



FORUM

Think Tank Basilicata

Energie per un futuro sostenibile

Matera, Palazzo Viceconte
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PRESENTAZIONE DI
HEINER FLASSBECK



The European House
Ambrosetti

The failure of two monetary unions – in Germany and in Europe

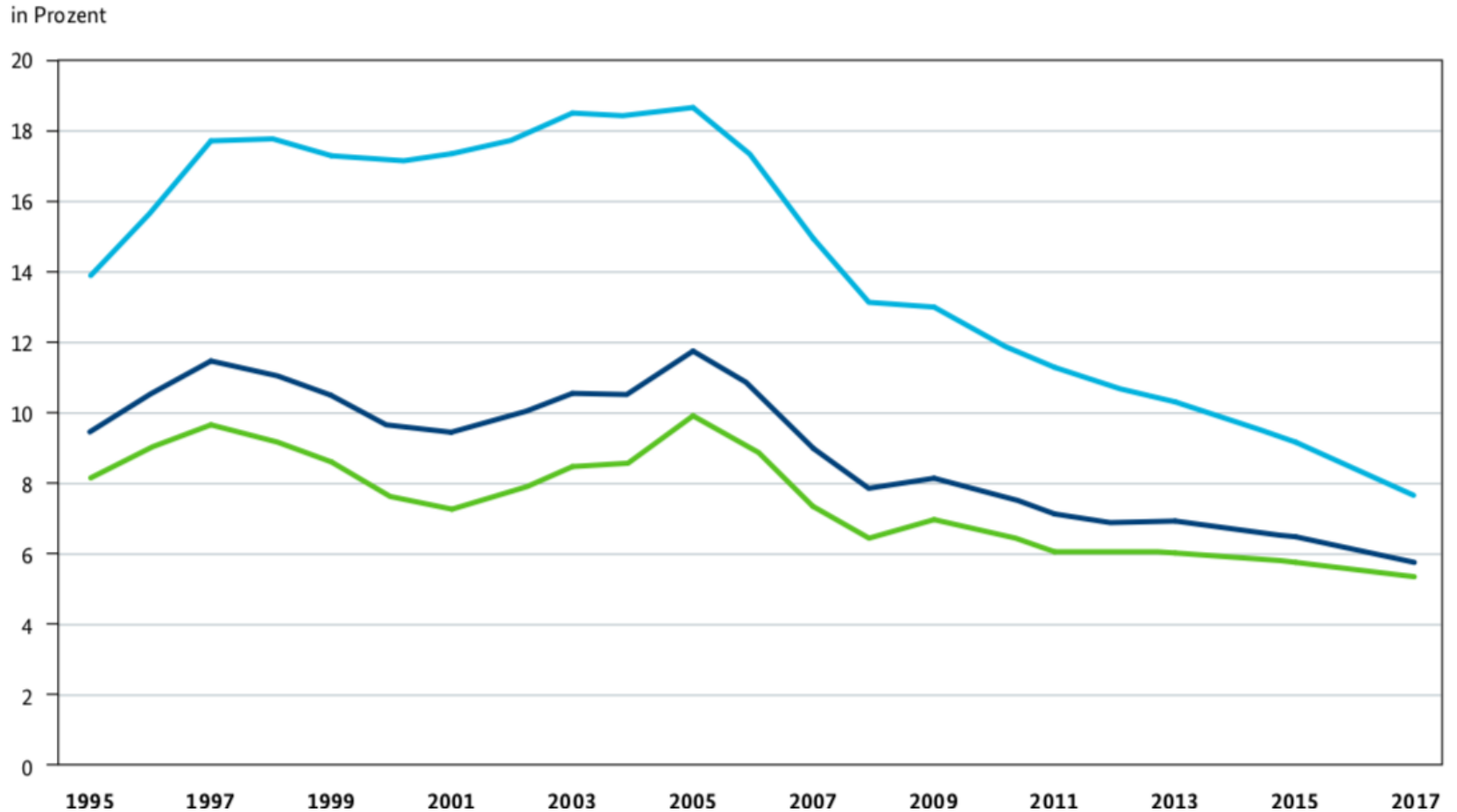
Prof. Dr. Heiner Flassbeck

MAKROSKOP

