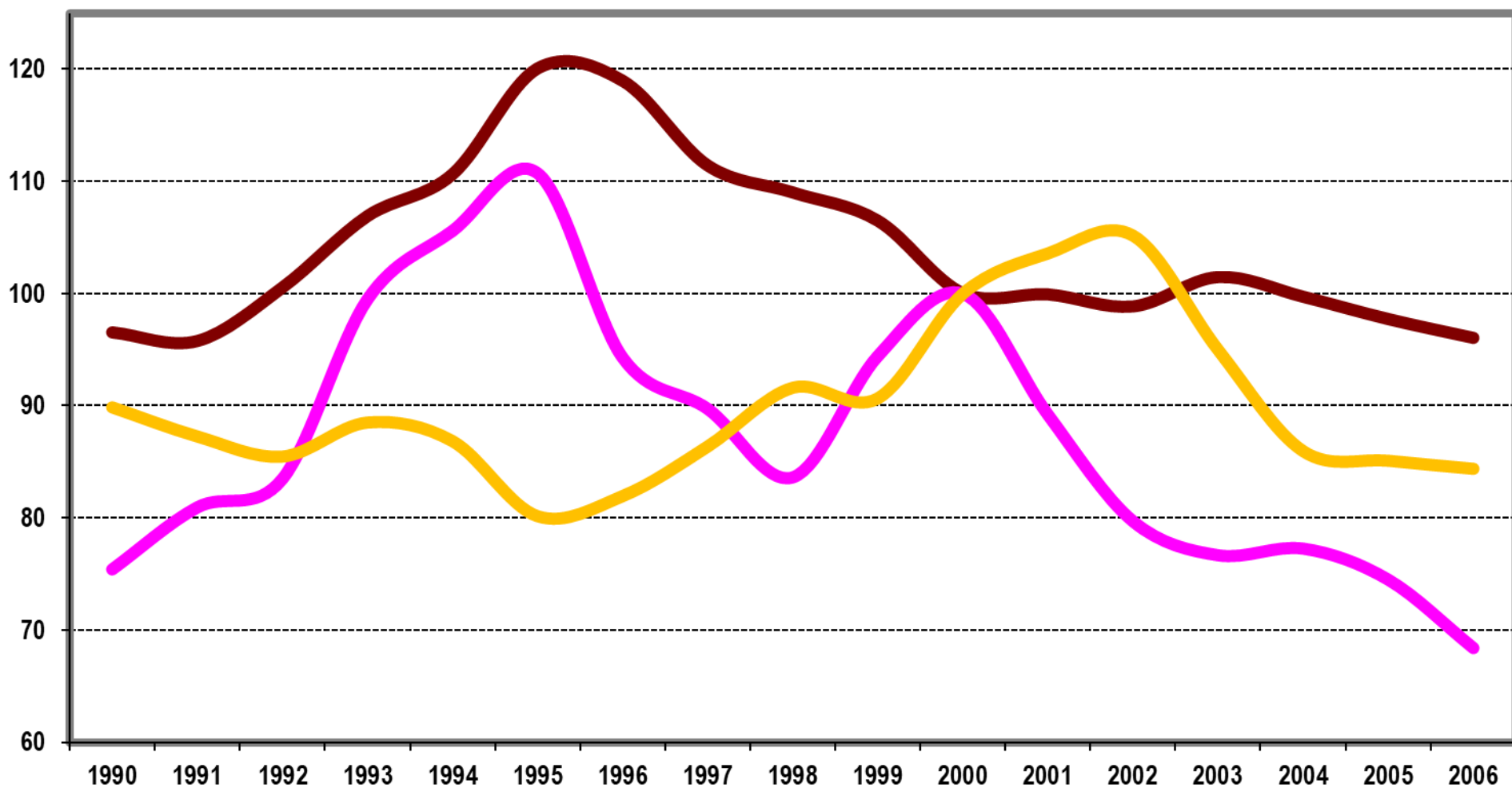


**REER based  
on relative ULC**



# REER based on relative ULC

Germany Japan United States





**Czego oczekiwano  
przed utworzeniem  
strefy euro?**



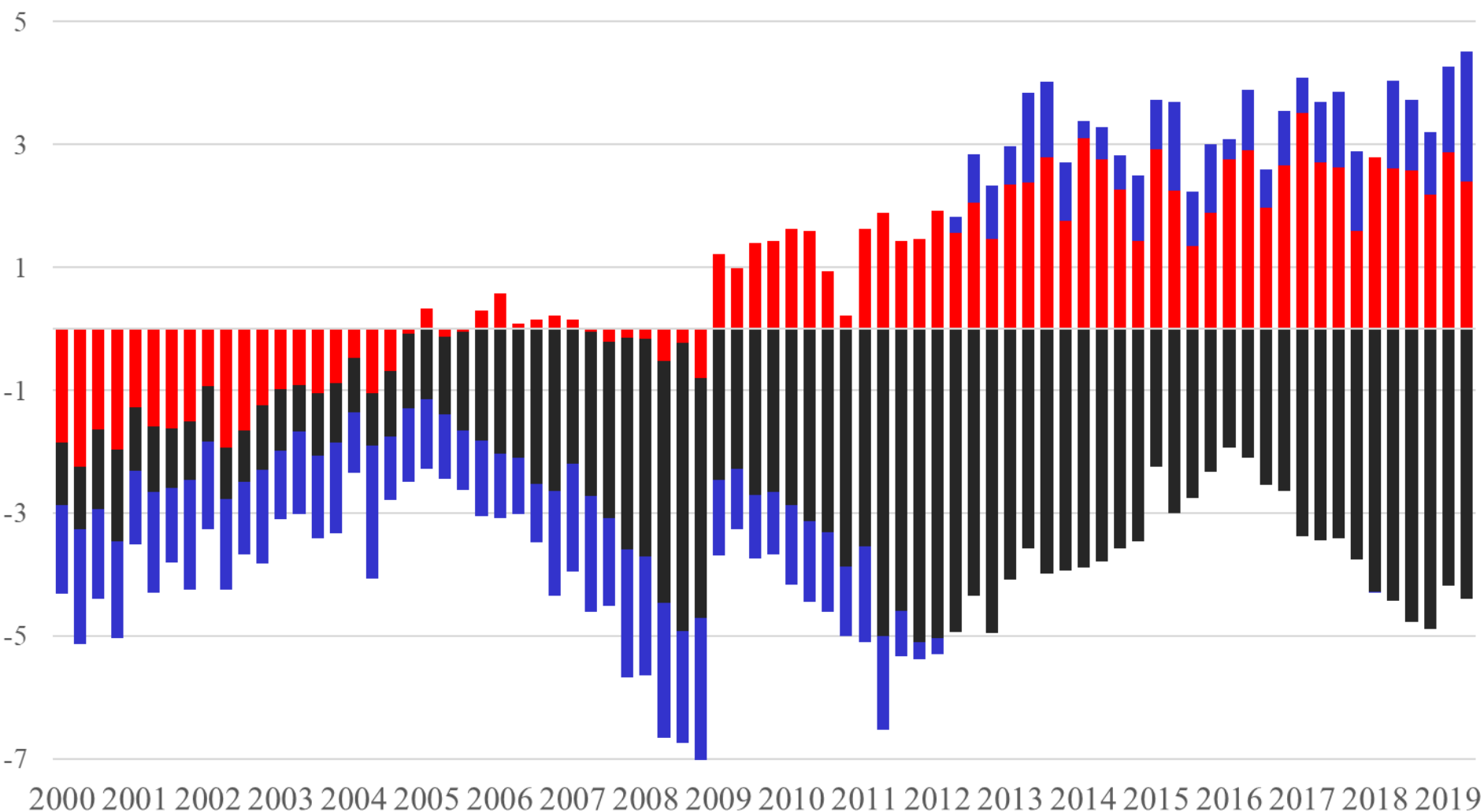
- The pro-trade effect of the euro (i.e. Rose effect) is modest – somewhere between 5% and 15%.
- The pro-trade effect varies a great deal across nations. Spain seems to have been the biggest gainer while Greece's gain is estimated to be nil or even negative.



**Szybka realna konwergencja  
nastąpiła w krajach  
naszego regionu**

# Zmiany w bilansie handlowym Polski spowodowane napływem BIZ

EUR bn

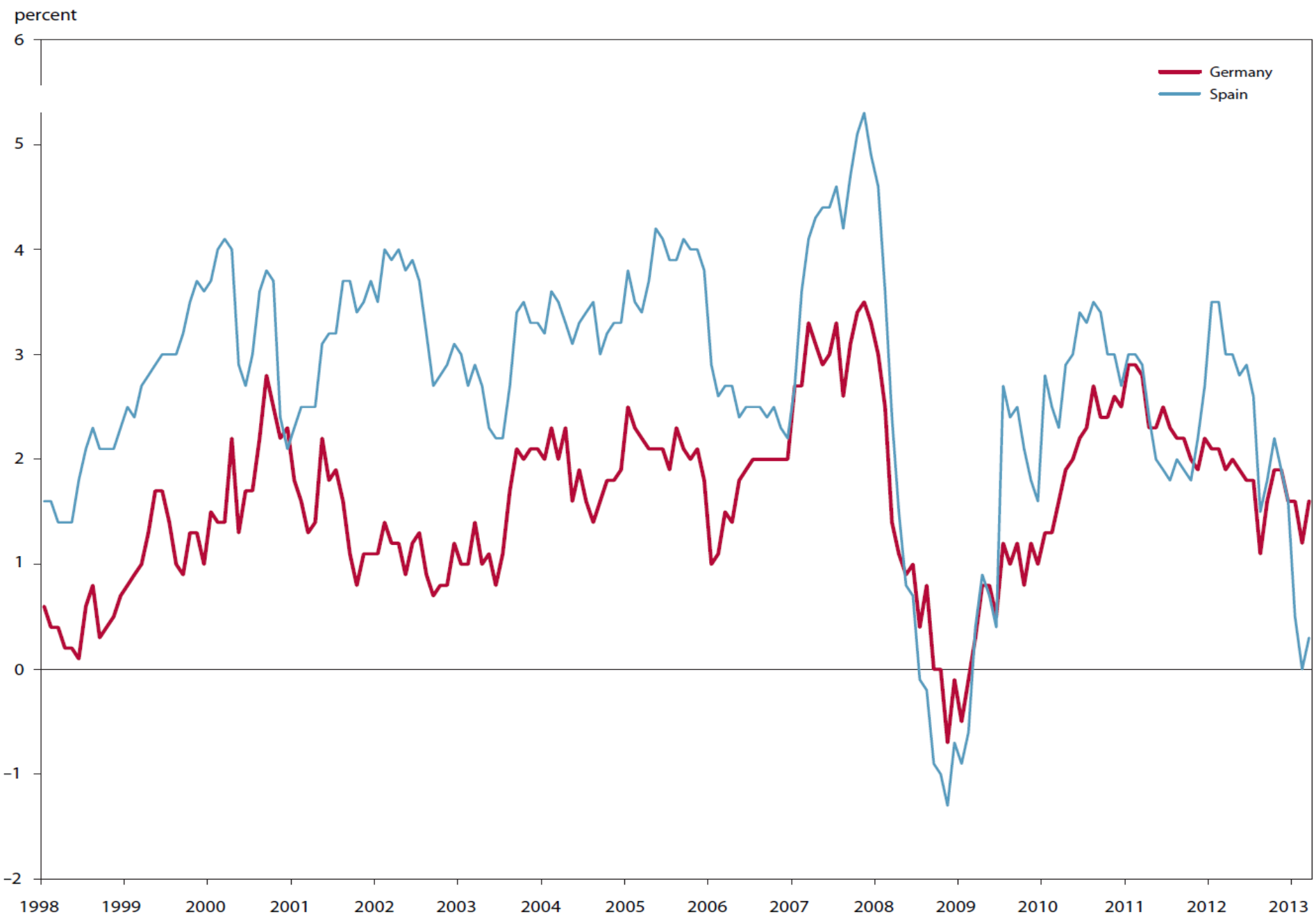


■ products related to GVC activities ■ fuels & primary goods ■ other manufactured goods

**W strefie euro  
napływ kapitału  
sfinansował (niestety)  
w dużej mierze boomy  
na rynkach hipotecznych,  
a nie modernizację np.  
hiszpańskiego i  
portugalskiego  
przemysłu**

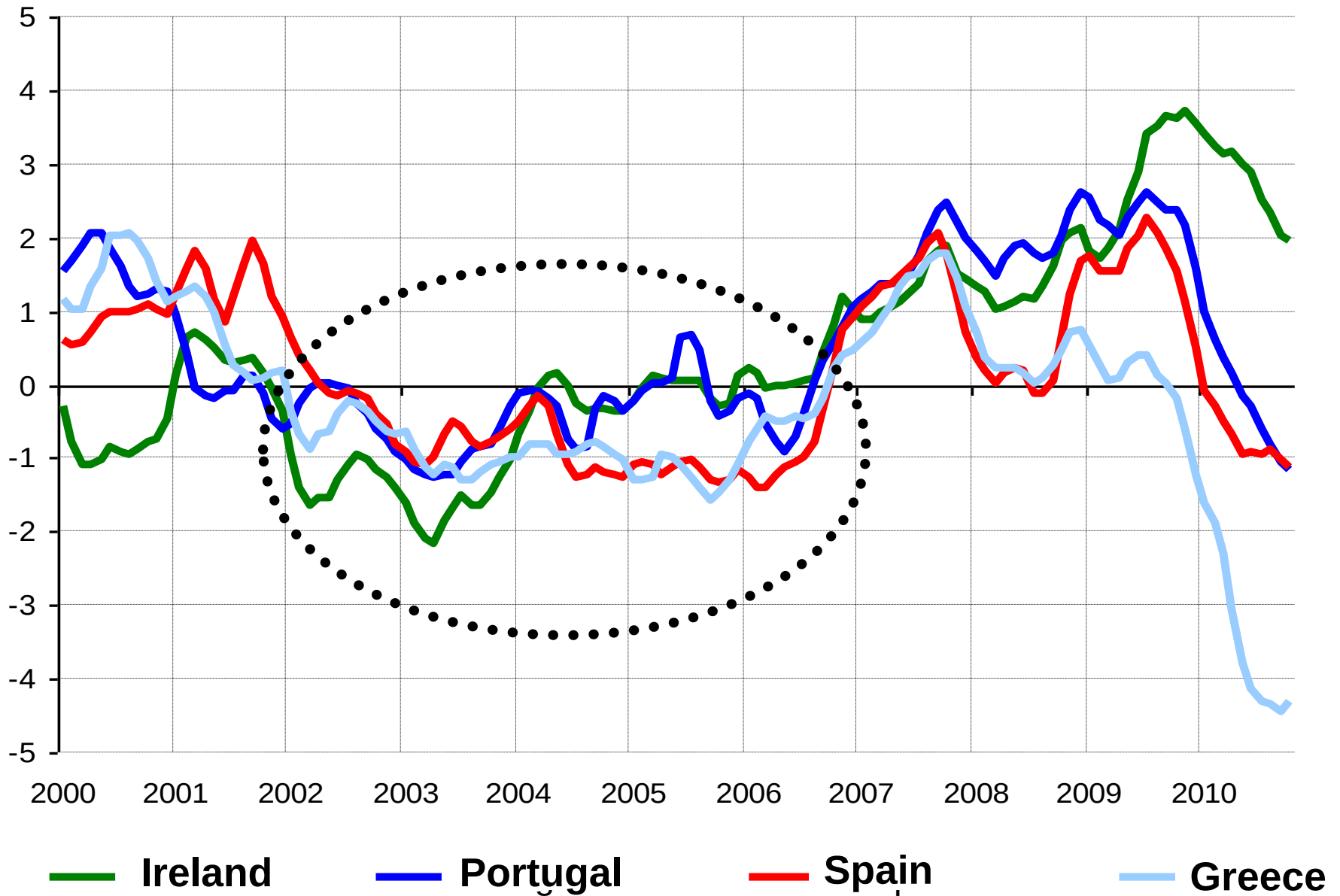


# Inflation in Spain and Germany, year-on-year, 1998–2013



Source: Bloomberg.

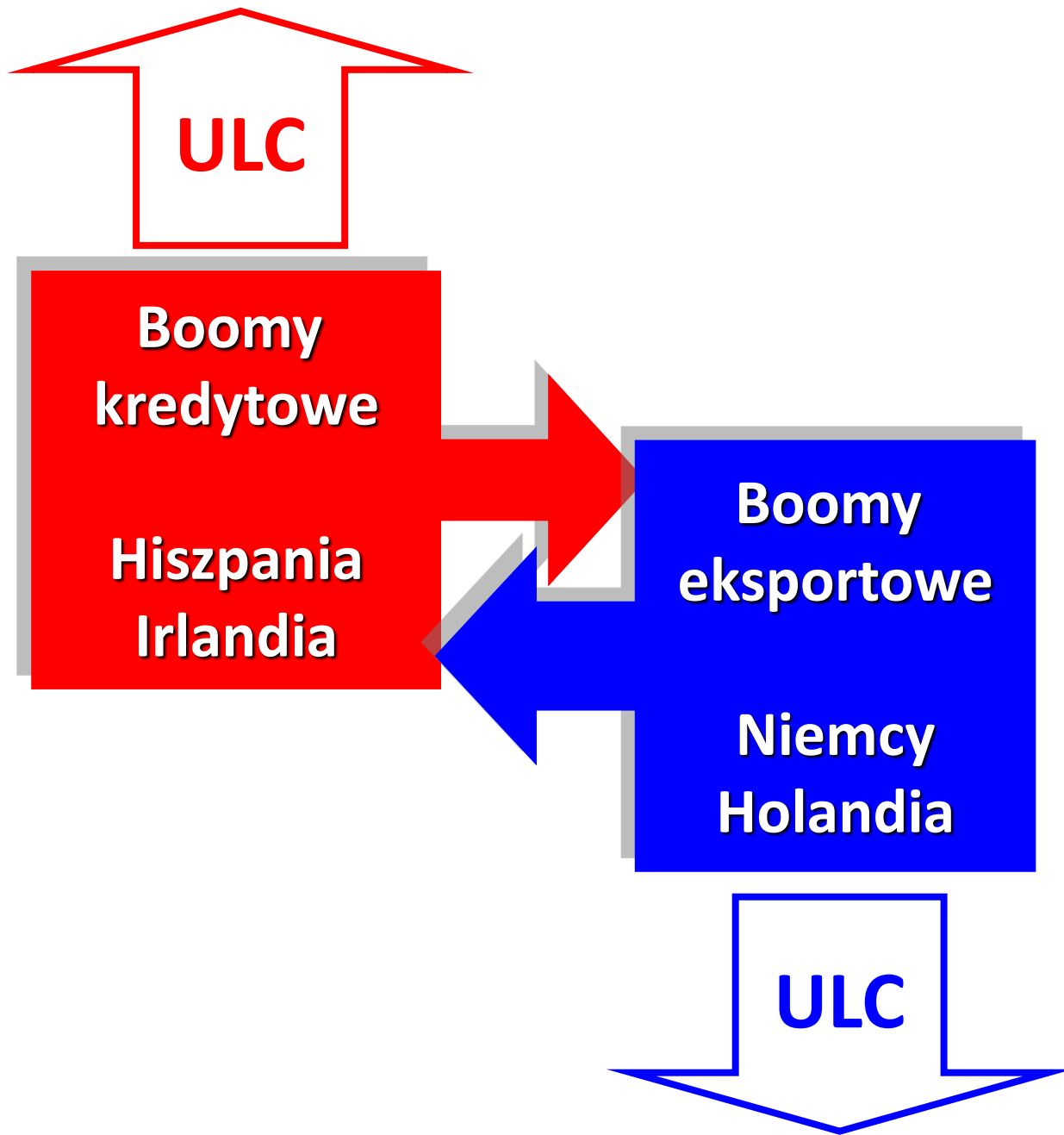
# Negative real interest rates



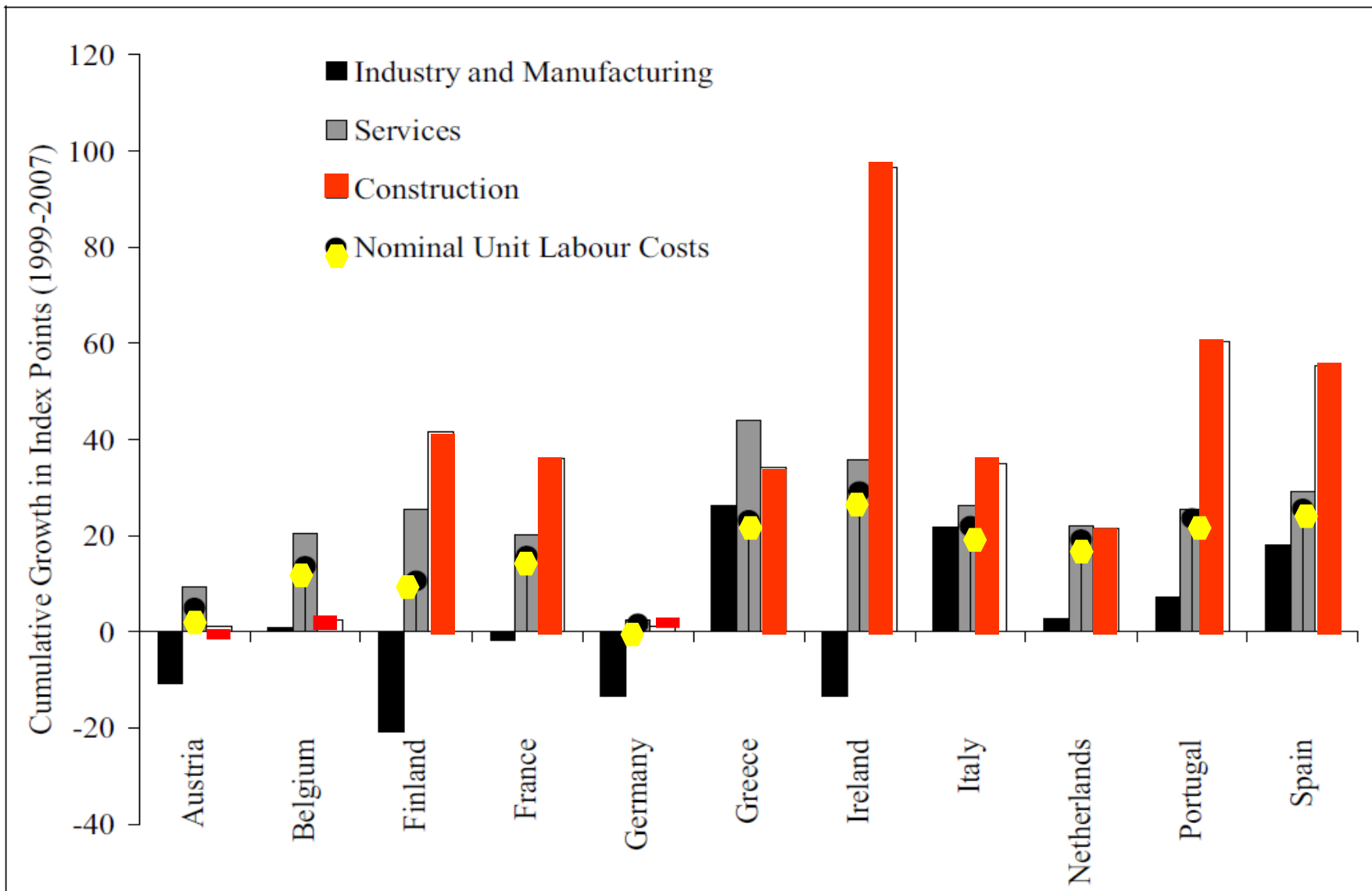
- The real estate bubble has overshadowed the lack of competitiveness of the Spanish economy.
- While the construction sector is booming (over 700,000 houses were built **in Spain** in 2004, **more than the total in France, Germany, Belgium, Holland and Luxembourg combined**),
- **manufacturing production regressed** 0,4 percent in 2005 (the automotive sector declined almost 9 percent in 2005) and
- **exports** was not experiencing **almost any growth**.