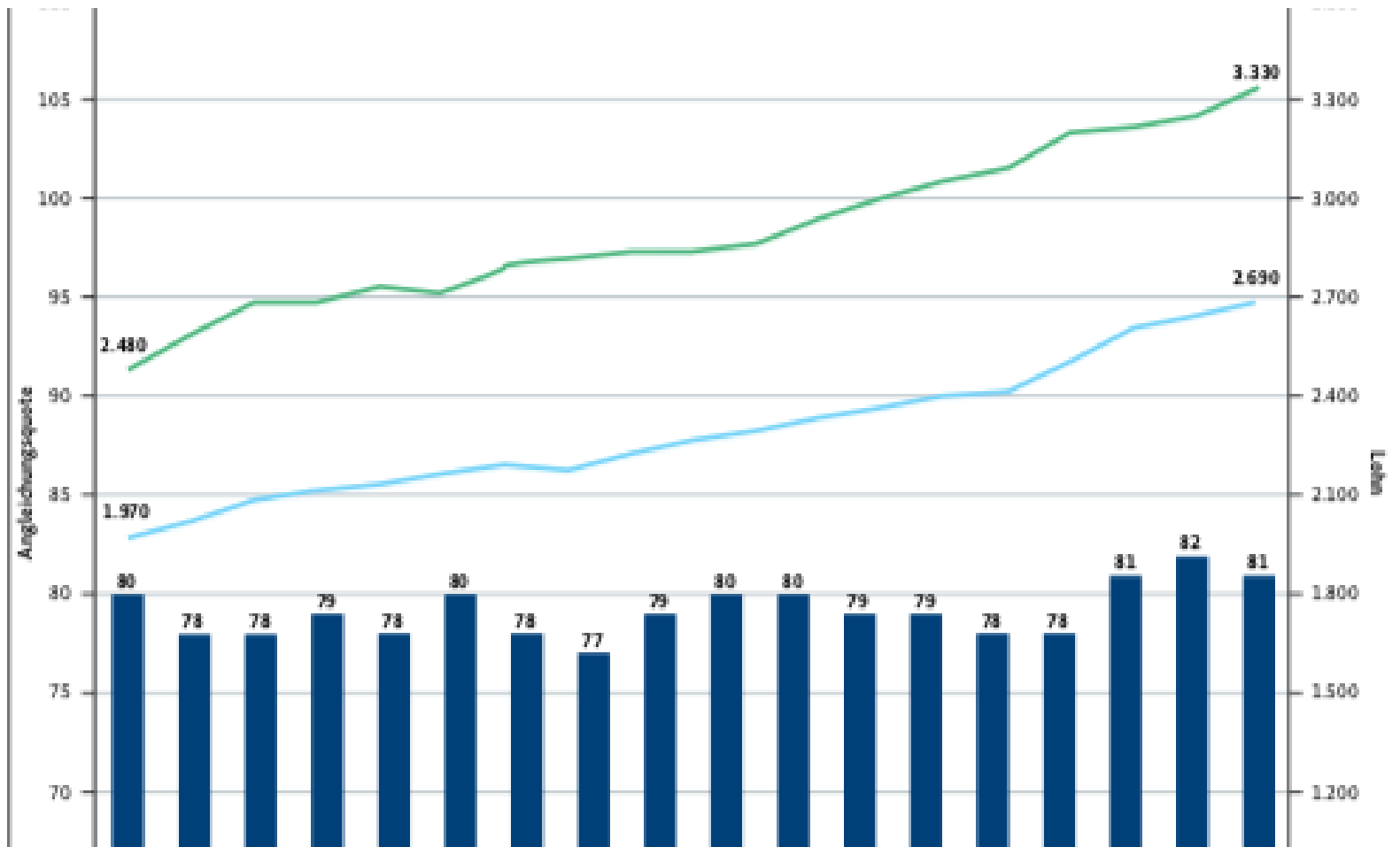
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- Two monetary unions in Europe since 1990
- Both failed in terms of unemployment and income
- German monetary union was not a success story despite huge transfers paid every year up to today
- Dramatic political consequences in East Germany due to frustration with no catching-up in the East

Unemployment in East (blue) and West Germany (green)

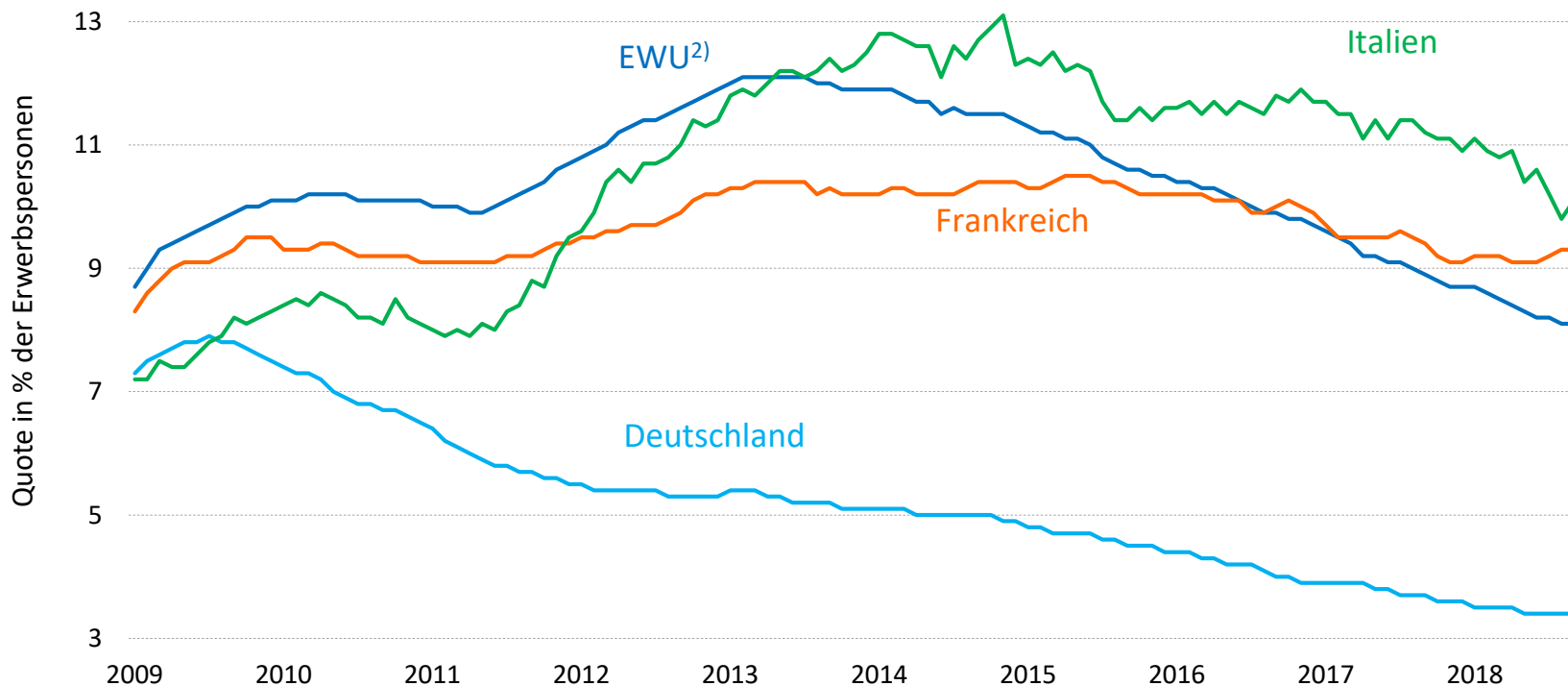


Monthly gross income in East and West Germany: no catching up



The big divergence