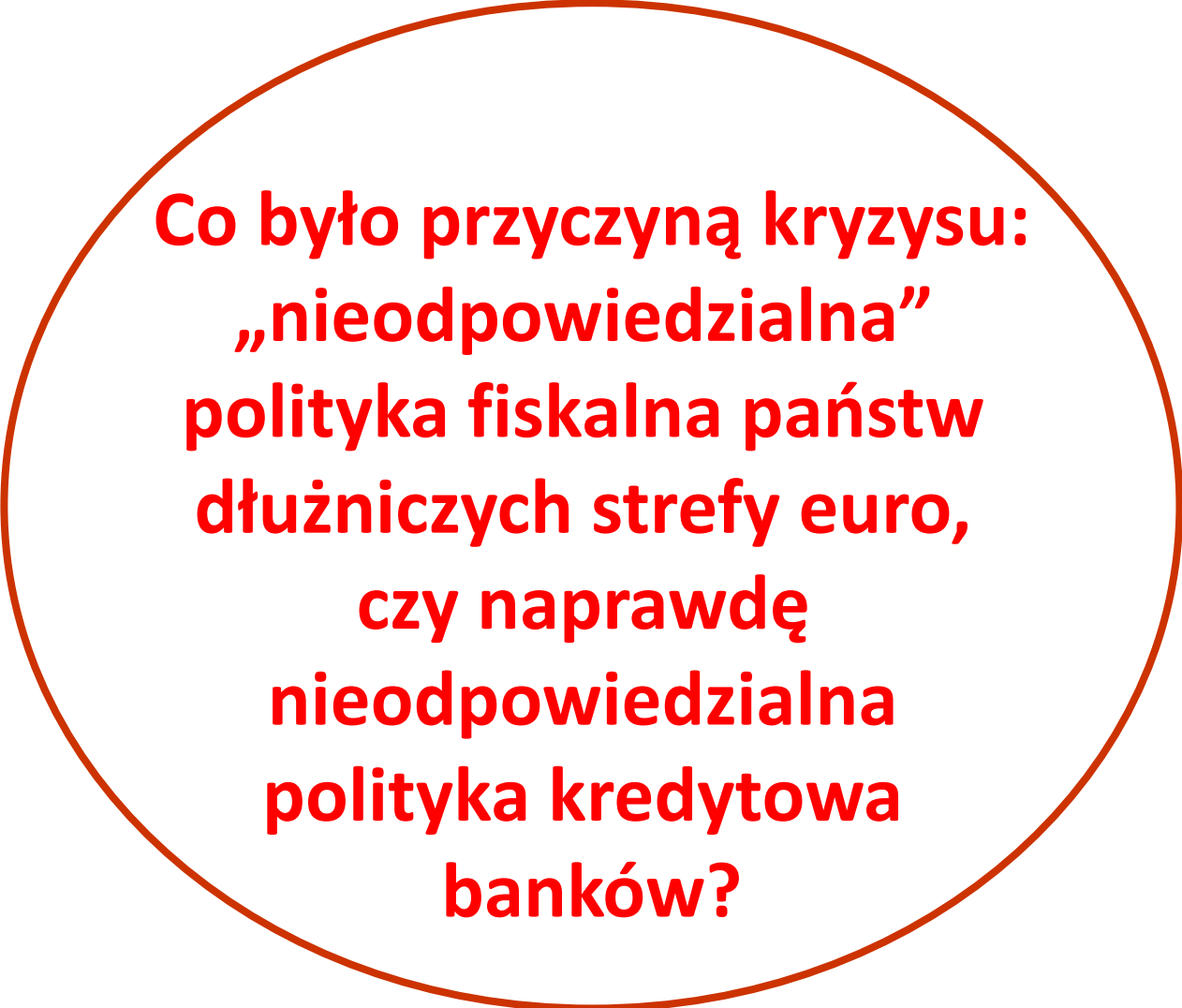
“We cannot afford to invest any more money in **cement** for the next 10 years. We have to spend all our available funds on improving the competitiveness of the export sector.”

Fernando Ulrich,  
chief executive of Banco BPI



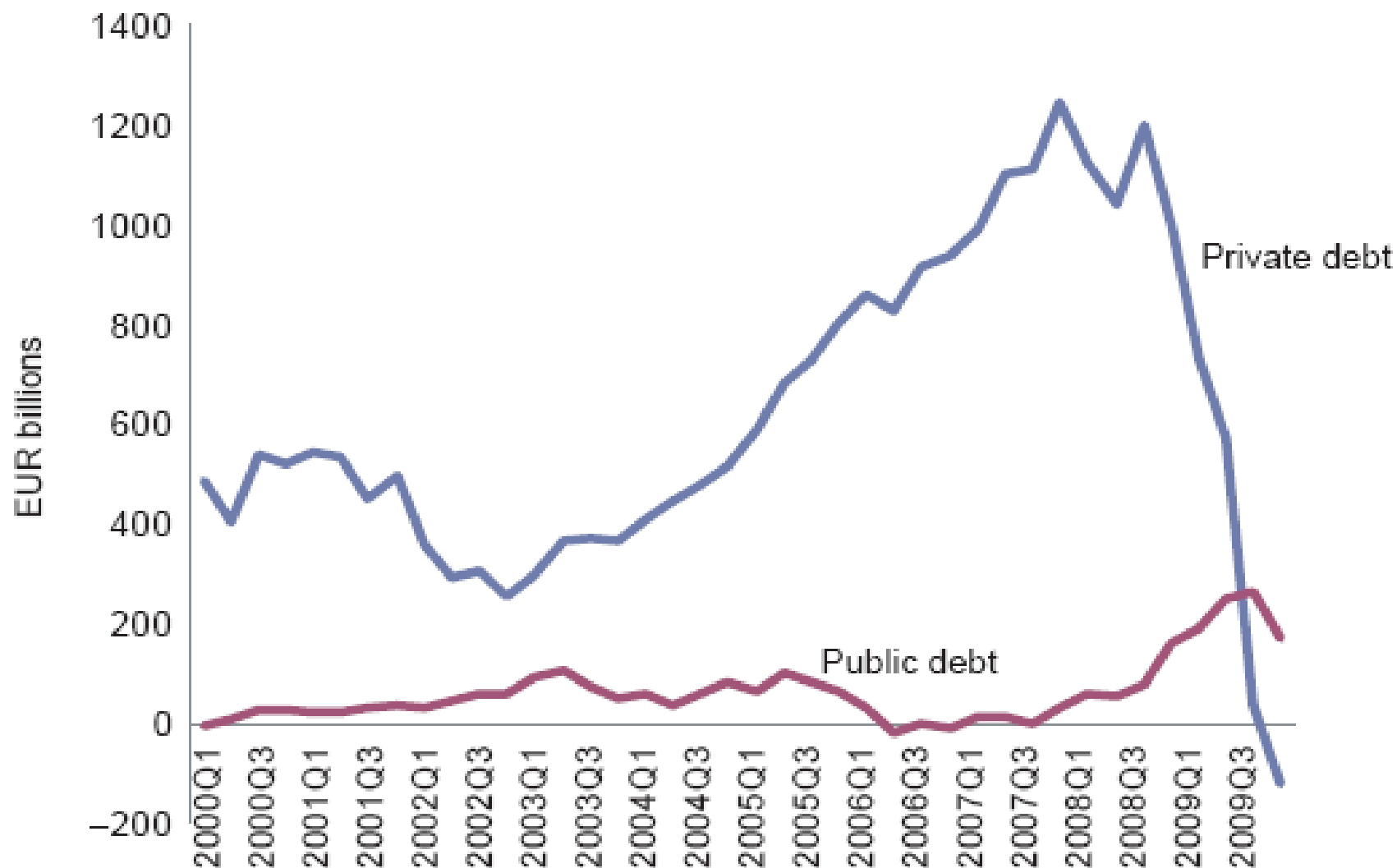
*Nominal unit wage costs by major sectors and overall unit labour costs, cumulative changes in index points 1999-2007*





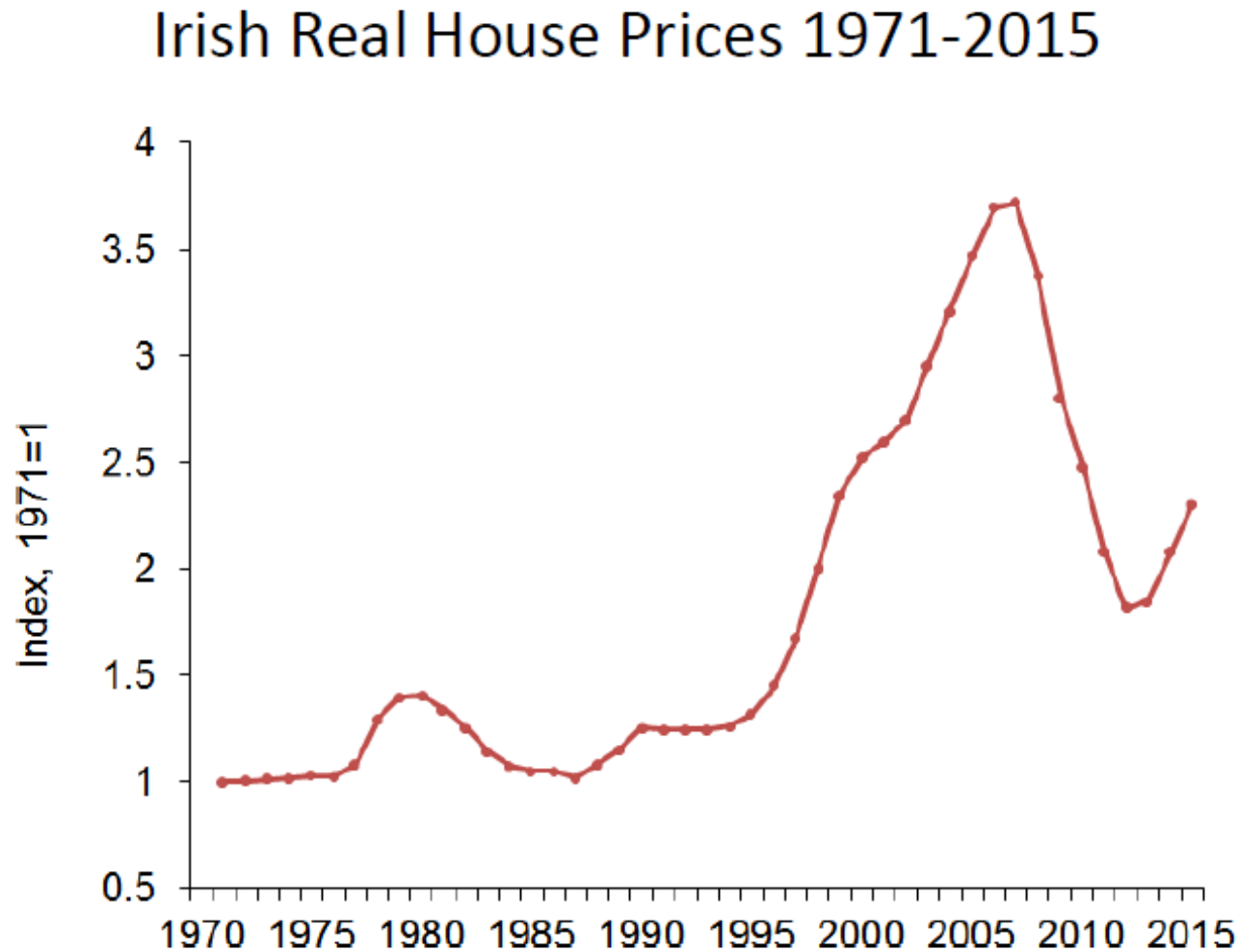
**Co było przyczyną kryzysu:  
„nieodpowiedzialna”  
polityka fiskalna państw  
dłużniczych strefy euro,  
czy naprawdę  
nieodpowiedzialna  
polityka kredytowa  
banków?**

## Eurozone private and public debt

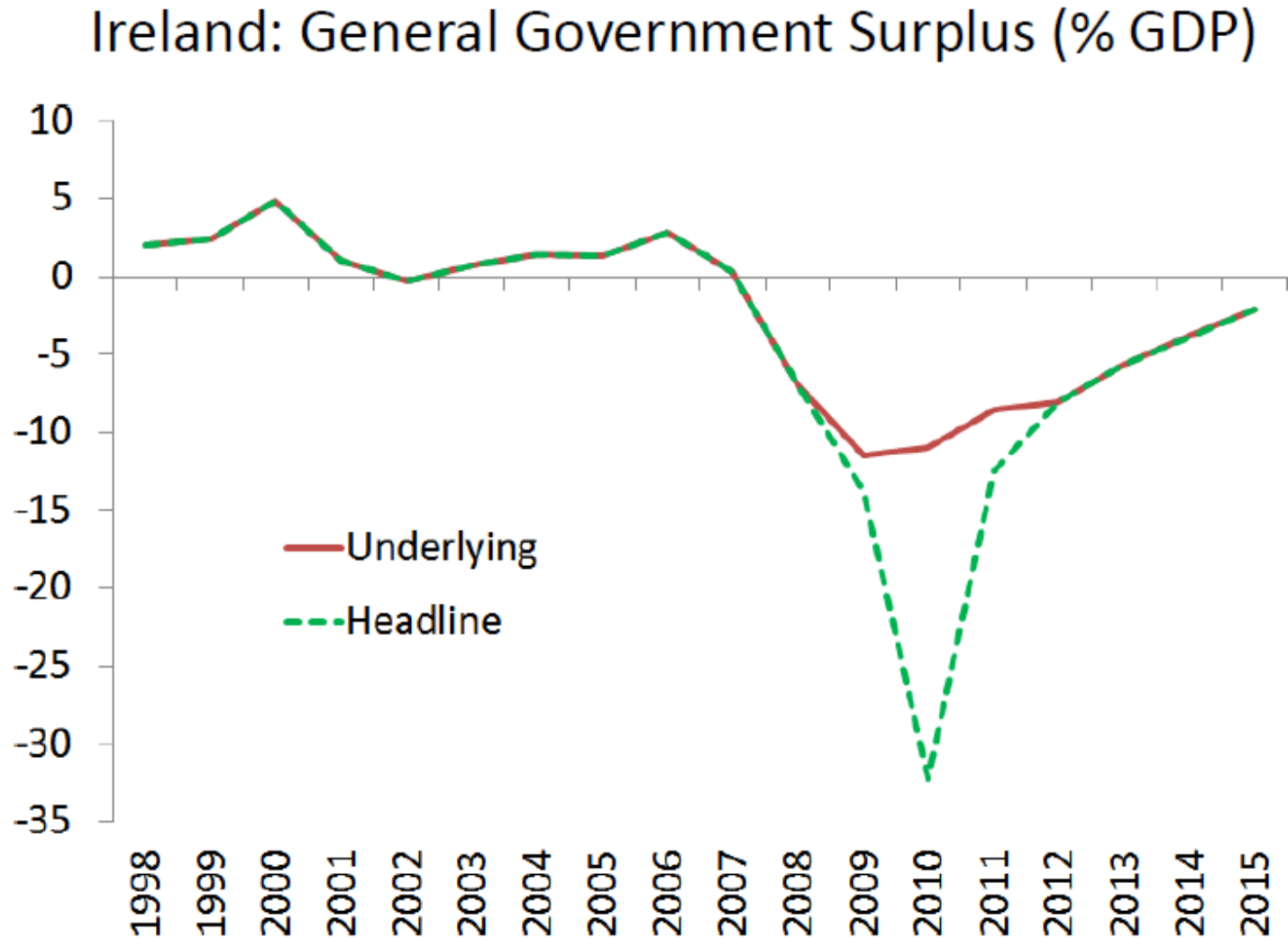


Source: ECB (moving average of first difference over four quarters).

# Czyja nieodpowiedzialność doprowadziła do kryzysu?

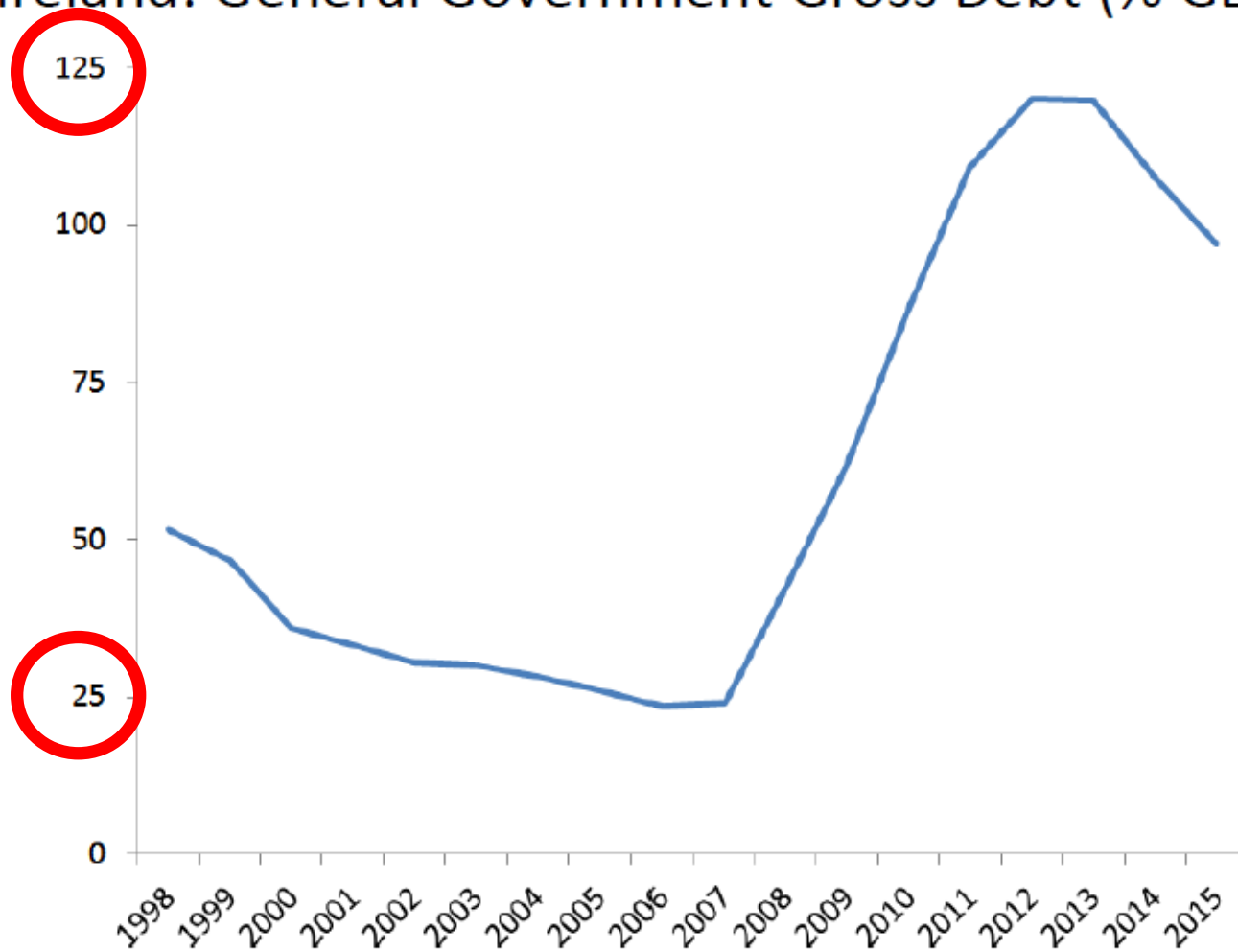


# Czyja nieodpowiedzialność doprowadziła do kryzysu?



# Czyja nieodpowiedzialność doprowadziła do kryzysu?

Ireland: General Government Gross Debt (% GDP)



**Dlaczego strefa euro  
nie była przygotowana  
na kryzys?**

**Dlaczego rząd Irlandii  
musiał **sam** pokryć straty?**

- **Union could only work** if there was an explicit **insurance mechanism**.
- In fact, **economic analysis prior to the start of the Eurozone stressed** that a monetary union should be coupled with a **budgetary union**.
- This was put already in the **MacDoughall report** in the 1970s (EU Commission: Report of the Study Group on the Role of Public Finance in European Integration, Brussels **1977**)

COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT  
OF THE STUDY GROUP ON  
THE ROLE OF PUBLIC FINANCE  
IN EUROPEAN INTEGRATION

Volume I : General Report

Brussels

April 1977



# EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES  
DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS



**STABLE MONEY — SOUND FINANCES**

Community public finance in the  
perspective of EMU

No 53

1993

- **Our proposals were turned down flat** by the majority of nation states, **mostly the richer ones**, who were unhappy to allow any further significant transfer of fiscal competences to the EU.
- The resolution of **financial crises can be fiscally extremely expensive**, for example the recapitalization of failing banks.

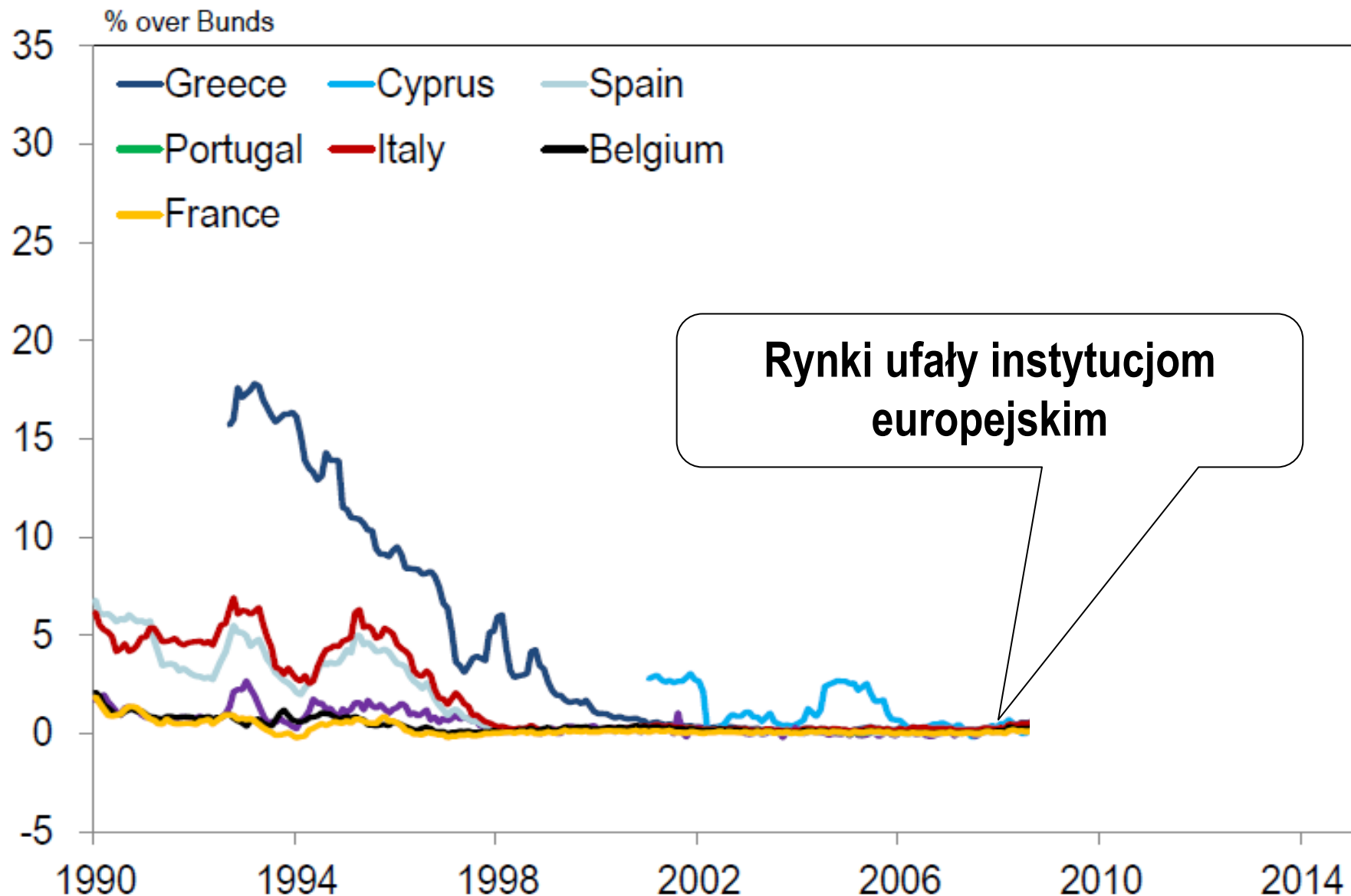
# The Stability and Growth Pact

The architecture of  
fiscal policy in EMU

edited by Anne Brummé, Marco Buti  
and Daniele Franco

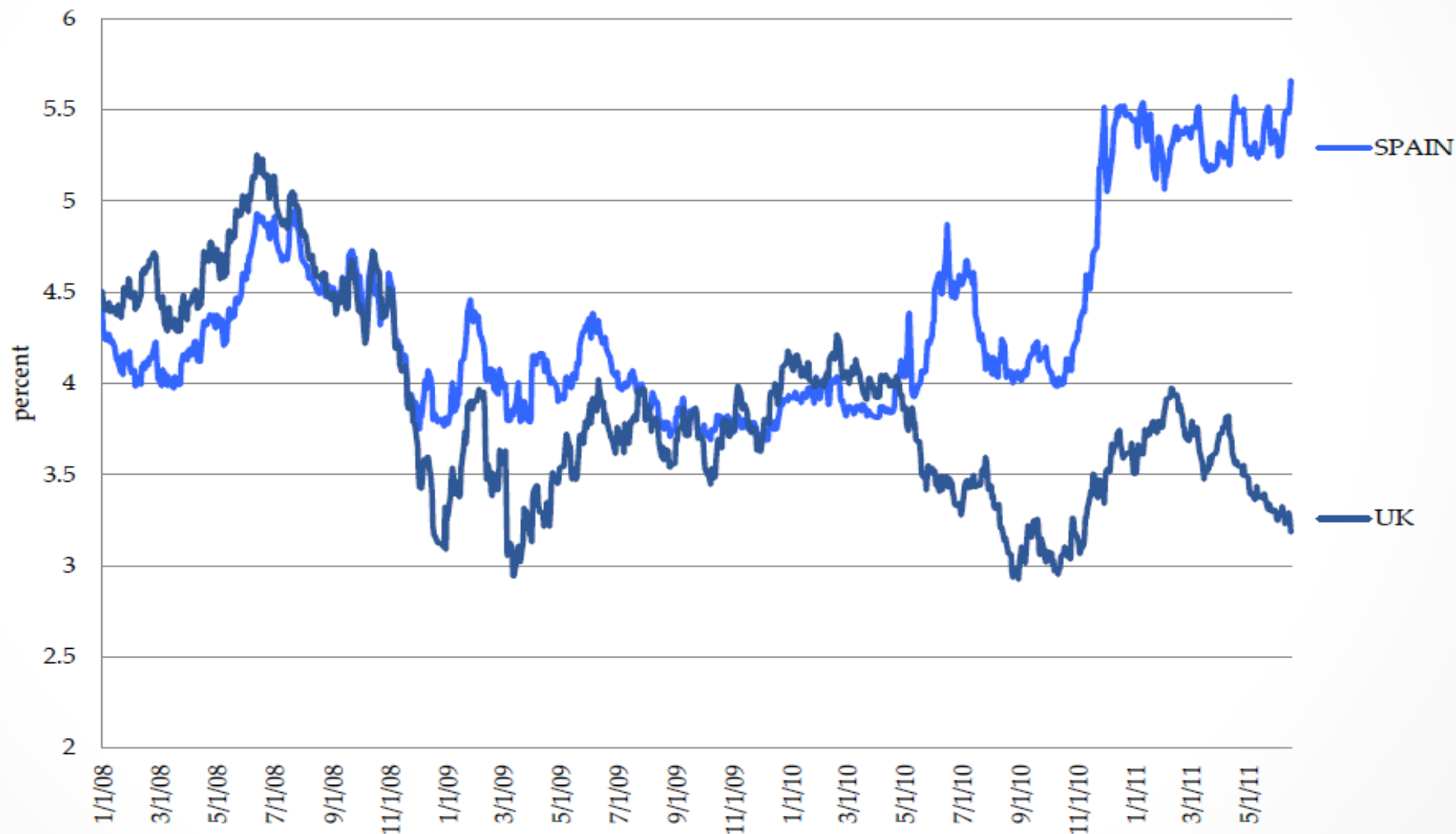


## Euro Area – 10-Year Sovereign Spreads (% over Bunds), 1990-2015

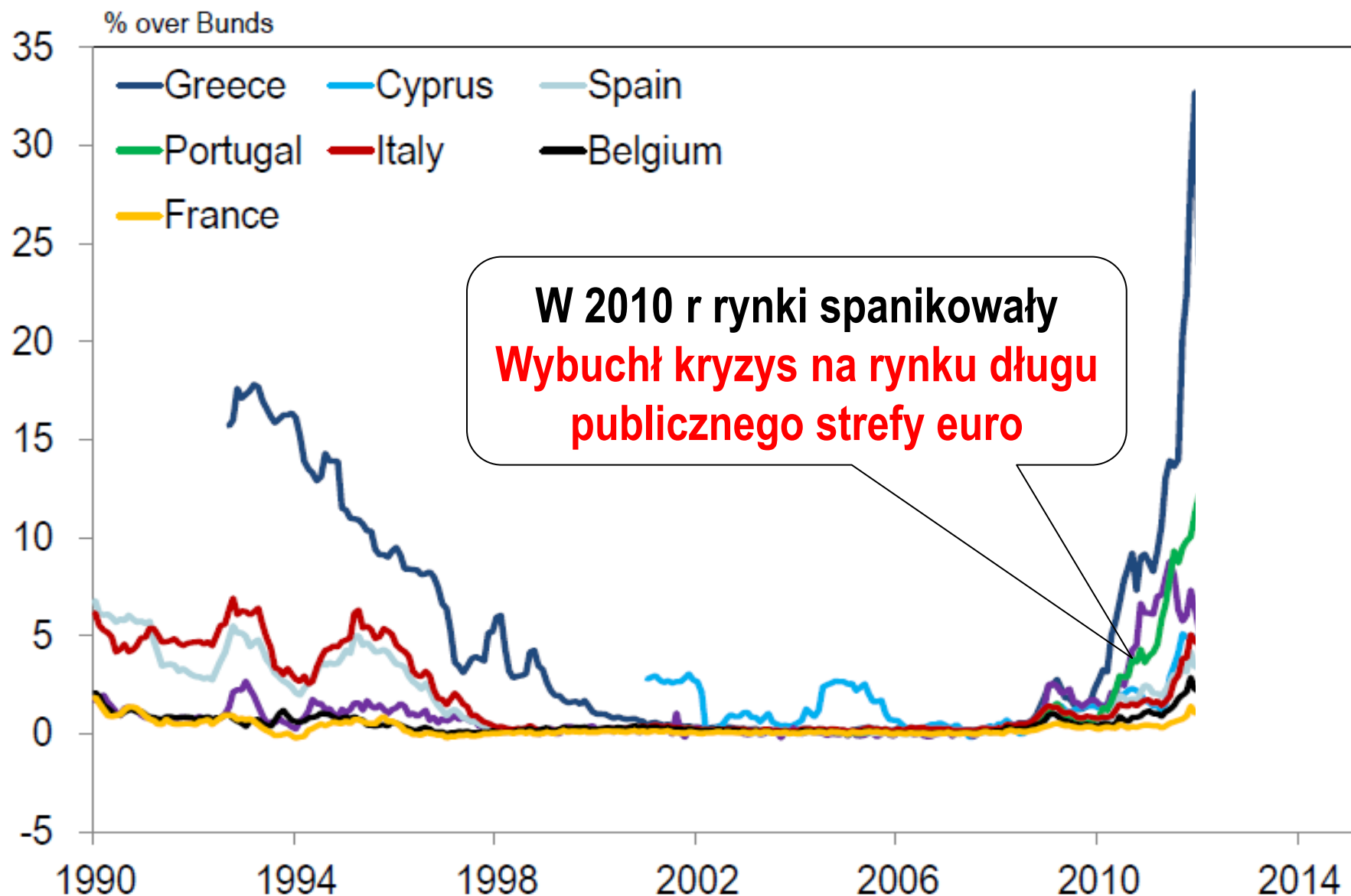


Willem Buiter (2015). The Euro Area: Monetary Union or System of Currency Boards?, Citi Research, 19 March

# 10-Year-Government Bond Yields UK-Spain



## Euro Area – 10-Year Sovereign Spreads (% over Bunds), 1990-2015

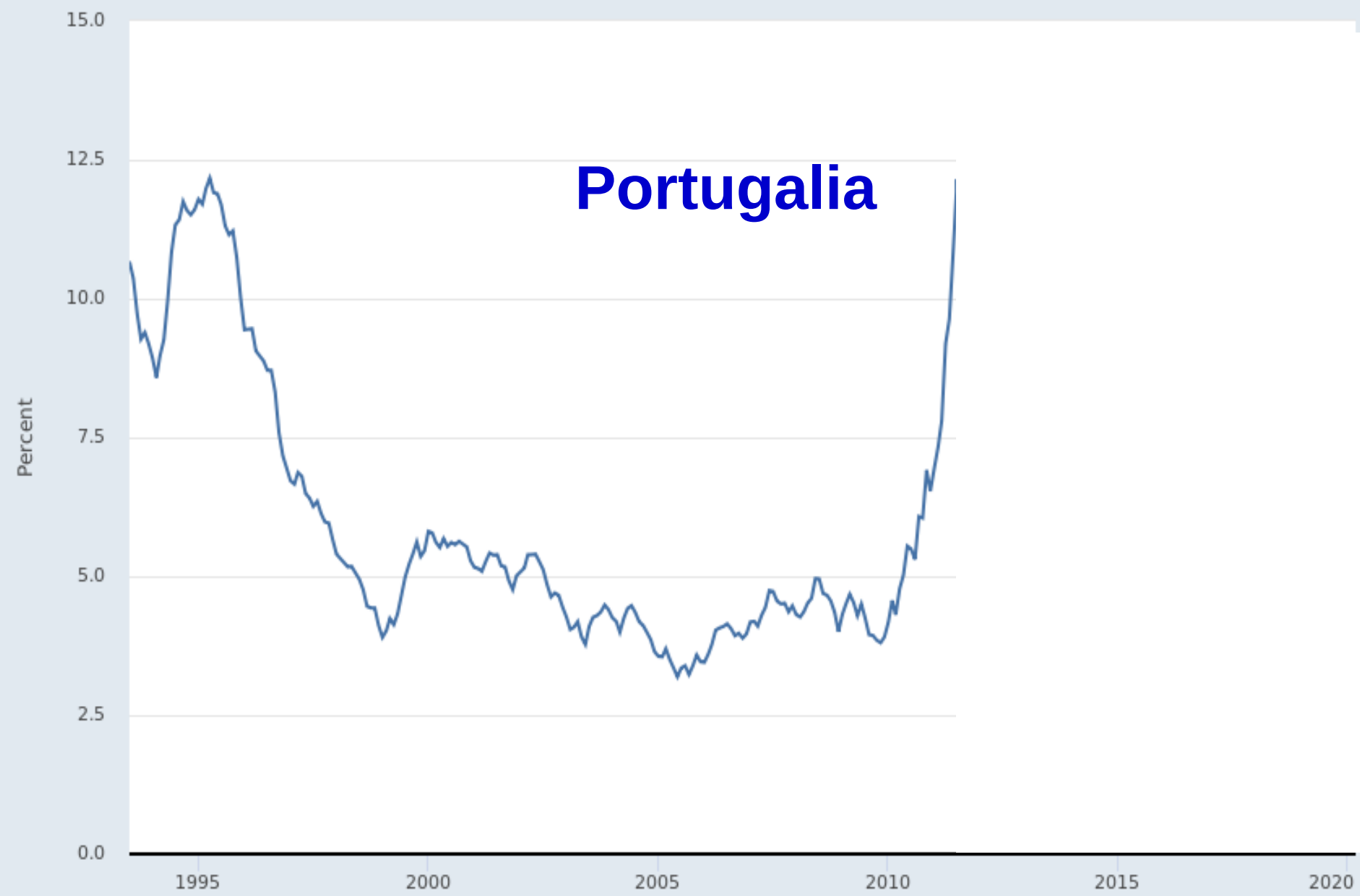


Willem Buiter (2015). The Euro Area: Monetary Union or System of Currency Boards?, Citi Research, 19 March

**Rządy Grecji, Portugalii  
i Irlandii straciły dostęp  
do rynku kapitałowego**



Grecja



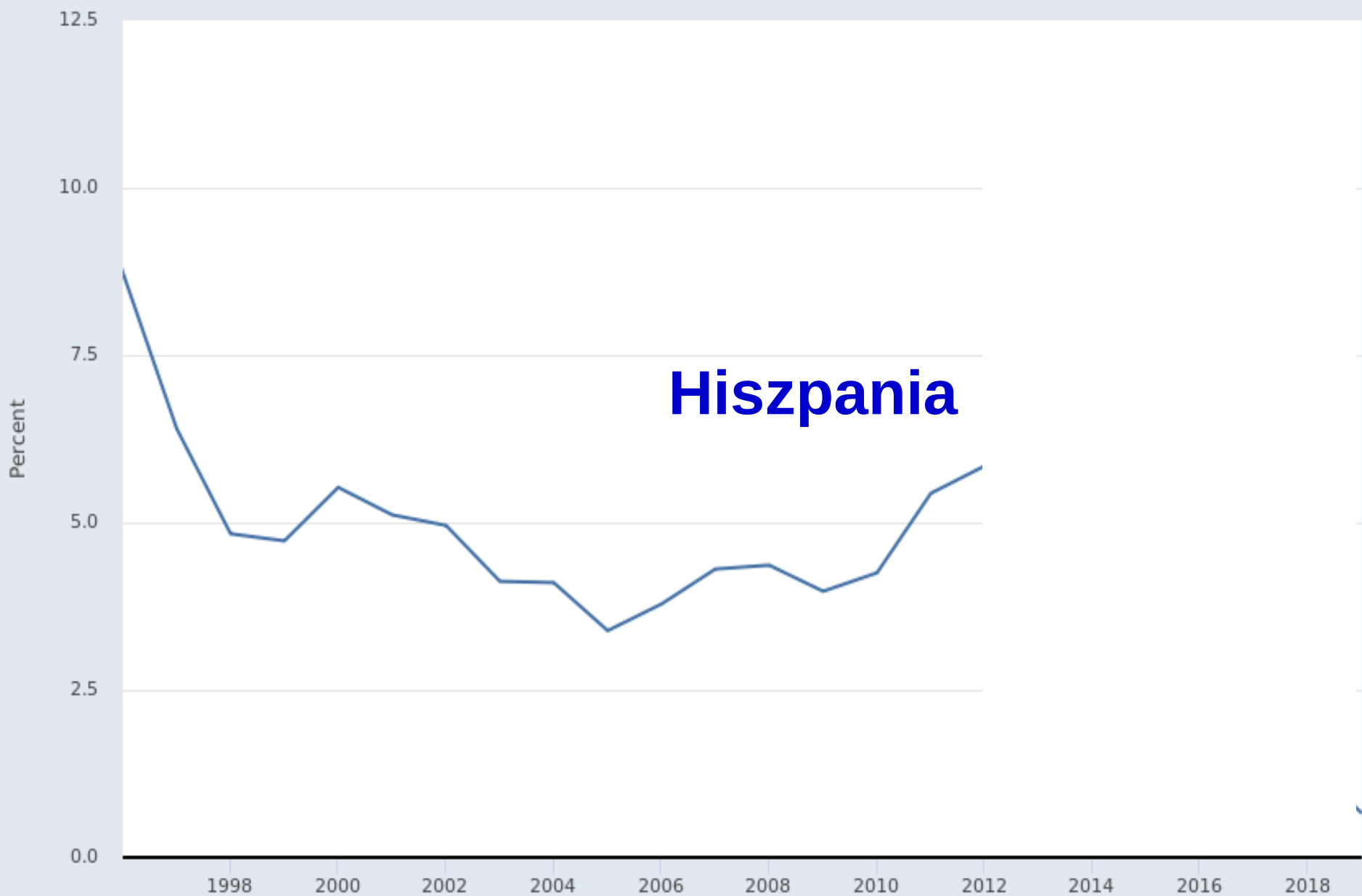
Portugalia



**Irlandia**



**Hiszpania i Włochy  
były blisko znalezienia się  
w podobnej sytuacji**



# Hiszpania

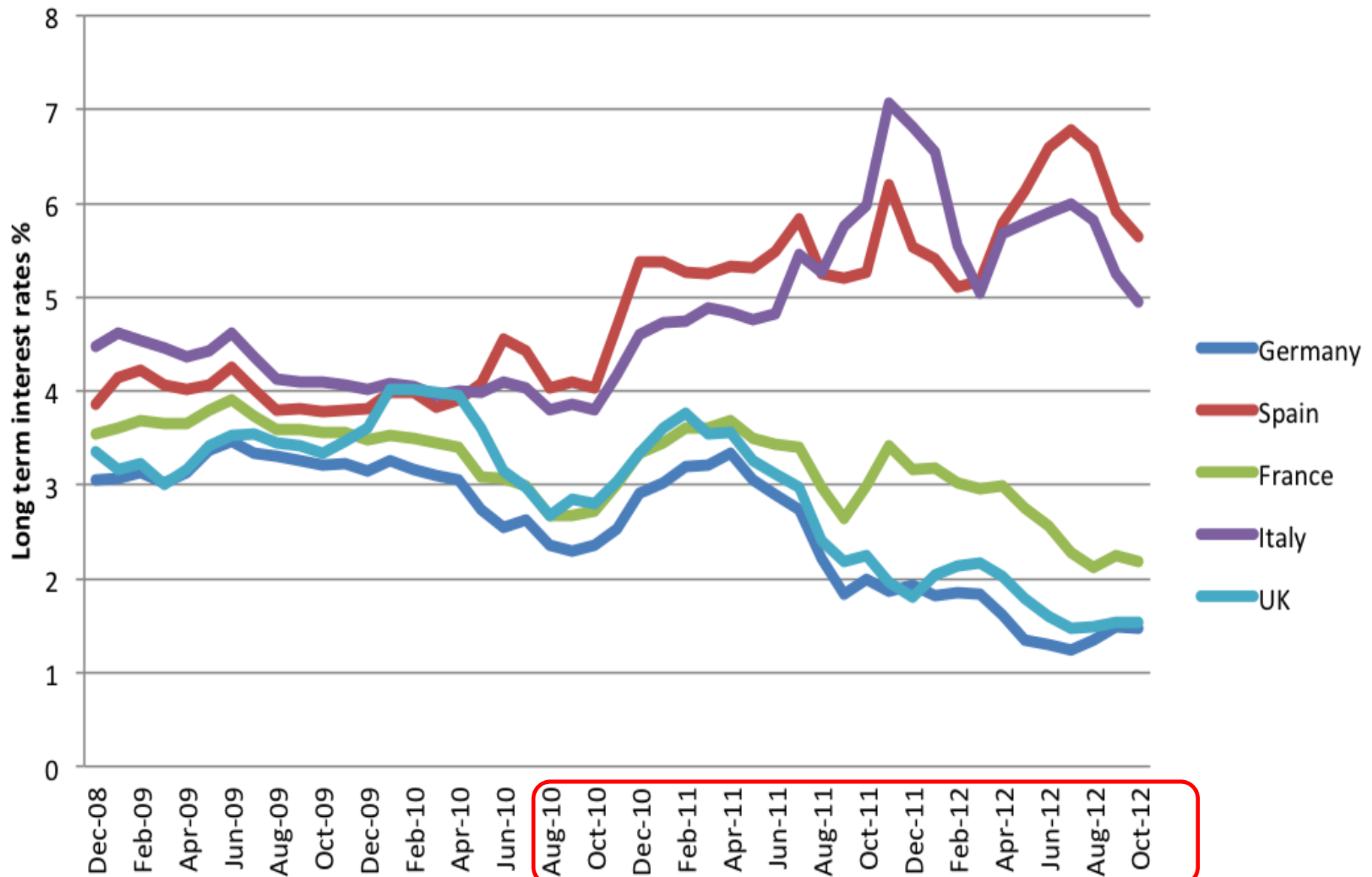


**Włochy**



**Gdzie płynął kapitał  
uciekający z Włoch i Hiszpanii?**

# 10 Year Bond Yields





**Dlaczego ECB  
nie rozpoczął QE już w 2009 r;  
idąc śladem Fedu i BoE?**

# Bank centralny

Pożyczkodawca  
ostatniej instancji  
**dla banków**



Pożyczkodawca  
ostatniej instancji  
**dla rządu**



# EBC

Pożyczkodawca  
ostatniej instancji  
**dla banków**

Brak unii  
politycznej



# ***Diabolic feedback loop***

**Kryzys bankowy**



**Kryzys fiskalny**



**Co uratowało  
strefę euro przez rozpadem?**

„Within our mandate, the  
ECB is ready to do  
**whatever it takes**  
to preserve the euro”