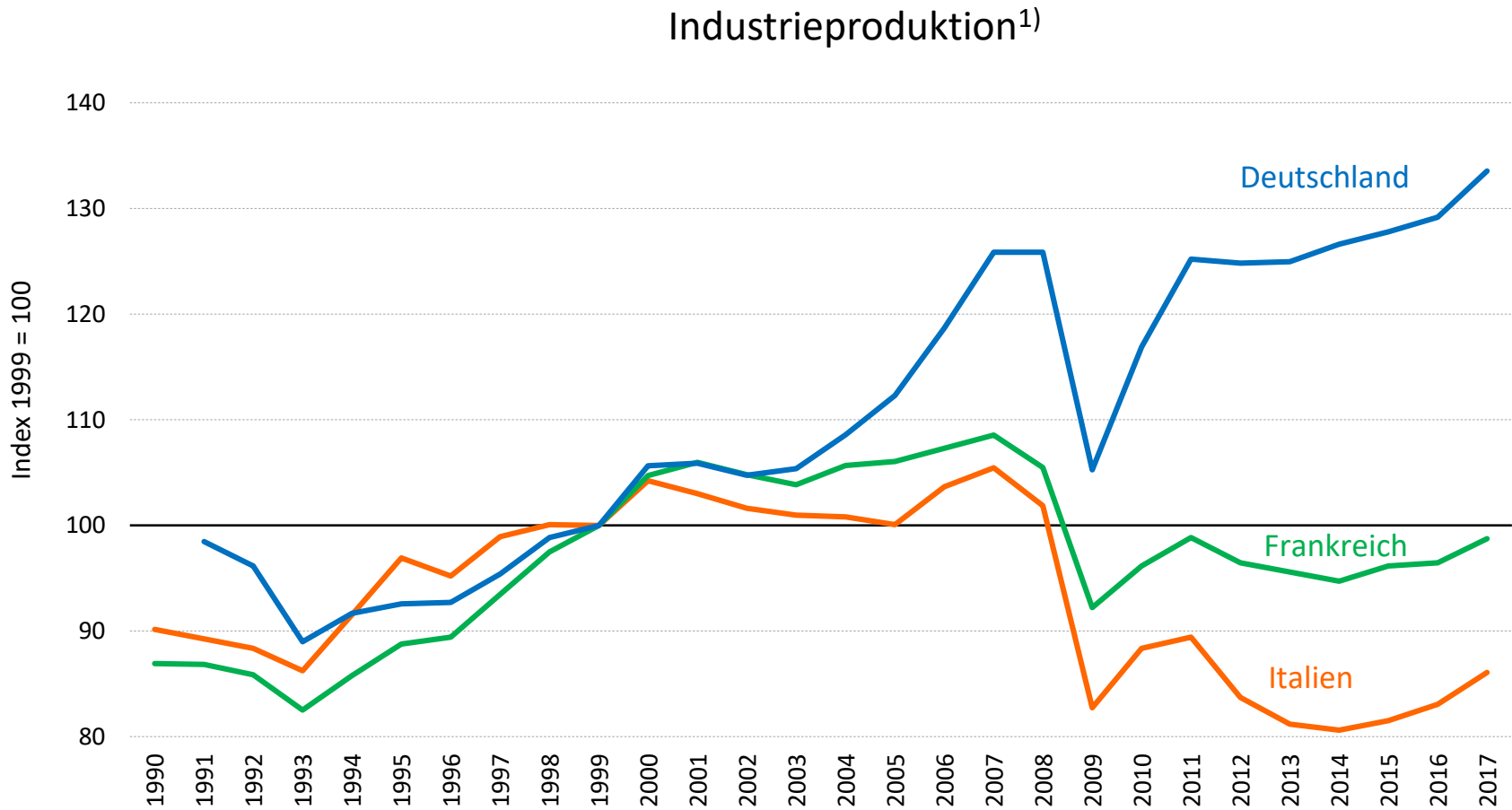
Arbeitslosigkeit¹⁾ in der EWU



¹⁾ Arbeitslose in vH der Erwerbbspersonen, saisonbereinigt, harmonisiert. ²⁾ 18 EWU-Staaten.