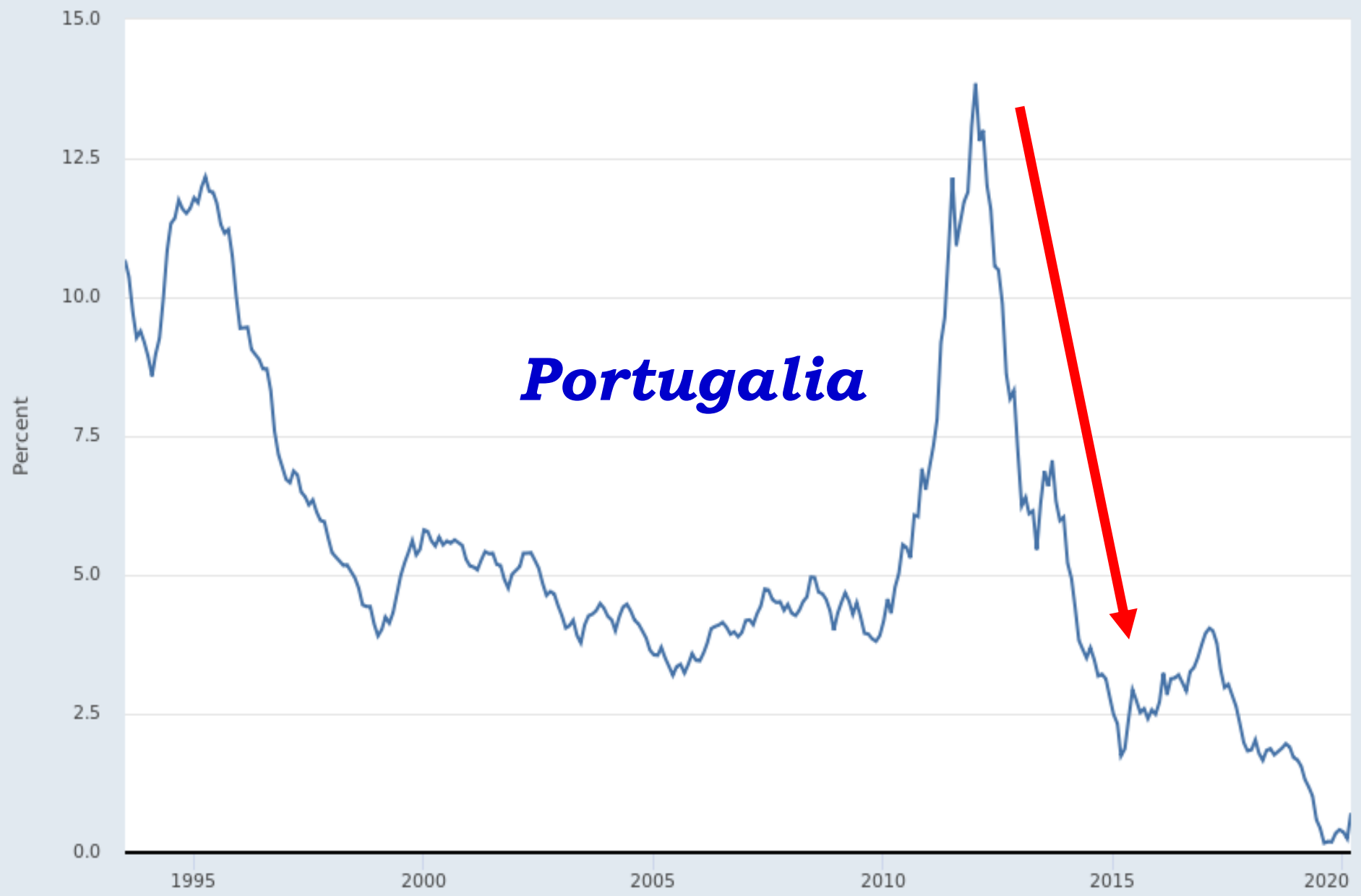
„And believe me, it will be  
enough”



# Italy, Spain spreads v. Germany (2Y)







*Portugalia*

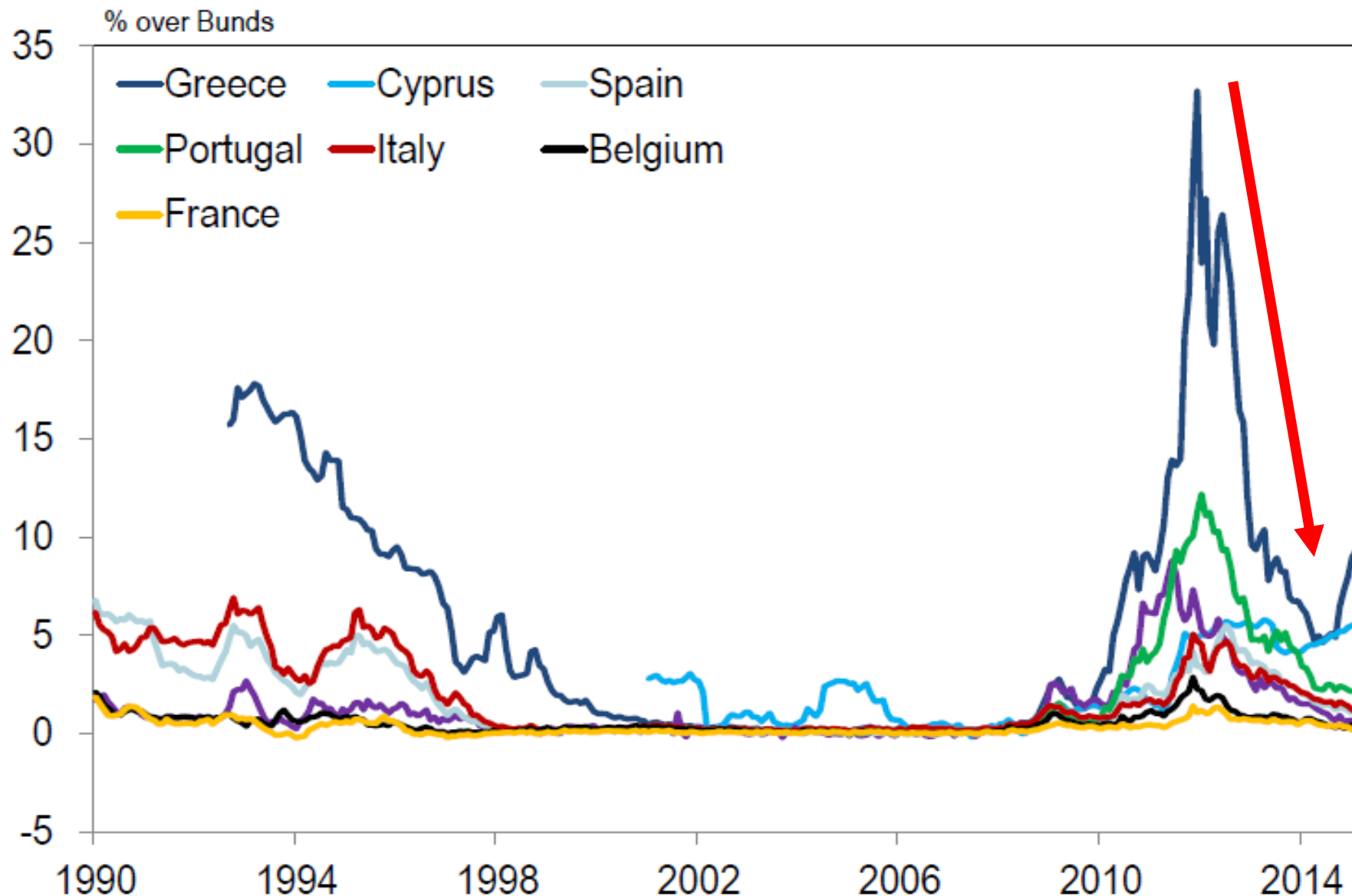


***Irelandia***

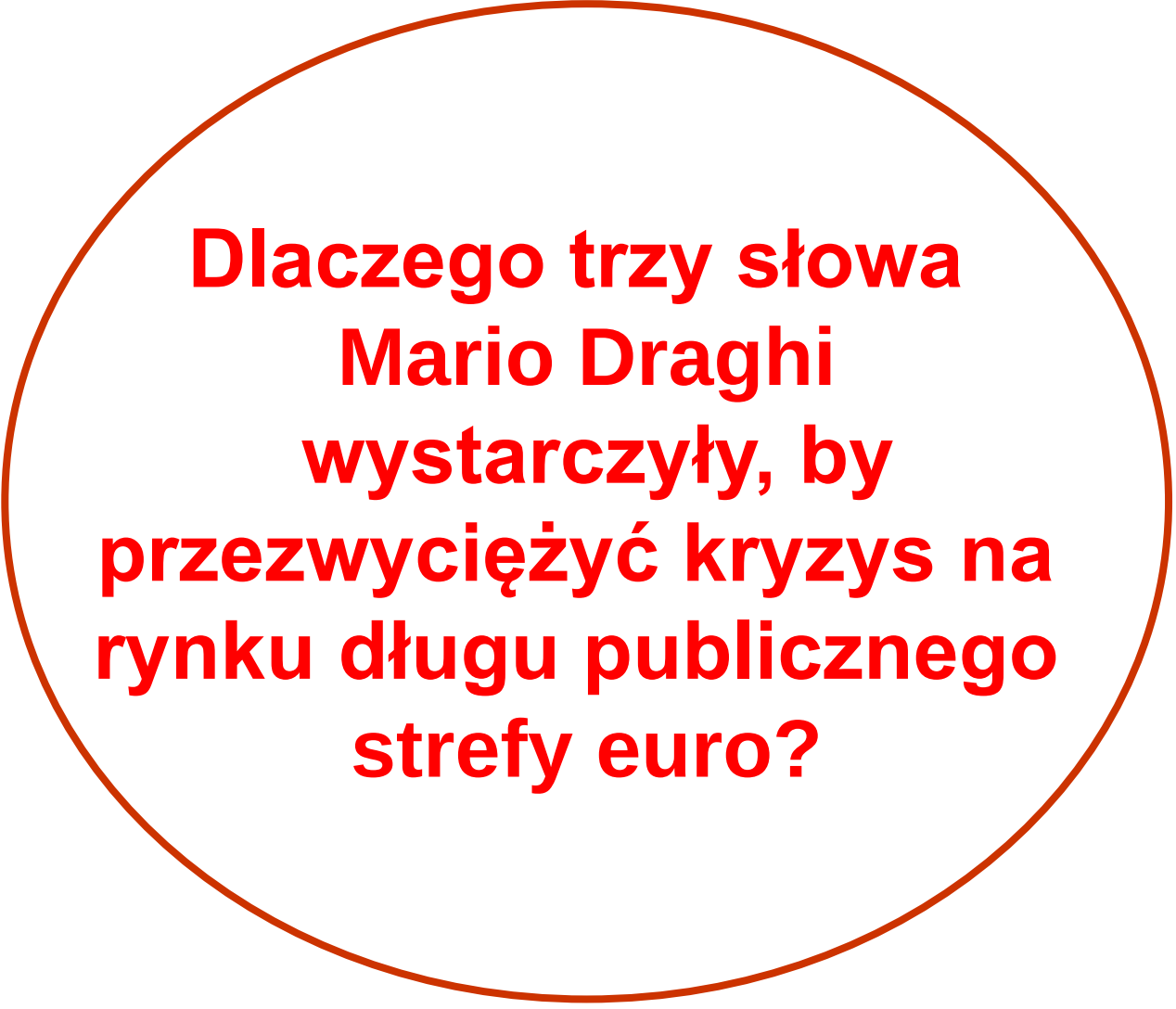




## Euro Area – 10-Year Sovereign Spreads (% over Bunds), 1990-2015



Willem Buiter (2015). The Euro Area: Monetary Union or System of Currency Boards?, Citi Research, 19 March



**Dlaczego trzy słowa  
Mario Draghi  
wystarczyły, by  
przezwyciężyć kryzys na  
rynku długu publicznego  
strefy euro?**

European Stability Mechanism



**Gdyby w 1999 r  
wprowadzono w Europie  
nie tylko wspólną walutę,  
ale także zaczęto emitować  
wspólne obligacje skarbowe,  
kryzysu na rynku długu  
publicznego po prostu  
by nie było.**



**Kto krytykował OMT?**



The German constitutional court has declared the OMT program to be illegal according the EU law. I have argued that this ruling is based on economic theories that should be rejected.

- „**The first one** is efficient market theory. This theory implies that there is no role for the central bank as a lender of last resort, not only in the government bond markets but also in the banking sector. **Financial markets will do the job of providing liquidity to illiquid but solvent banks and sovereigns**”.

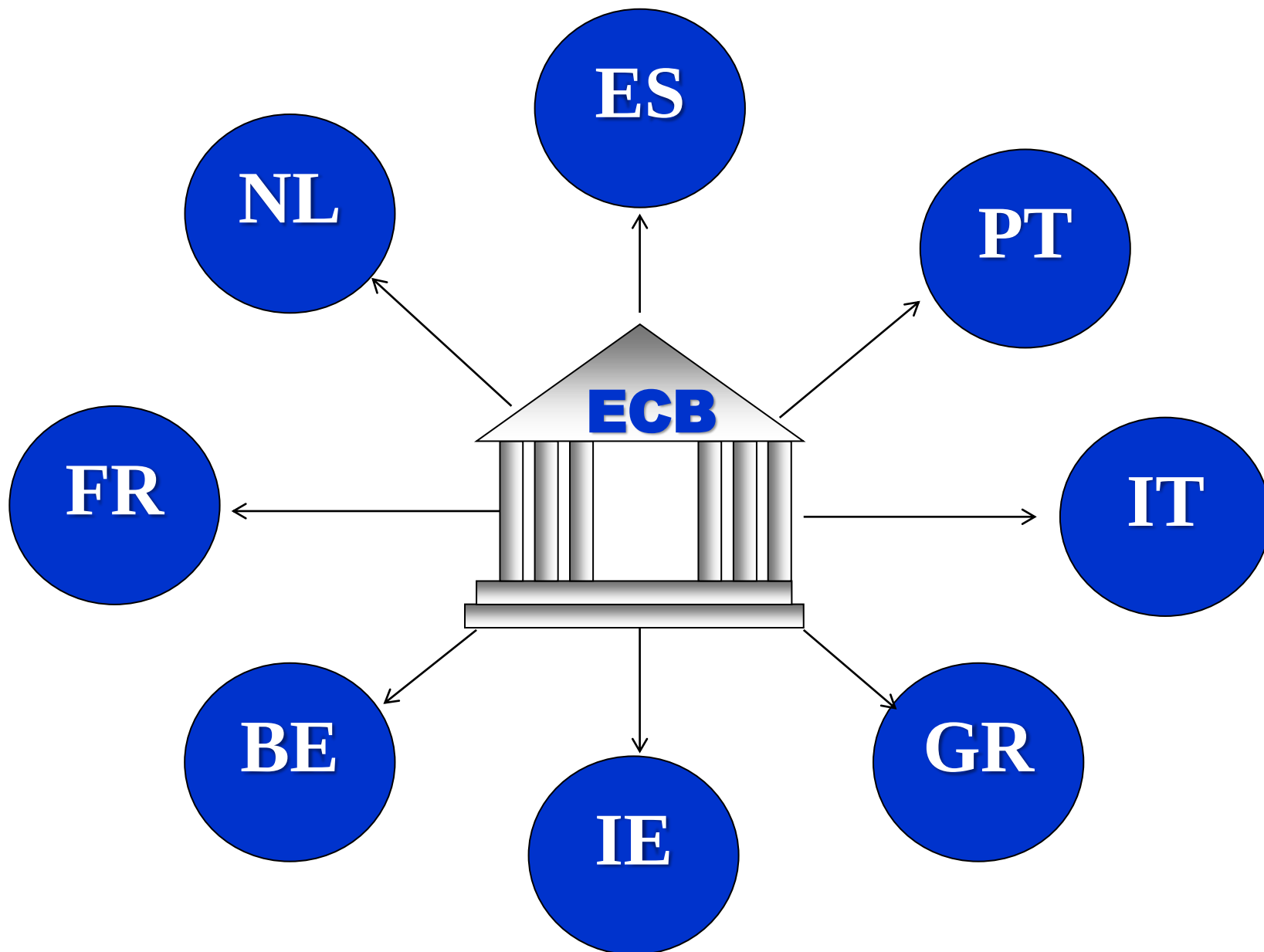
Paul De Grauwe (2014). “Economic theories that influenced the judges of Karlsruhe”, VOX CEPR Policy Portal, 13 March

- Rzeczywistą przyczyną paniki na rynku nie były obawy o niewypłacalność rządów państw strefy euro, lecz to, że **zbyt małe interwencje ECB** spowodują skokowy wzrost kosztów obsługi długu publicznego i konieczność restruktryzacji jego spłat.

Jeśli sama tylko zapowiedź OMT uspokoiła sytuację, to znaczy, że **rynki nie miały obaw o długoterminową wypłacalność państw dłużniczych strefy euro**



**Dlaczego nie interweniowały  
krajowe banki centralne  
strefy euro?**



The German constitutional court has declared the OMT program to be illegal according to the EU law. I have argued that this ruling is based on economic theories that should be rejected.

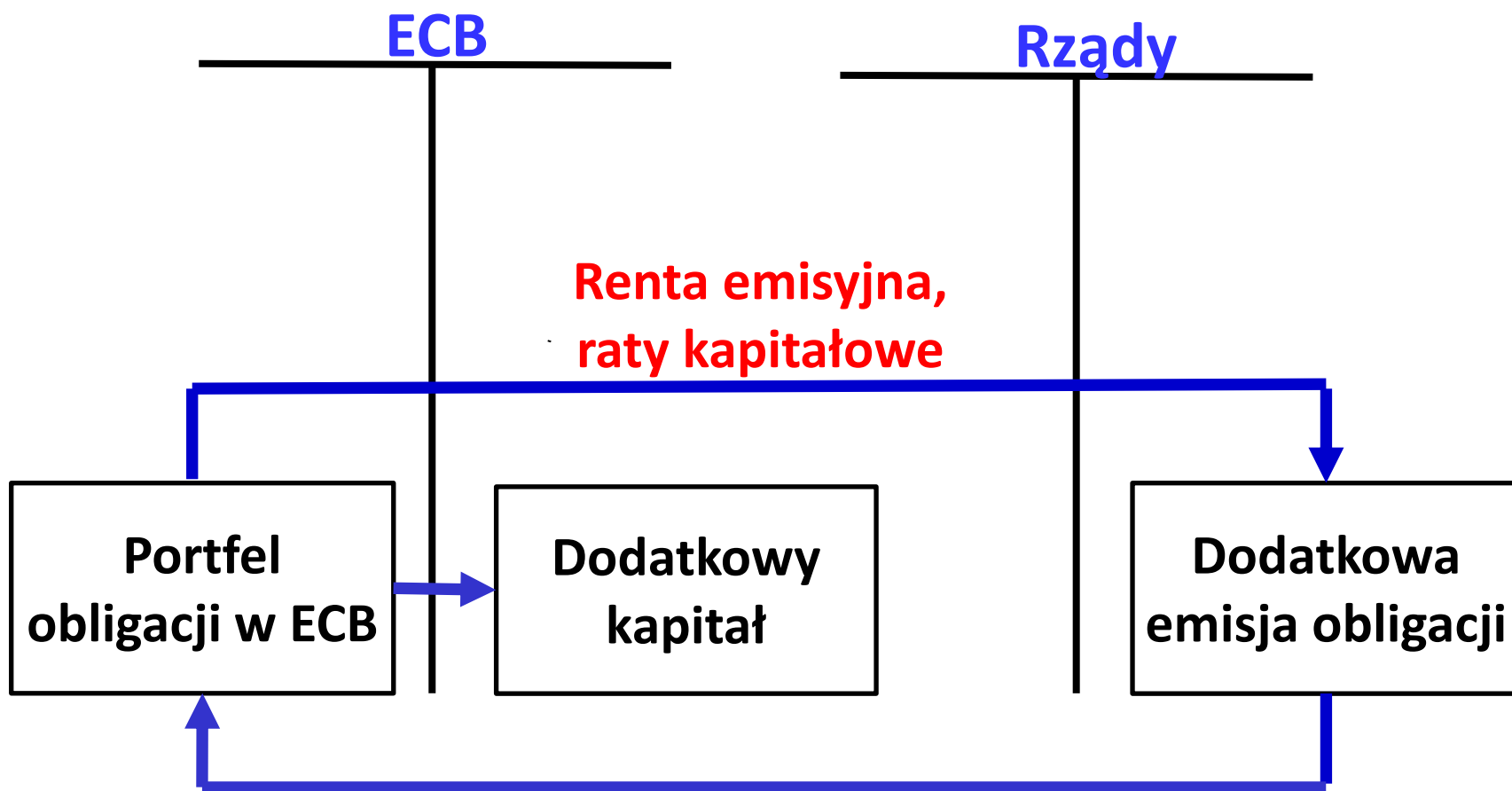
- „The second theory is that **central banks should have positive equity** to be able to function. According to this view negative equity of central banks implies that governments (**taxpayers**) **will have to** step in to save (**recapitalize**) the central bank. This view should be rejected. In a fiat money system central banks do not need equity”.

Paul De Grauwe (2014). “Economic theories that influenced the judges of Karlsruhe”, VOX CEPR Policy Portal, 13 March

- Banki centralne **Szwajcarii, Czech, Chile, Izraela i Niemiec** funkcjonowały, czasami długo, z ujemnym kapitałem i nie spowodowało to wzrostu premii za ryzyko na ich rynkach obligacji.
- Banki centralne mogą funkcjonować mając ujemne kapitały, ponieważ emitują płynne rezerwy - **prawnie obowiązujący środek płatniczy** – a więc w każdej sytuacji mogą sfinansować swoje operacje.



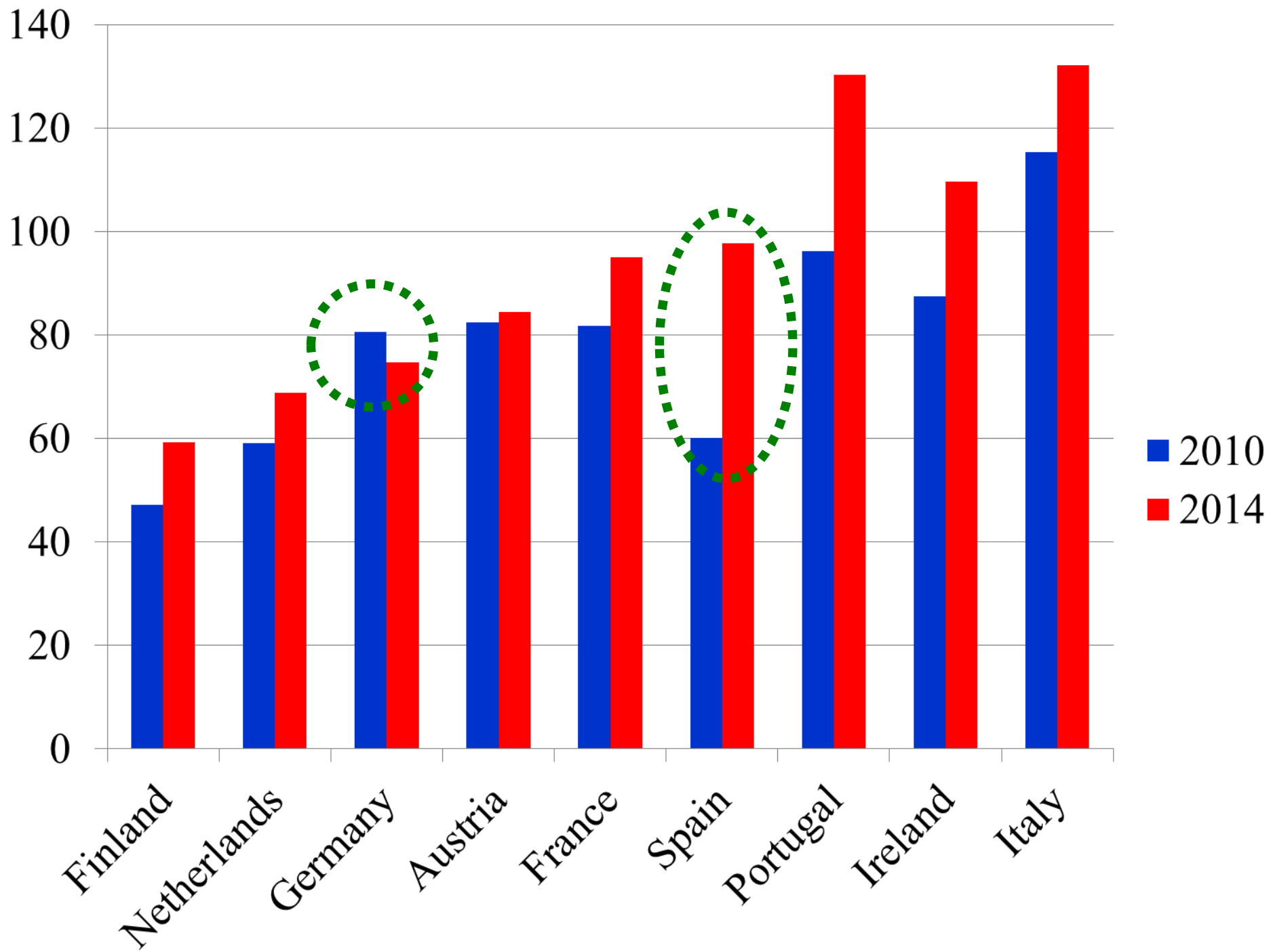
**Jak można byłoby pokryć  
straty EBC  
bez angażowania  
pieniędzy podatników?**



„A recapitalization of the ECB would be a **pure bookkeeping operation**. It would not require Eurozone citizens to pay more taxes” (Paul De Grauwe 2014)



**Co zastosowano zamiast QE?**



## PODEJŚCIE USA I UK

**Stopniowe  
zaostwienie  
polityki  
fiskalnej**

**Trwałe  
ożywienie**

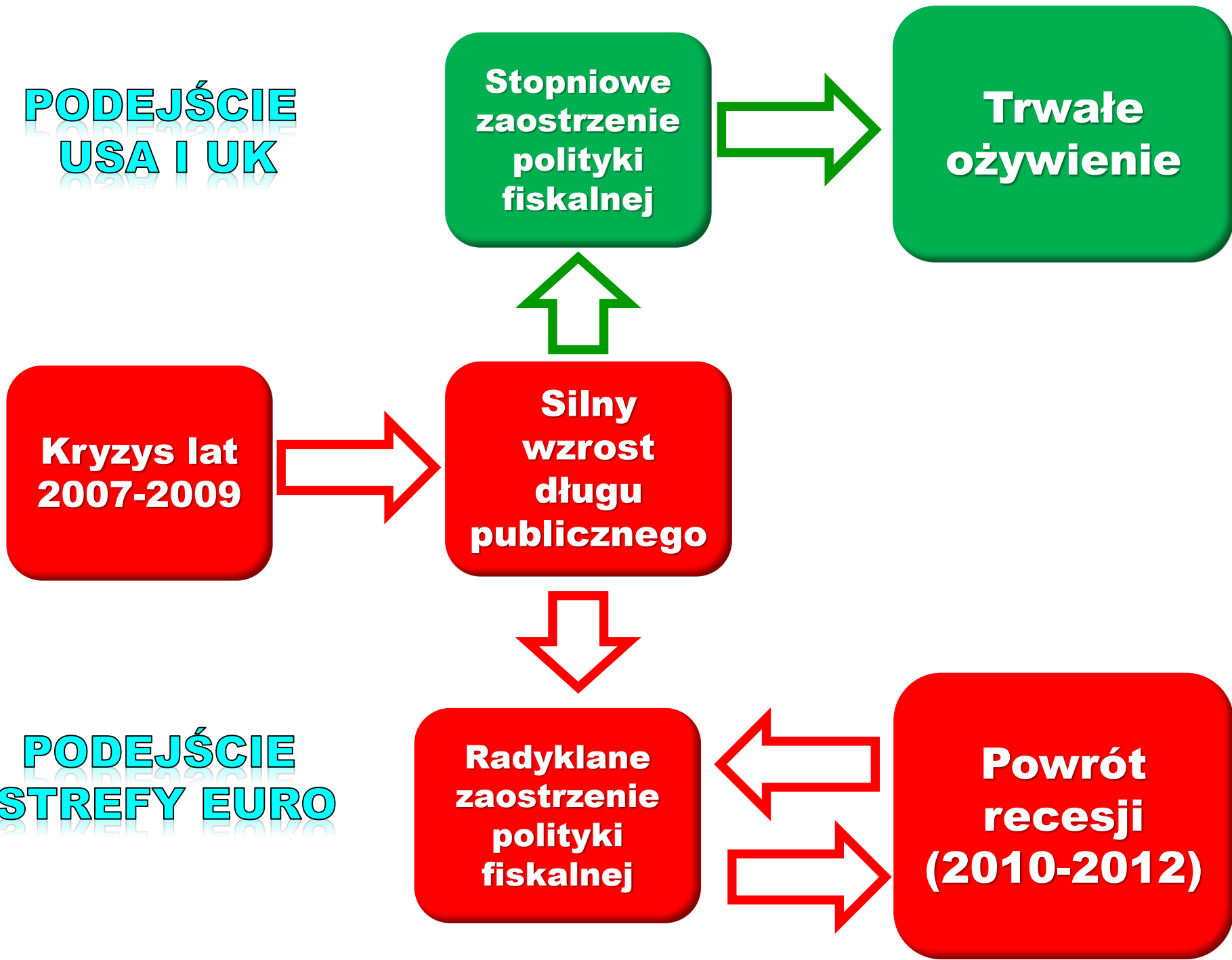
**Kryzys lat  
2007-2009**

**Silny  
wzrost  
długu  
publicznego**

## PODEJŚCIE STREFY EURO

**Radyklane  
zaostwienie  
polityki  
fiskalnej**

**Powrót  
recesji  
(2010-2012)**





**Dlaczego w roku 2015 ECB  
podjął QE pomimo spadku  
stóp wywołanego  
ogłoszeniem OMT?**

# PADRE

## Politically Acceptable Debt Restructuring in the Eurozone

Pierre Pâris and Charles Wyplosz

ICMB INTERNATIONAL CENTER  
FOR MONETARY  
AND BANKING STUDIES



ECB

Obligacje  
skarbowe

Renta emisyjna  
i reinwestowanie  
rat kapitałowych

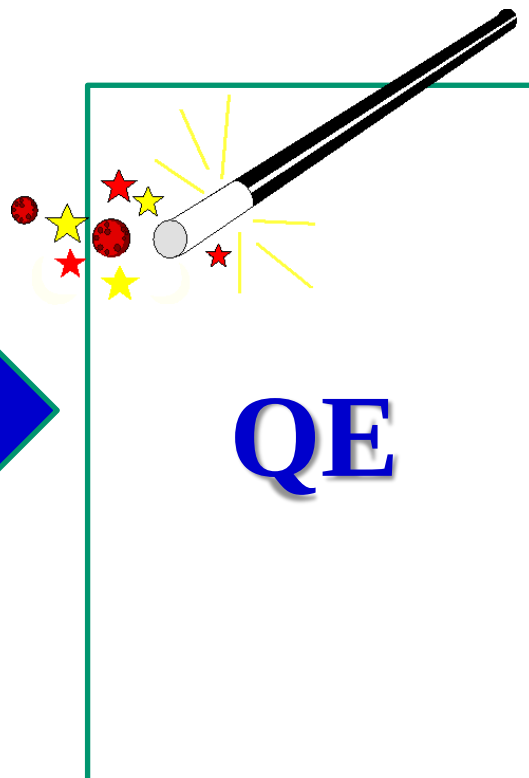
Płatności  
kuponowe i rat  
kapitałowych

Rządy krajowe

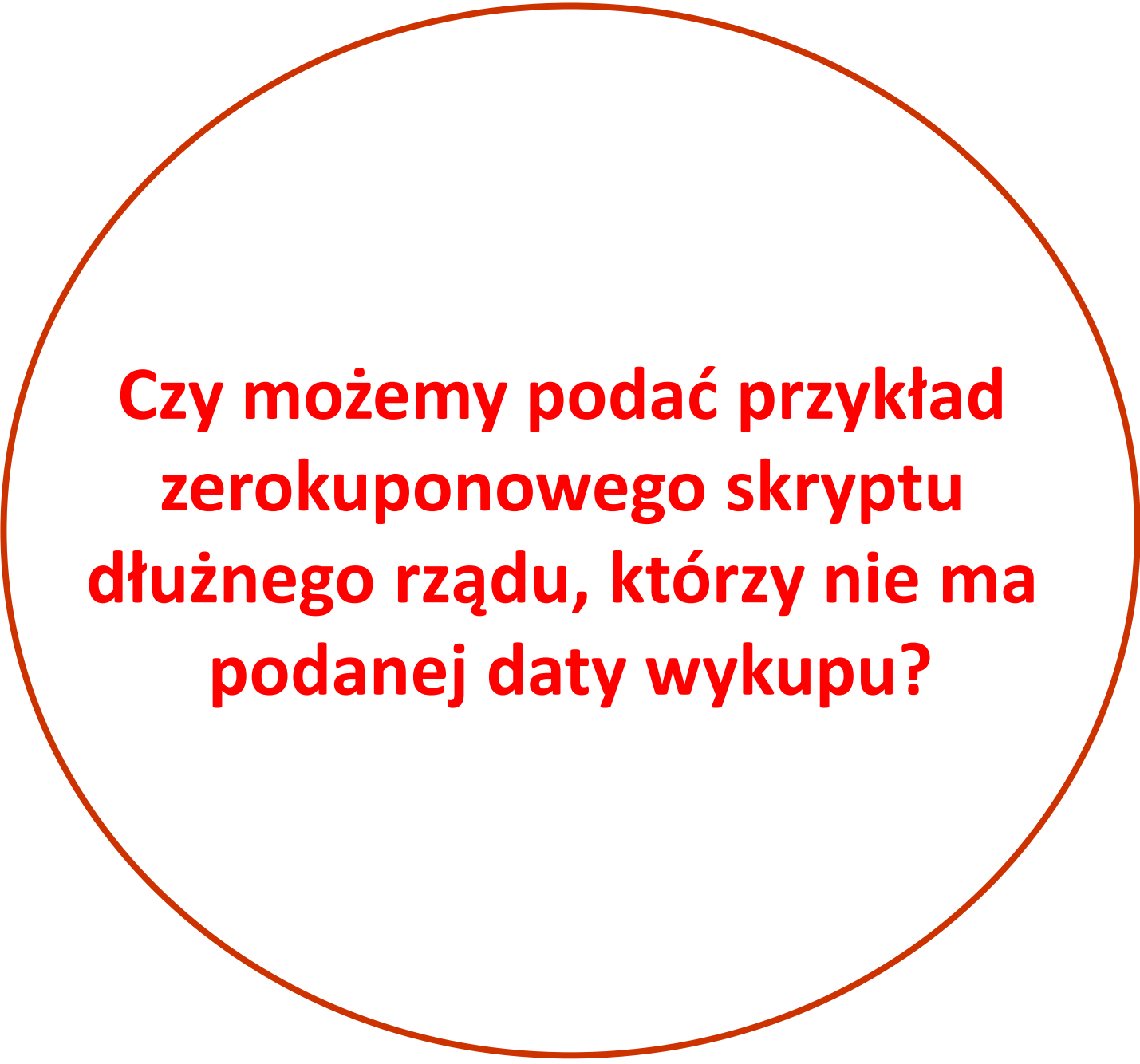
Dług publiczny



**Obligacje  
skarbowe**

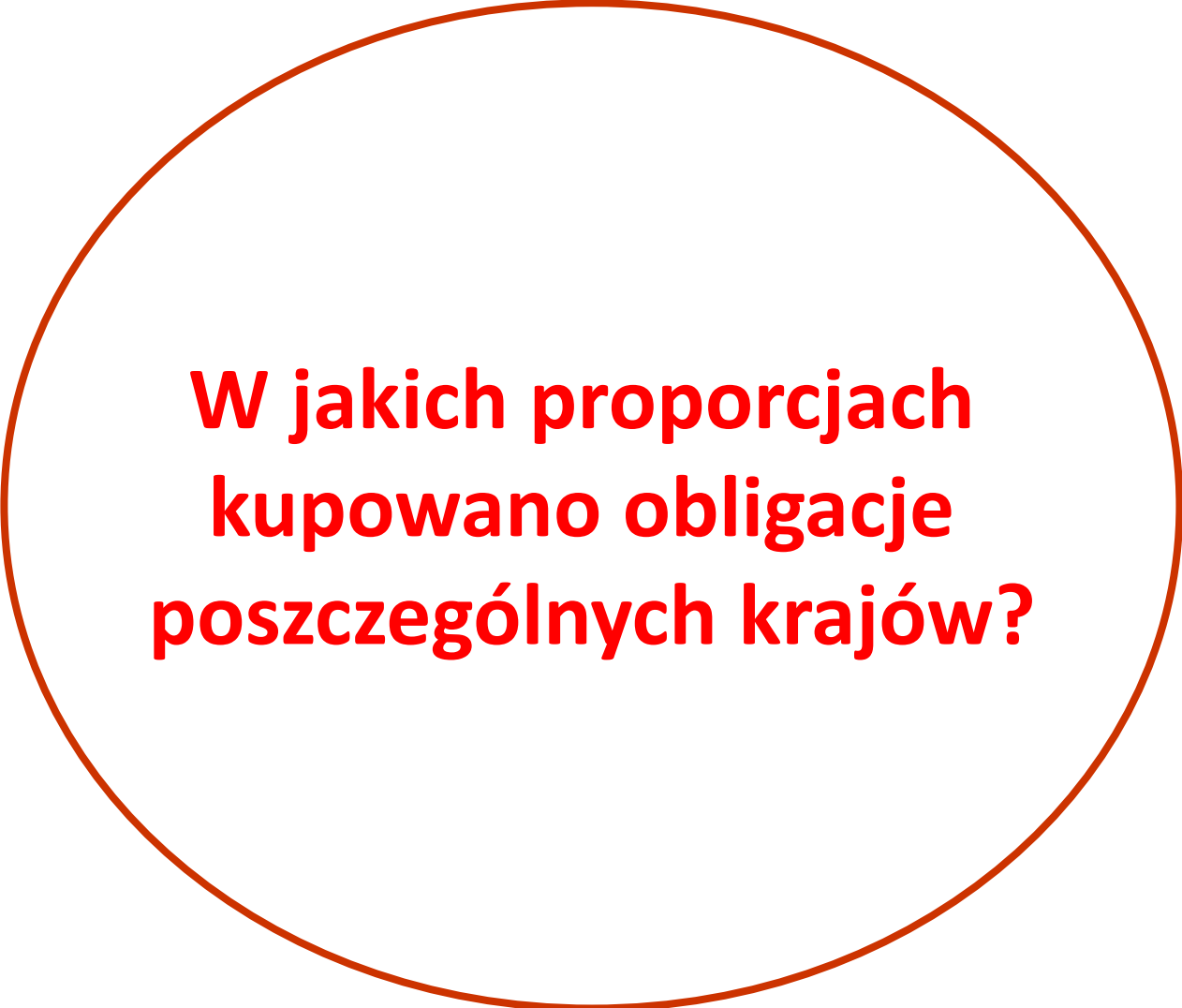


**Zero-  
kuponowe  
konsole**



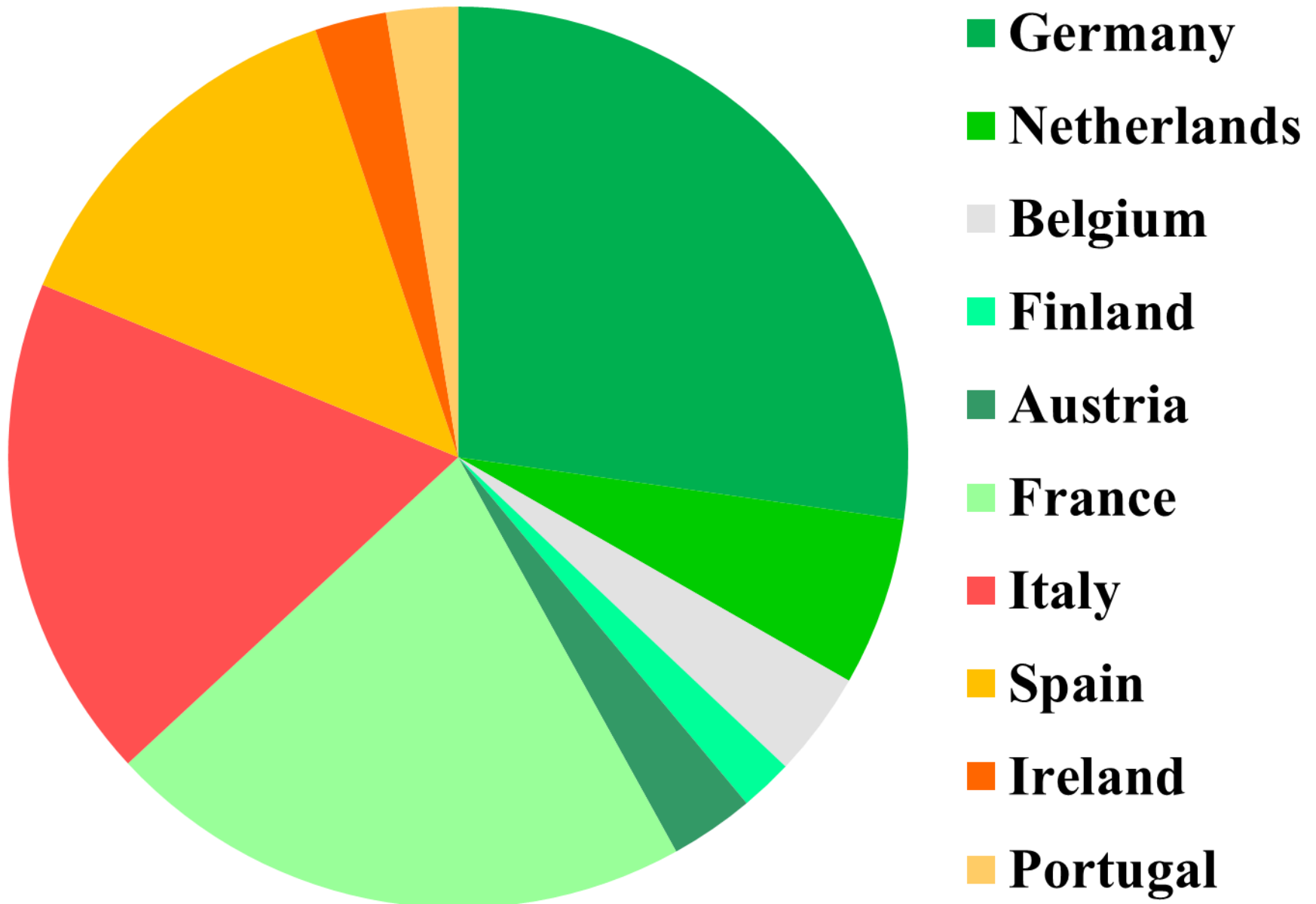
**Czy możemy podać przykład  
zerokuponowego skryptu  
dłużnego rzędu, którzy nie ma  
podanej daty wykupu?**

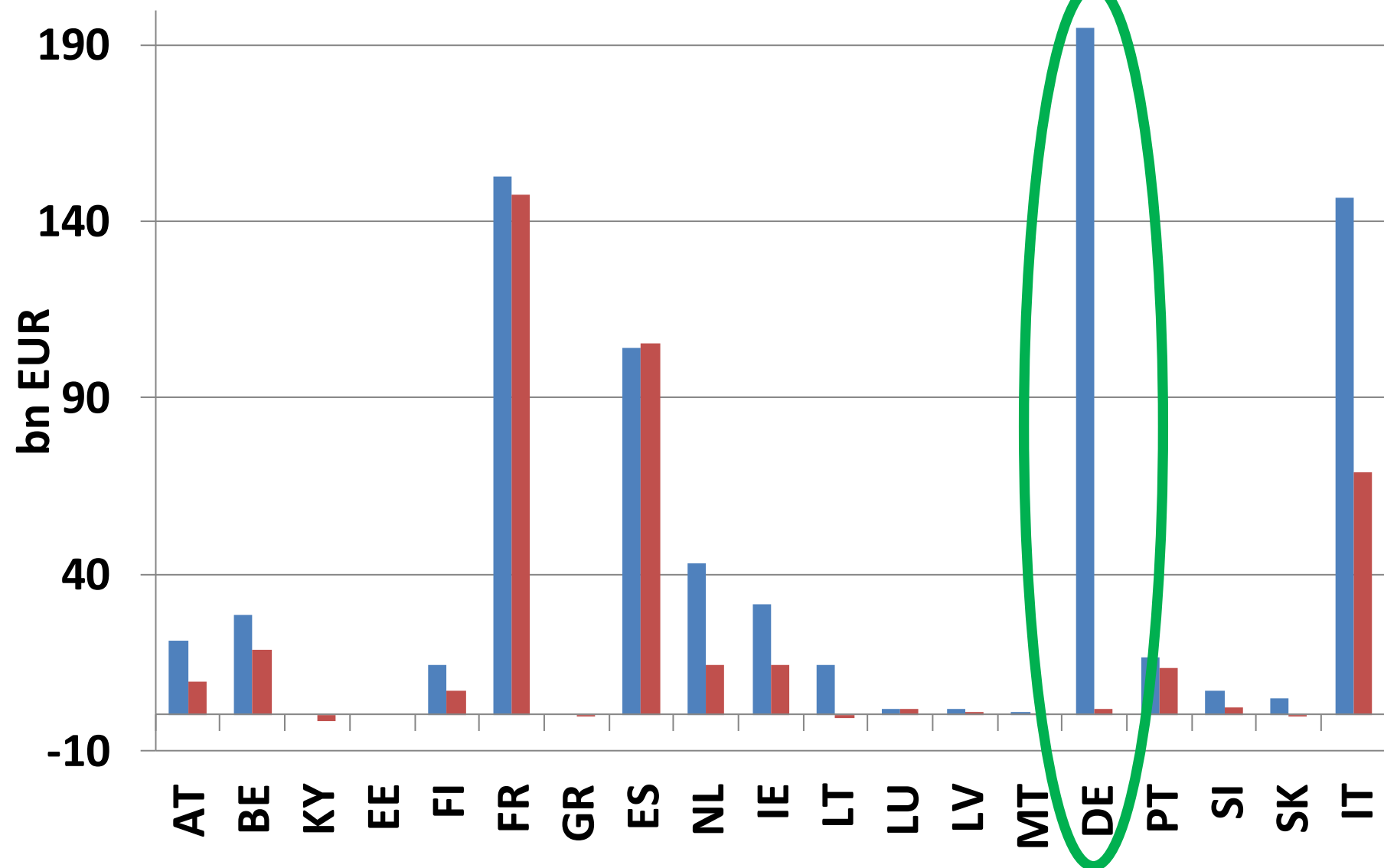




**W jakich proporcjach  
kupowano obligacje  
poszczególnych krajów?**

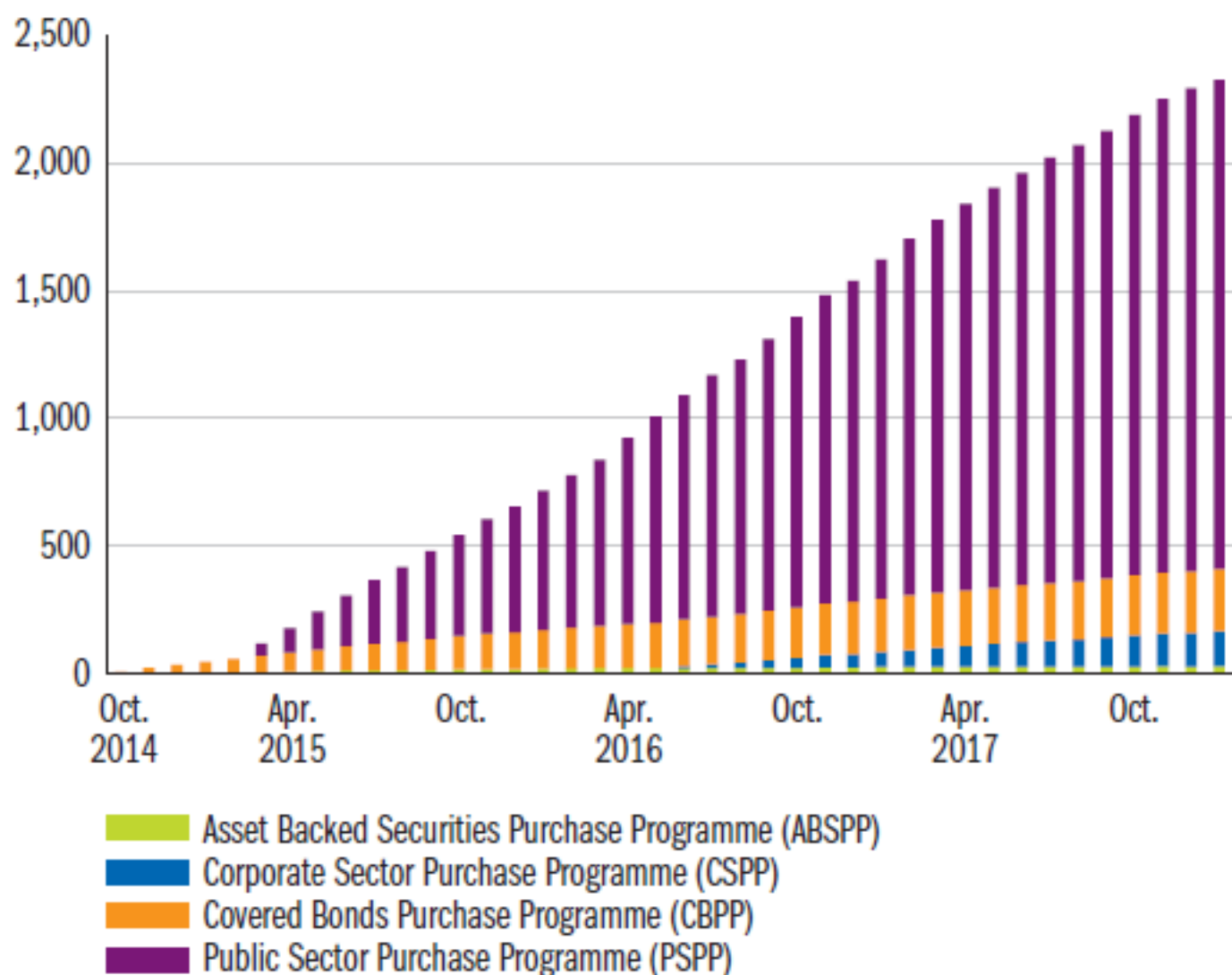
# Klucz kapitałowy ECB





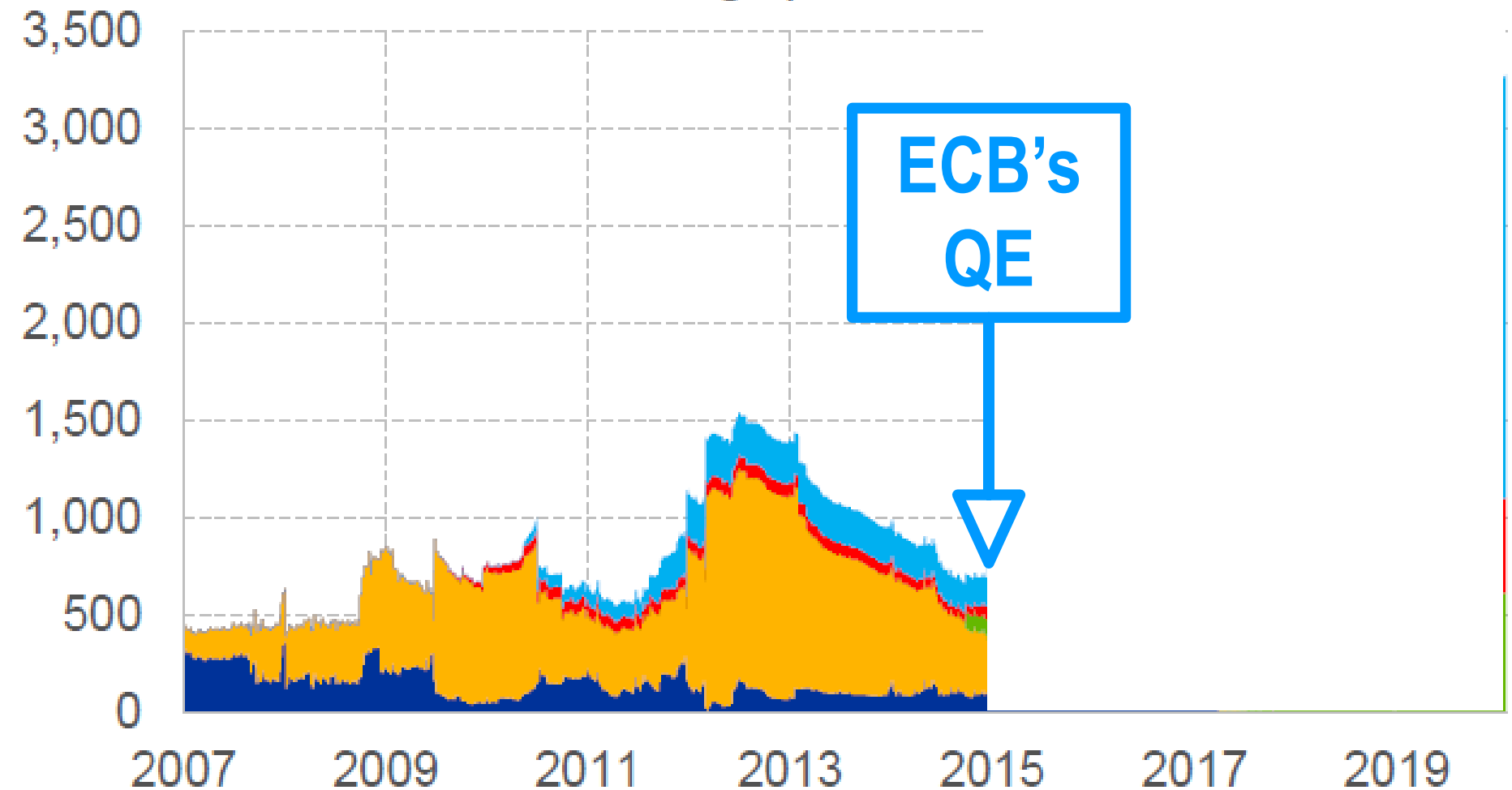
# Breakdown of total APP purchases

(EUR billions)

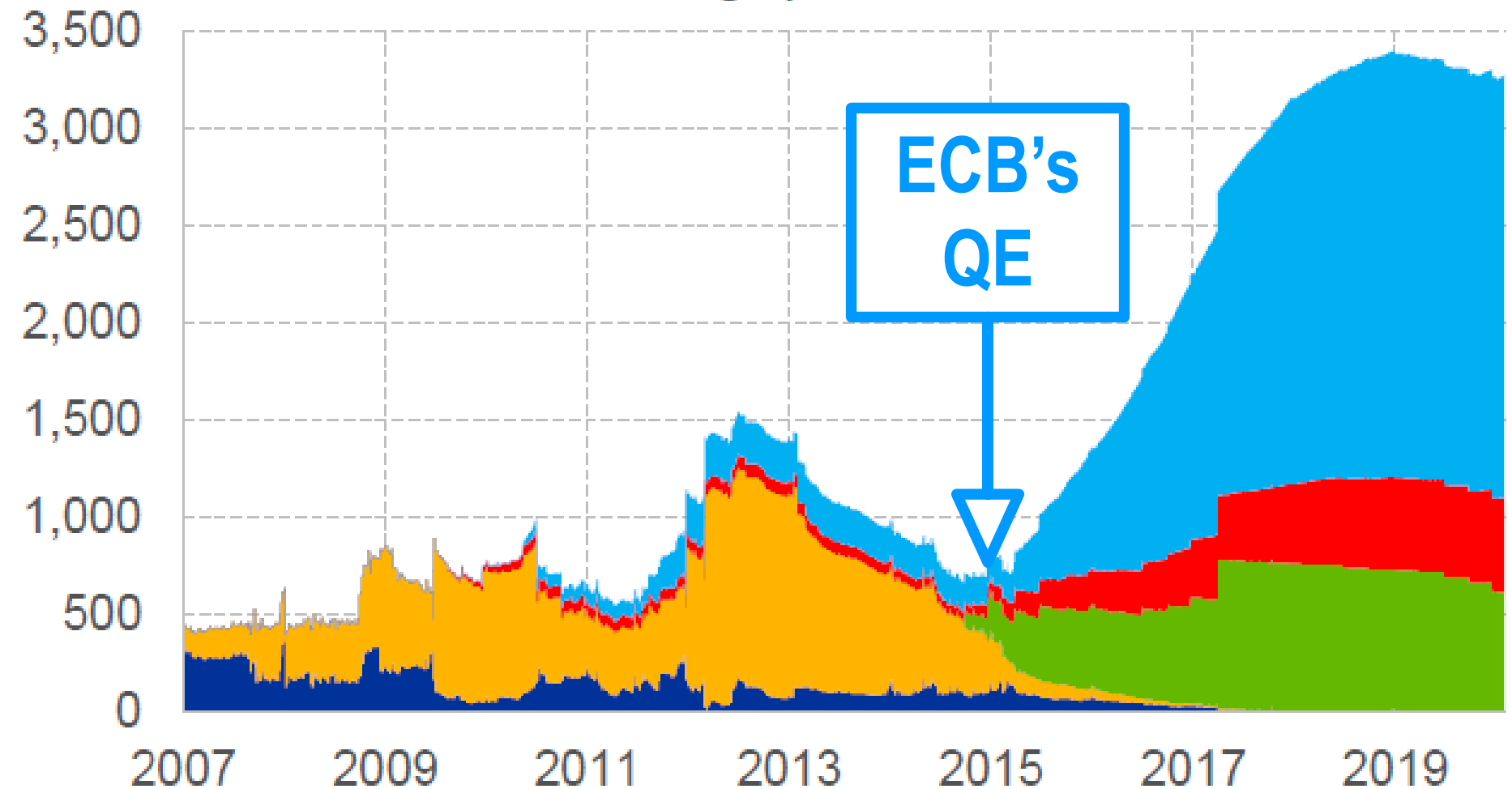


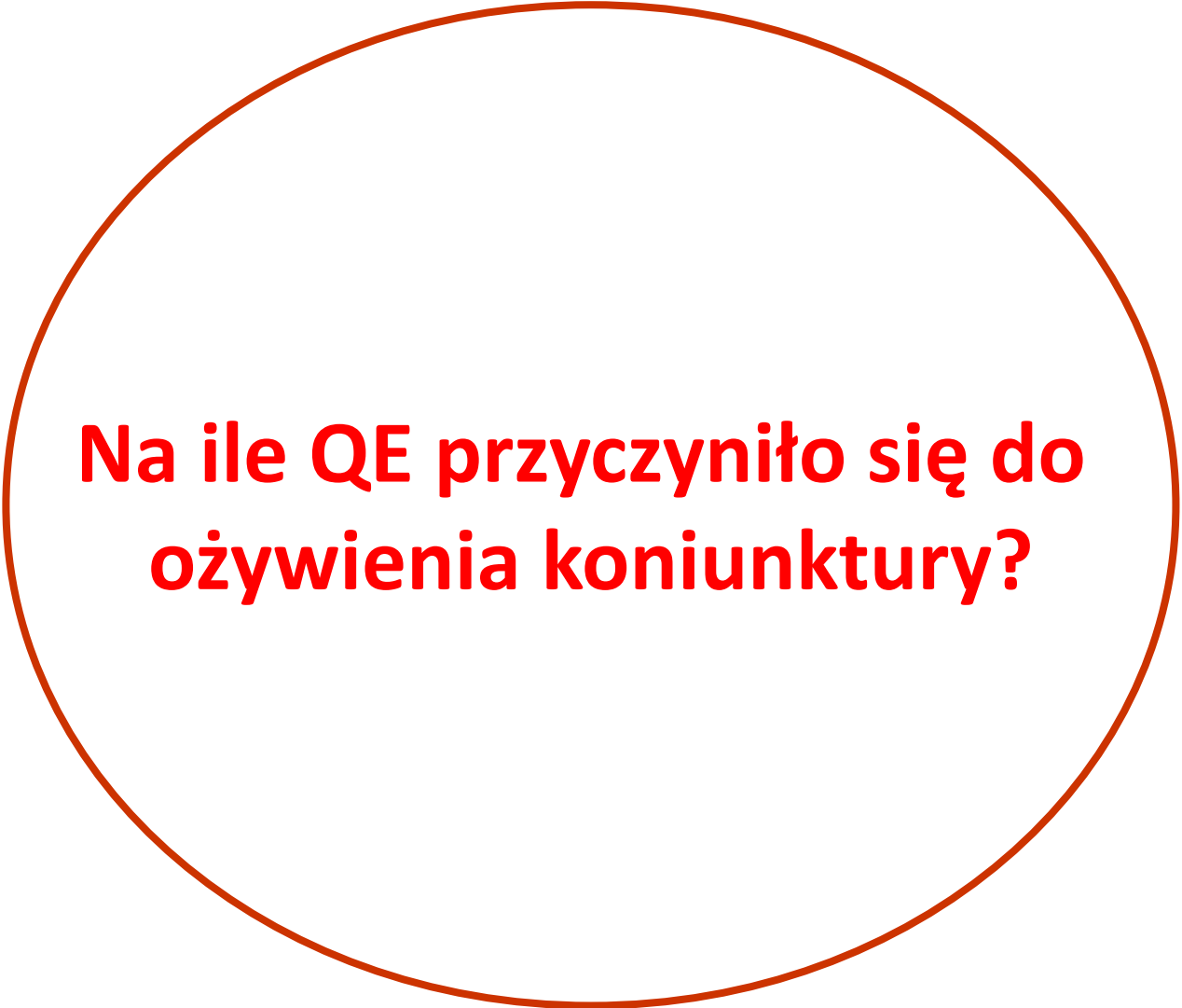
Source: European Central Bank.

- Purchases of public sector securities
- Purchases of private sector securities
- TLTROs
- LTROs
- Main refinancing operations



- Purchases of public sector securities
- Purchases of private sector securities
- TLTROs
- LTROs
- Main refinancing operations





**Na ile QE przyczyniło się do  
ożywienia koniunktury?**

**Spadek cen  
nieruchomości**



**Delewarowanie**

**Wzrost  
deficytów  
budżetowych**



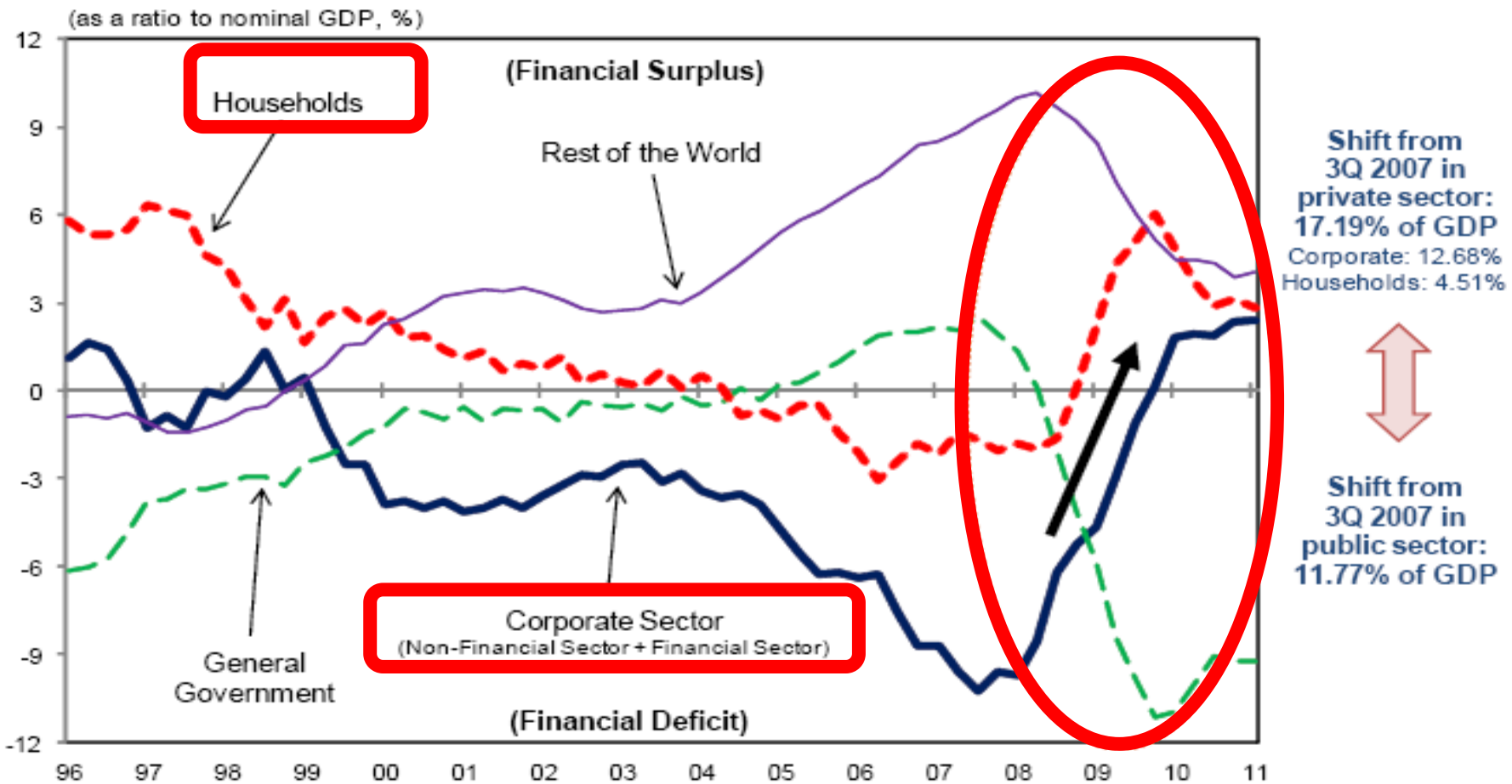
**Automatyczne stabilizatory  
koniunktury**



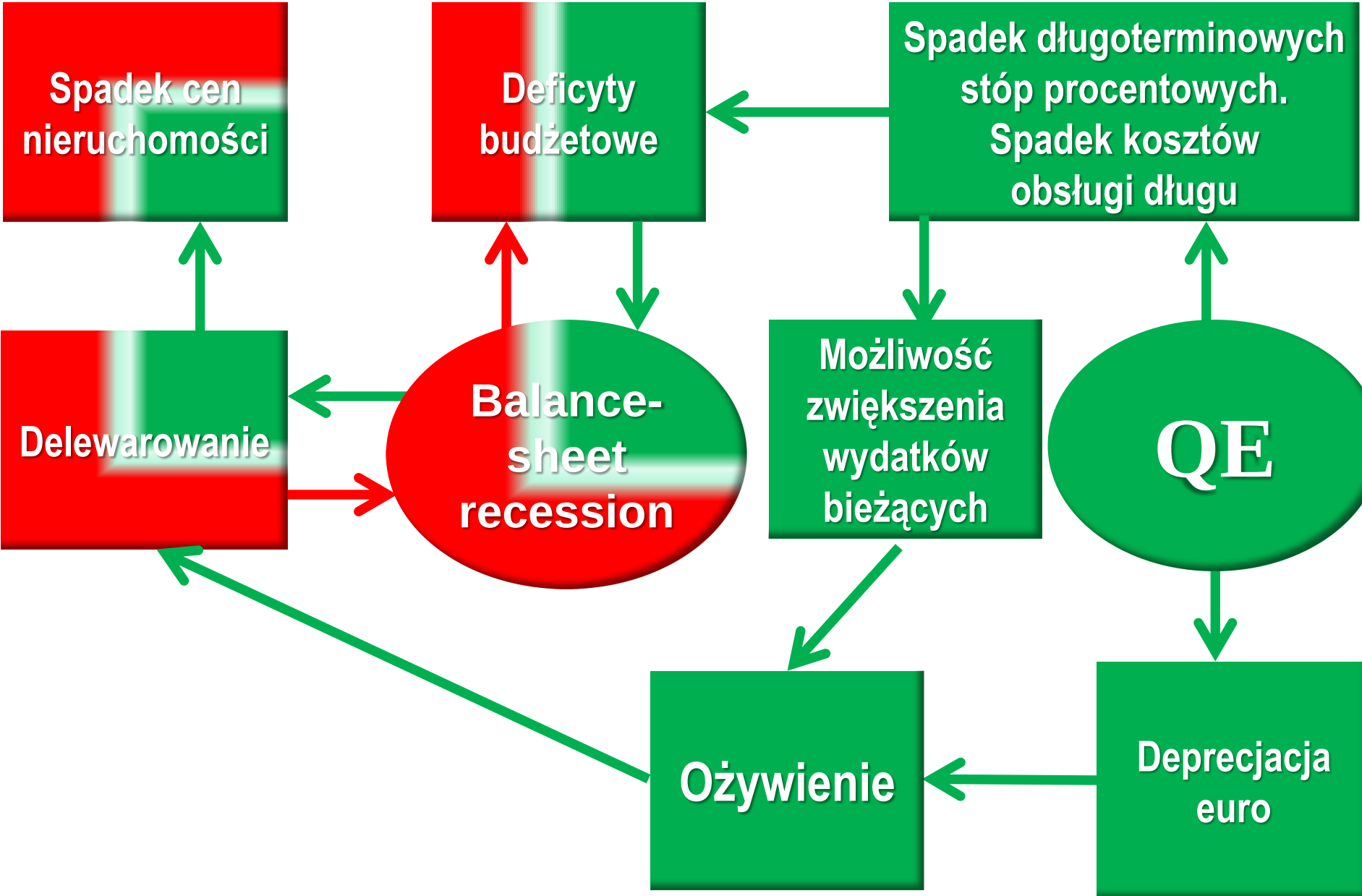
**Balance-  
sheet  
recession**

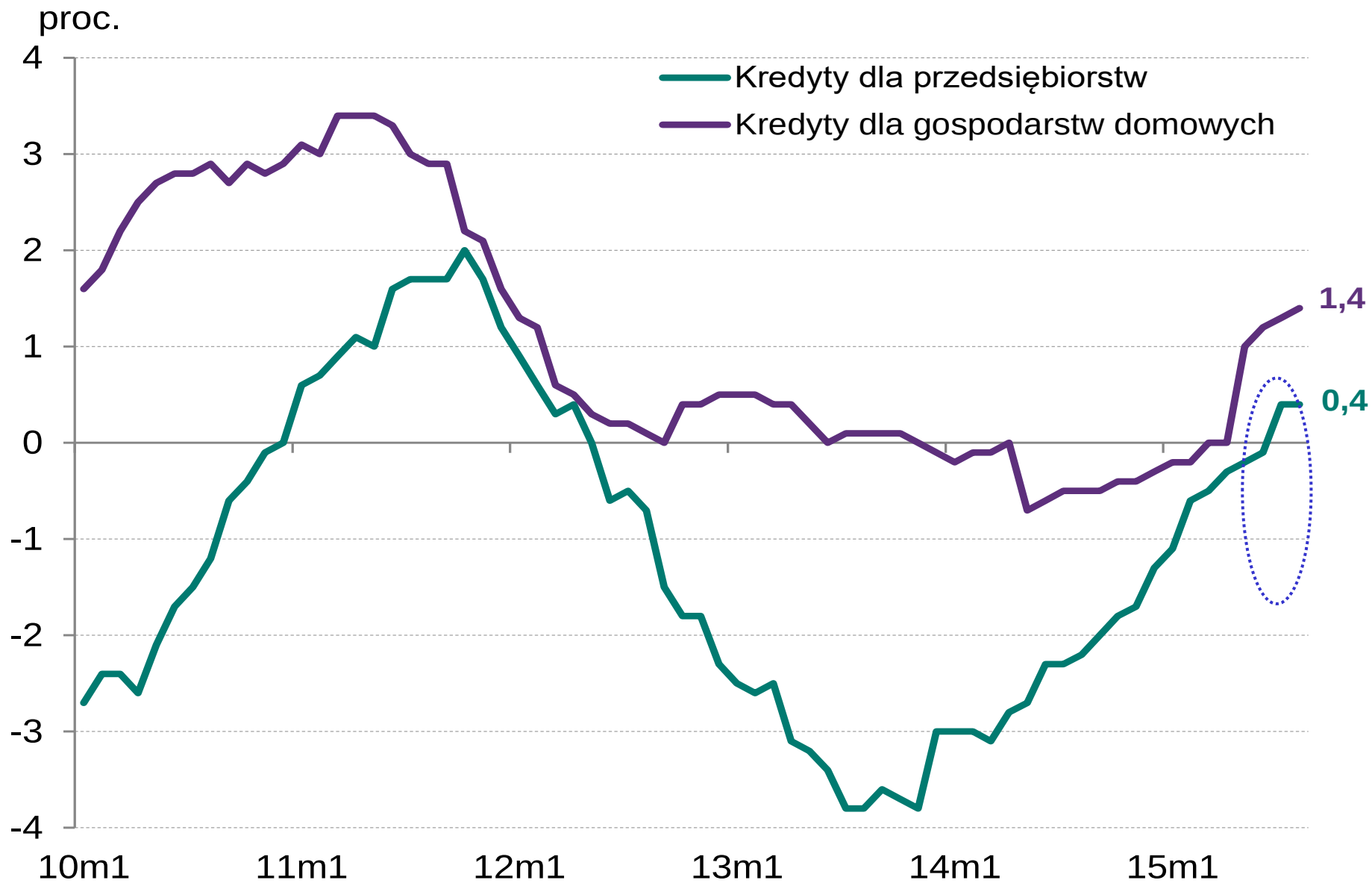
**Exhibit 12 Spain in Balance Sheet Recession:**  
**Massive Increase in Private Savings after the Bubble**

**Financial Surplus or Deficit by Sector**



Note: For figures, 4 quarter averages ending with 1Q/11' are used.  
Source: Banco de España





# **Decyzja o zastosowaniu QE przez ECB była**

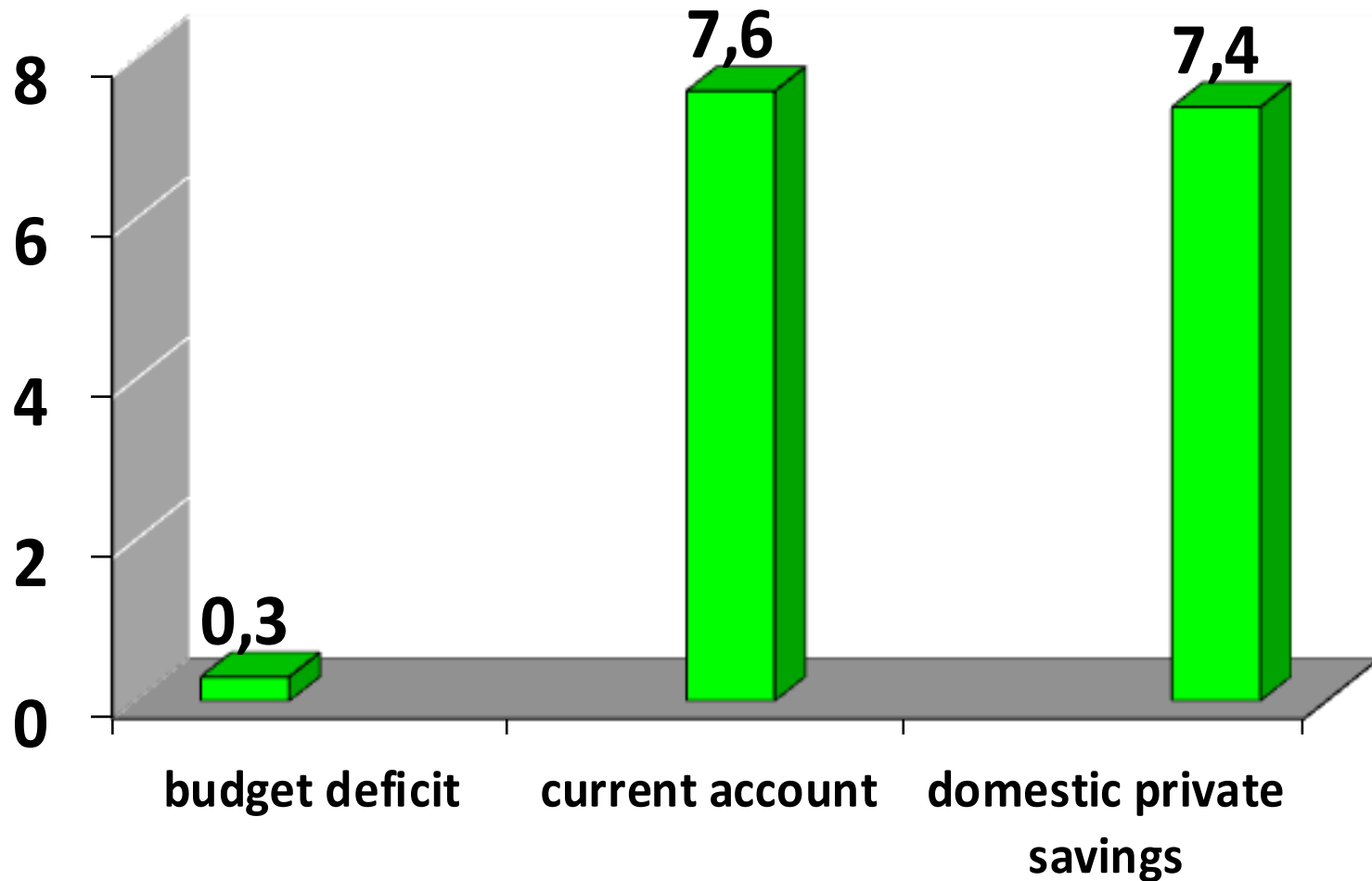
- spóźniona,**
- za mało biorąca pod uwagę interesy państw najbardziej dotkniętych kryzysem,**
- ale i tak dobra**



**Czy koszty dostosowań  
były symetryczne?**

**% of GDP**

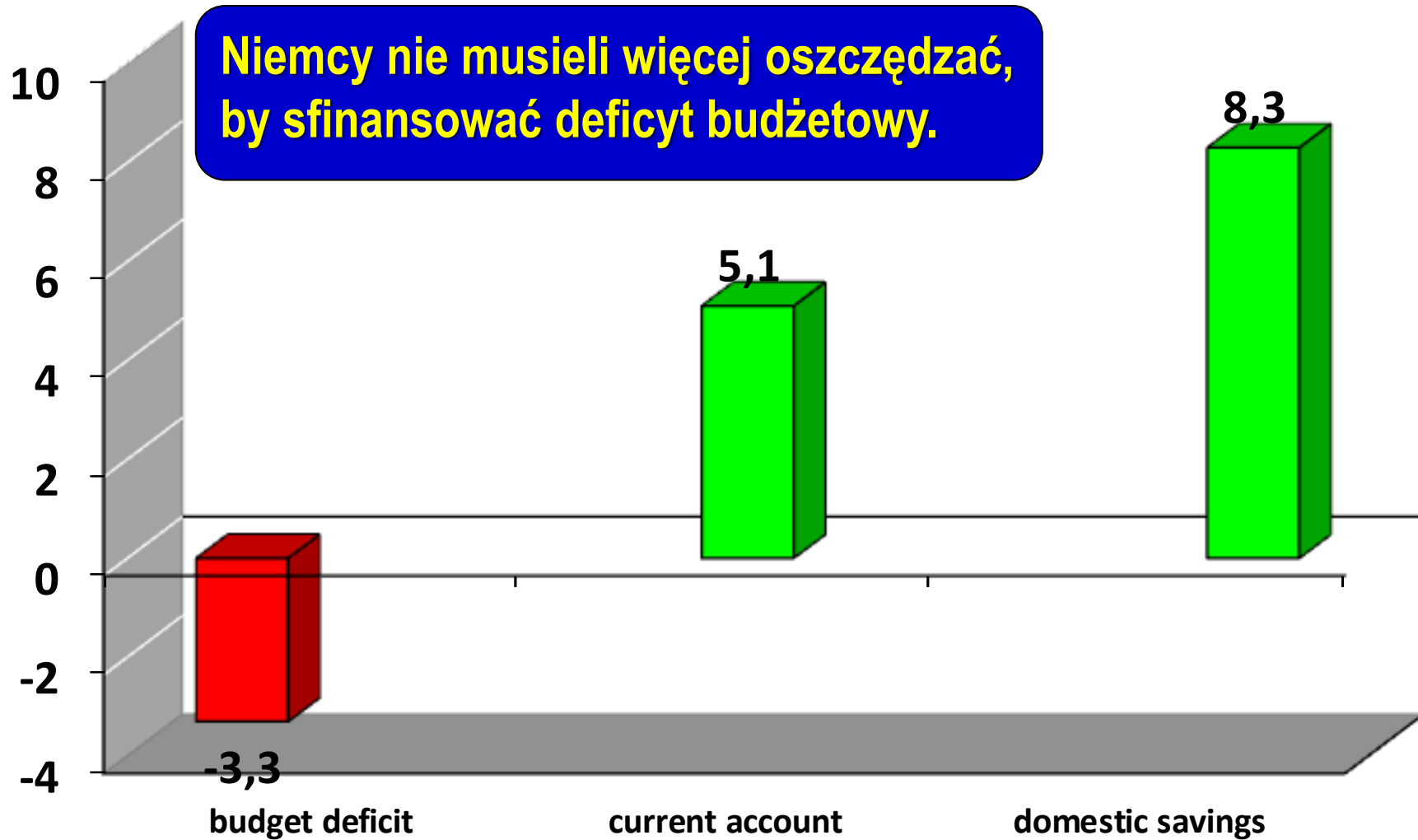
## **Germany 2007**



Gregor Siemieniuk, Till van Treeck, Achim Truger (2011), Reducing Economic Imbalances In the Euro Area: Some Remarks on the Current Stability Programs: 2011-2012. Working Paper no. 694, Levy Institute, October

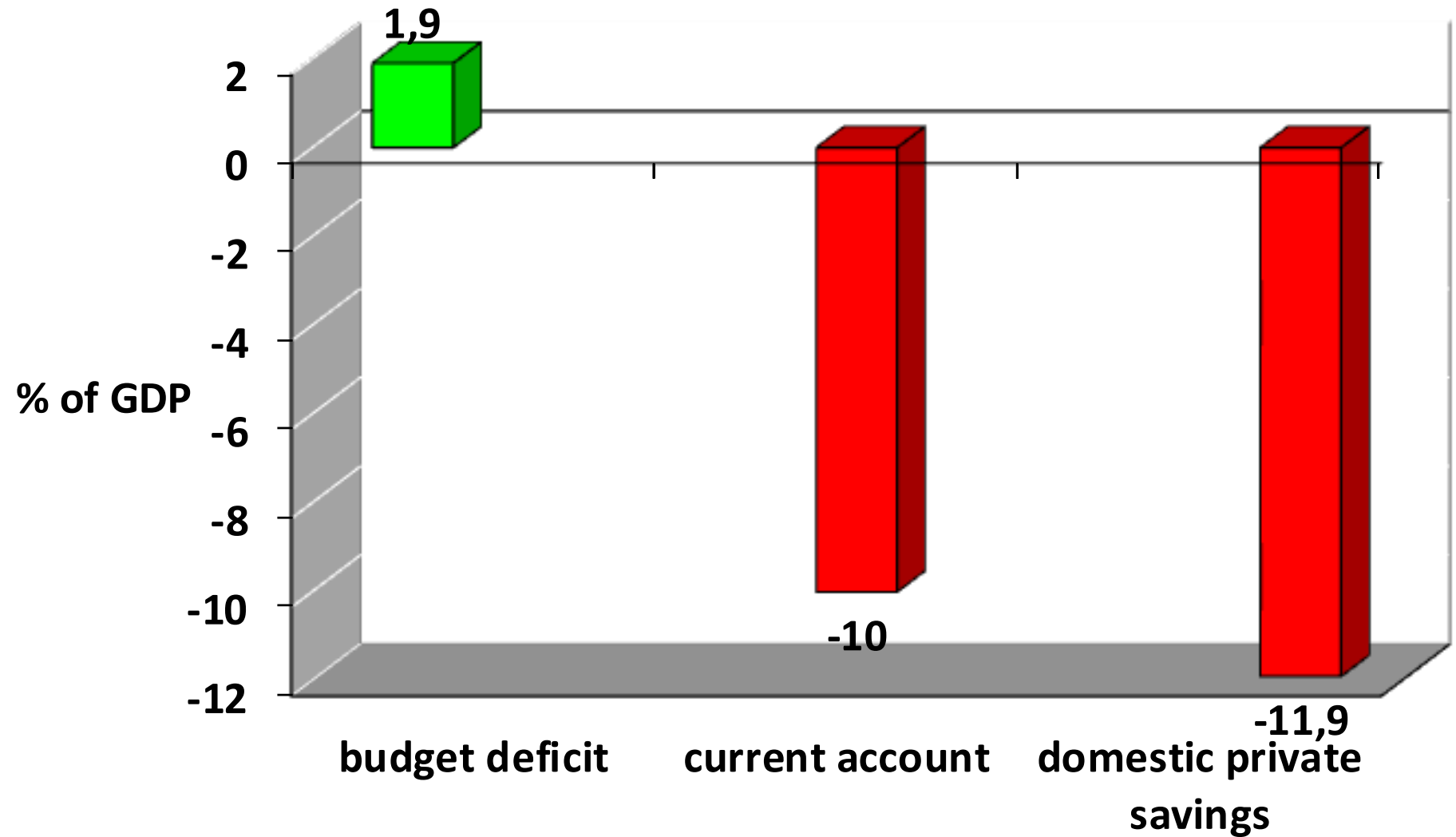
% of GDP

# Germany 2010



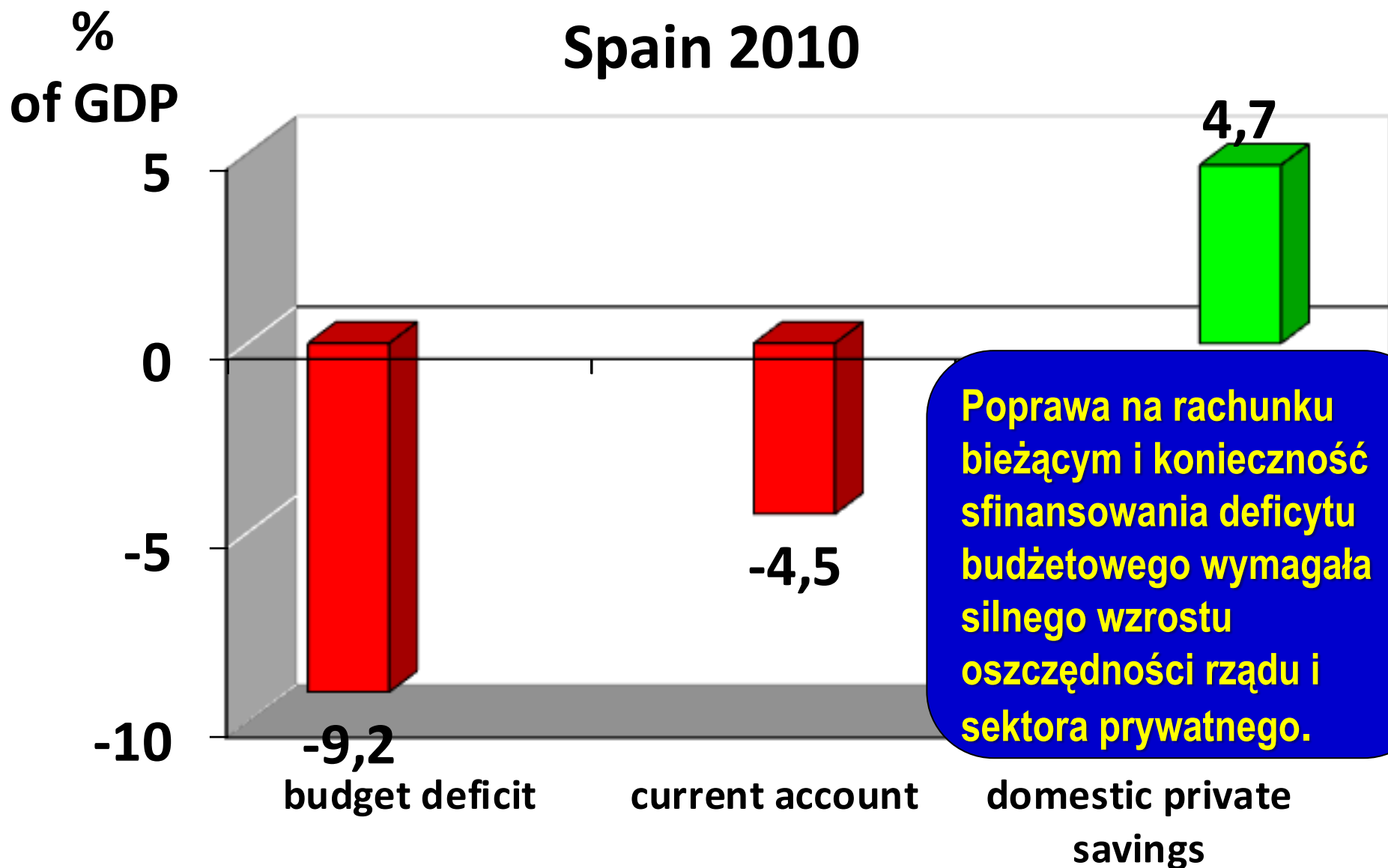
Gregor Siemieniuk, Till van Treeck, Achim Truger (2011), Reducing Economic Imbalances In the Euro Area: Some Remarks on the Current Stability Programs: 2011-2012. Working Paper no. 694, Levy Institute, October

# Spain 2007



Gregor Siemieniuk, Till van Treeck, Achim Truger (2011), Reducing Economic Imbalances In the Euro Area: Some Remarks on the Current Stability Programs: 2011-2012. Working Paper no. 694, Levy Institute, October

## Spain 2010

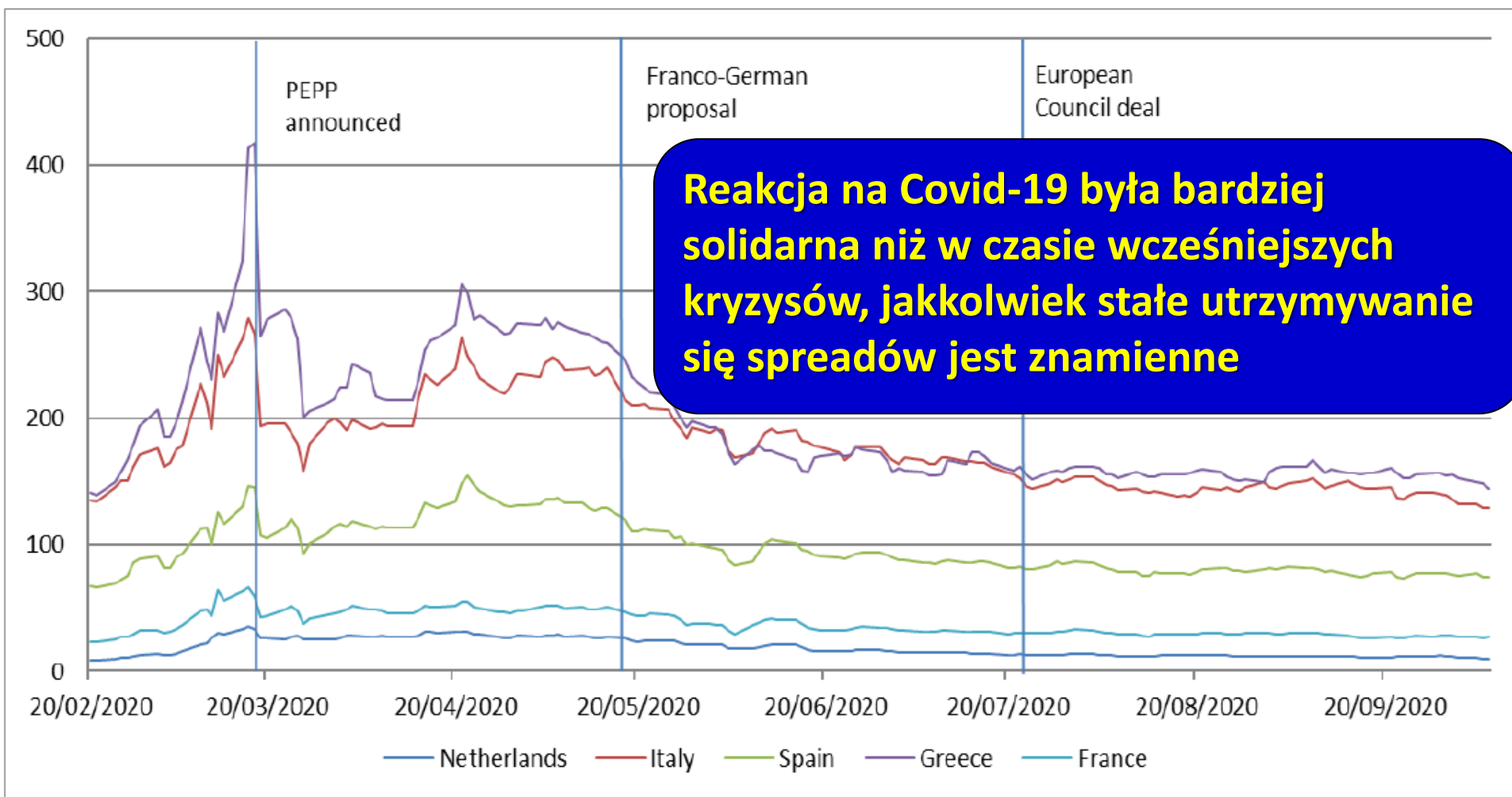


# Trade balances core and periphery



Enrico Perotti, Oscar Soons (2020), „A diverse monetary union creates invisible transfers that justifies conditional solidarity”, Suerf Policy Note, No. 149

Figure 5: Sovereign spreads, 10Y, to DE (February-September 2020)



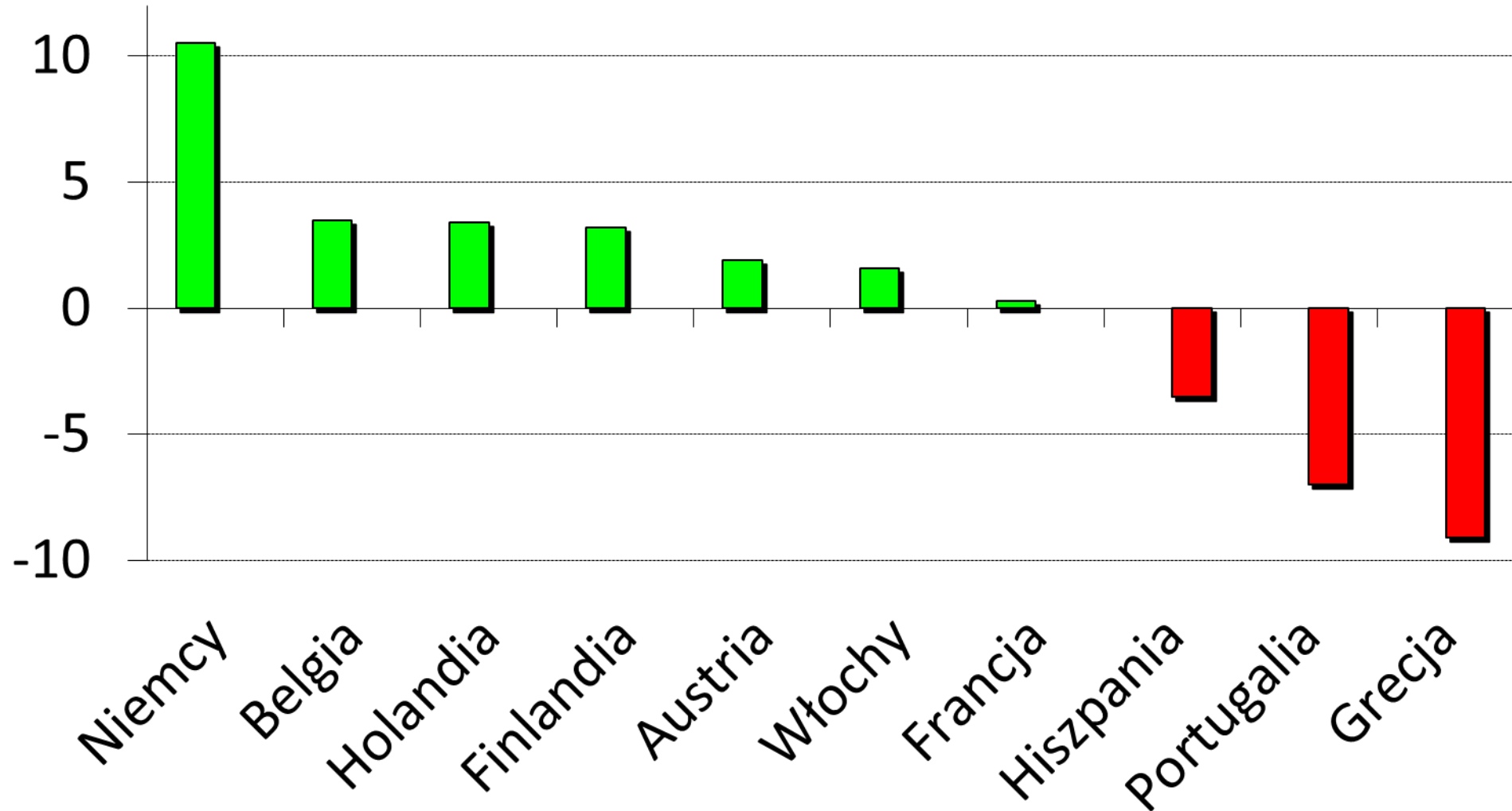
Source: Bloomberg.

Maria Demertzis, Marta Dominguez\_Jimenez (2020). "Monetary Policy in the Time of Covid-19", European Parliament *Monetary Dialogue Papers*, November

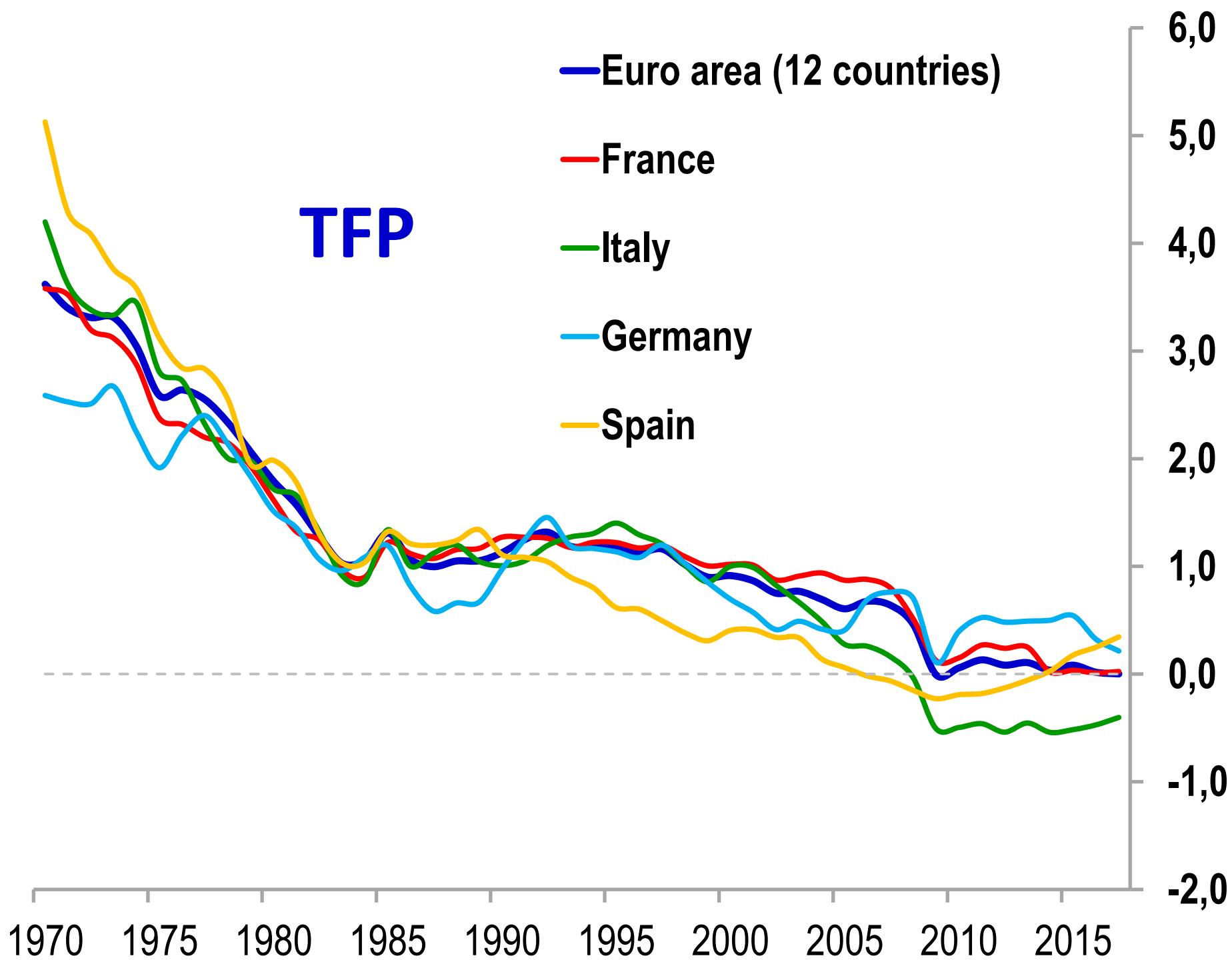


**Jaka będzie gospodarcza  
przyszłość państw strefy euro?**

# Net exports of the high-tech sectors (2008, % of GDP).



Trading myths: Addressing misconceptions about trade, jobs, and competitiveness, McKinsey Global Institute, 2012



# Per capita real GDP growth

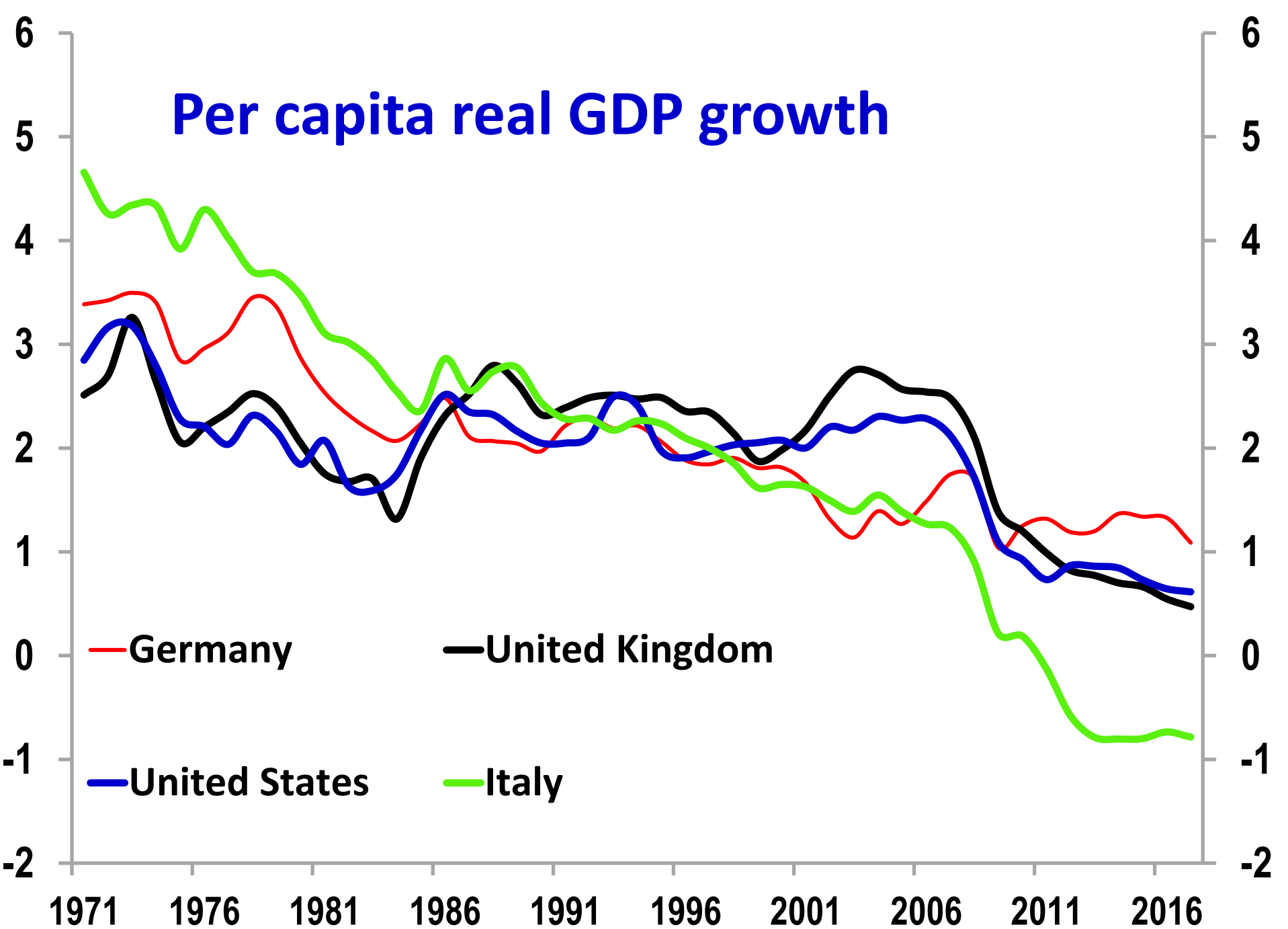
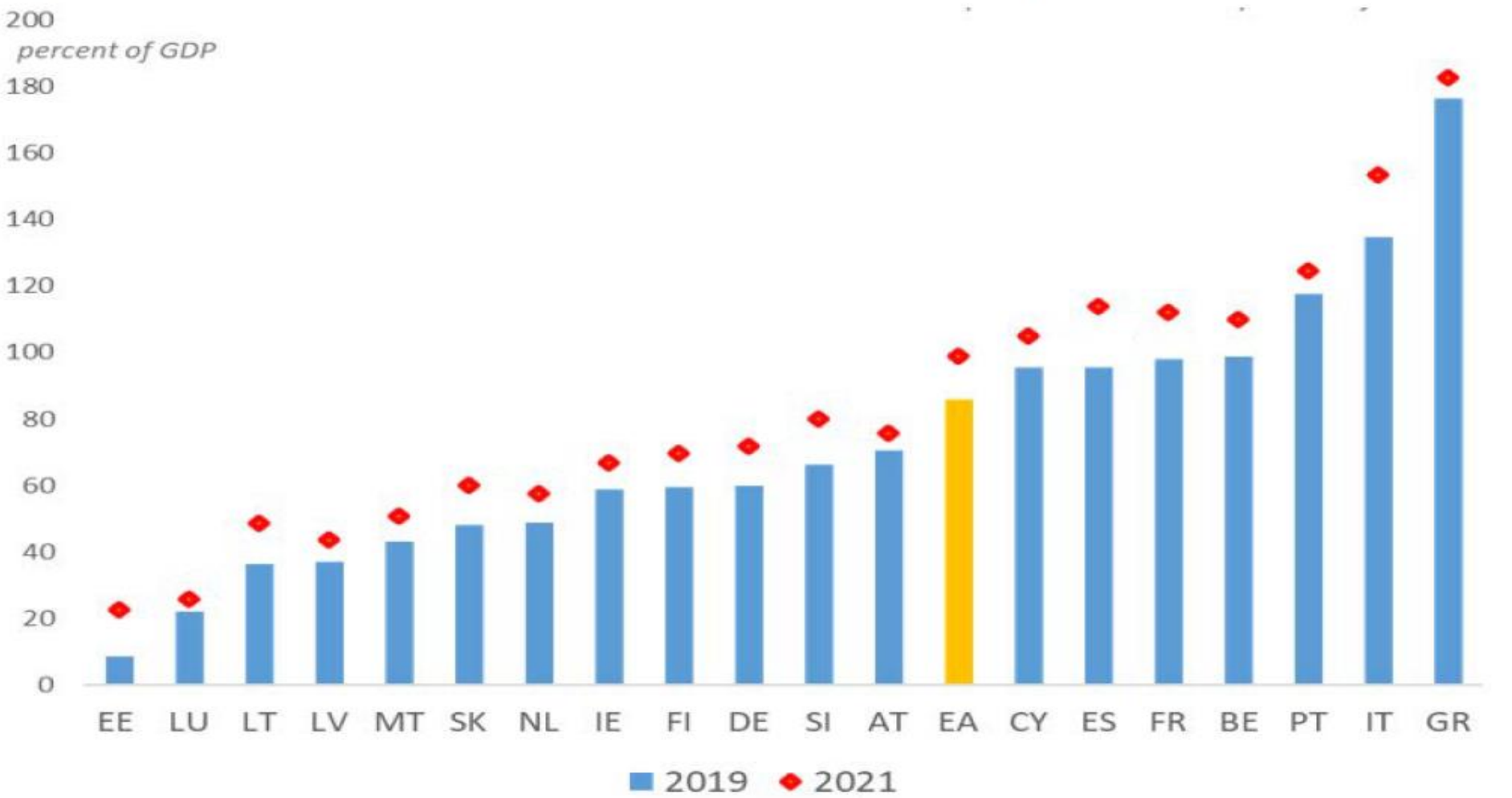


Figure 6: Public debt in the euro area in 2019 vs. projections 2021



Source: European Commission, April 2020 forecast.

Maria Demertzis, Marta Dominguez\_Jimenez (2020). "Monetary Policy in the Time of Covid-19", European Parliament *Monetary Dialogue Papers*, November