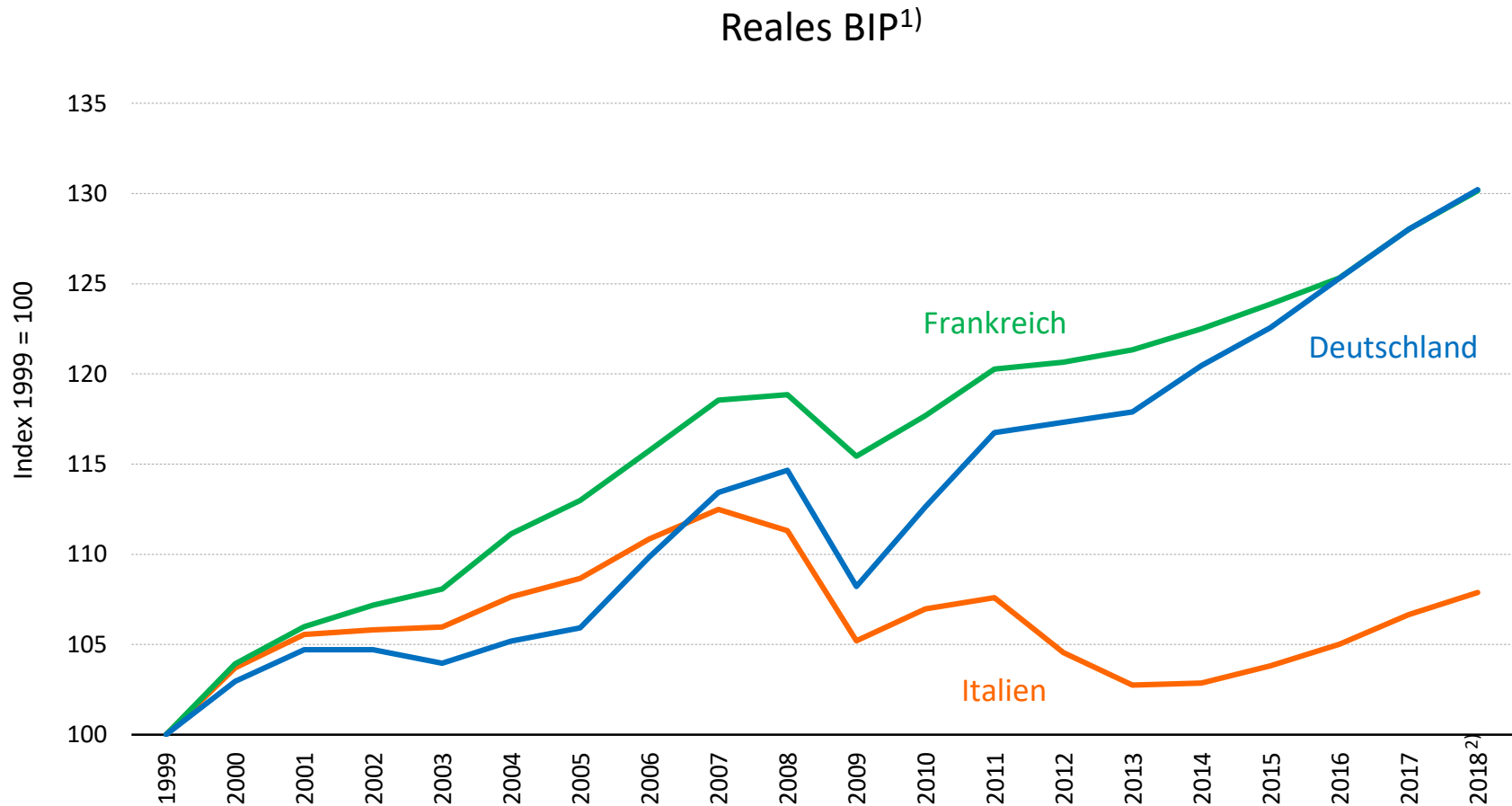
Quelle: Eurostat

Industrial Production



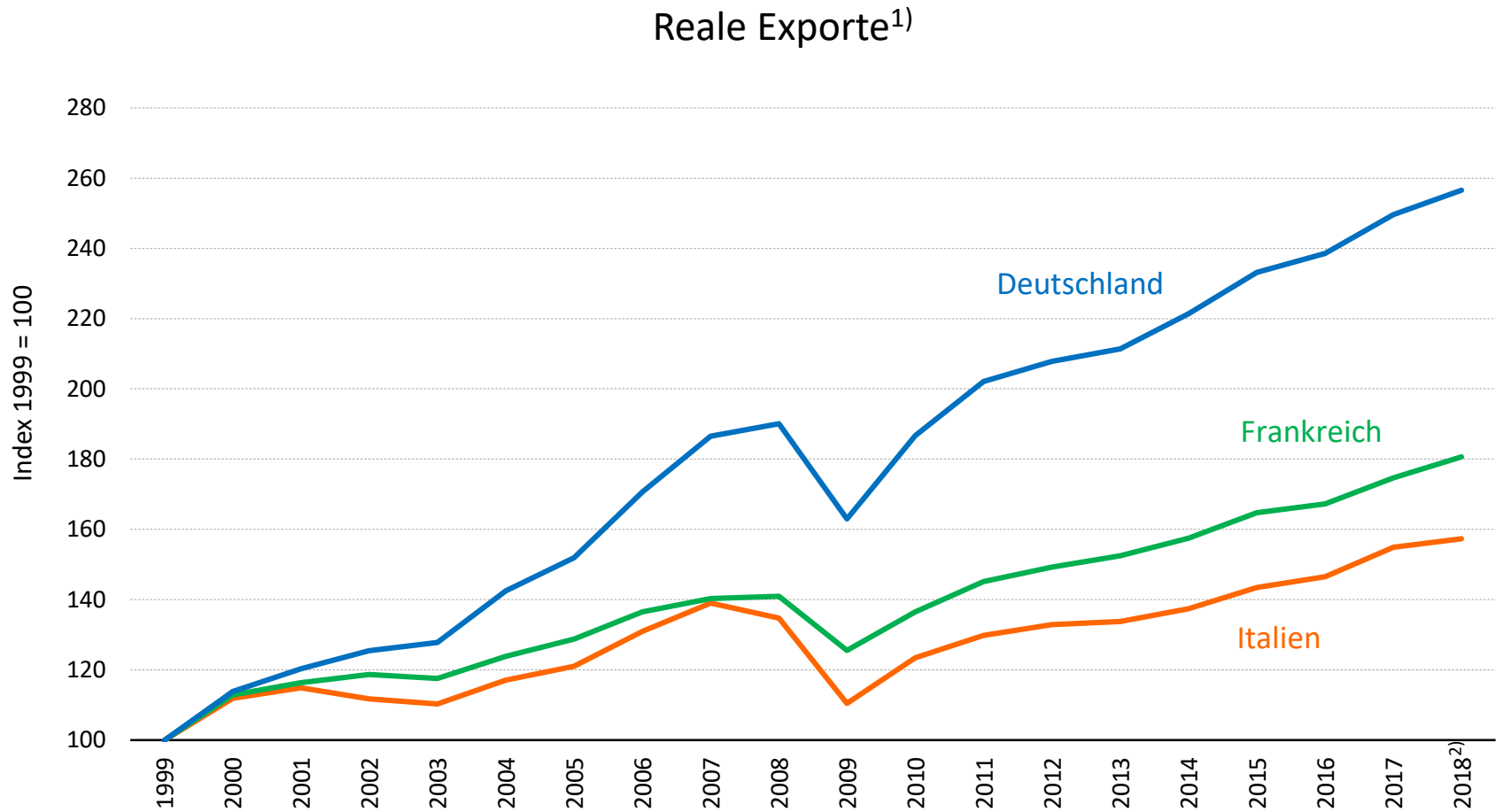
¹⁾ 1999 = 100; Bergbau und Gewinnung von Steinen und Erden, verarbeitendes Gewerbe/Herstellung von Waren, Energieversorgung; Kalenderbereinigt
Quelle: Eurostat

Real GDP since the beginning of EMU



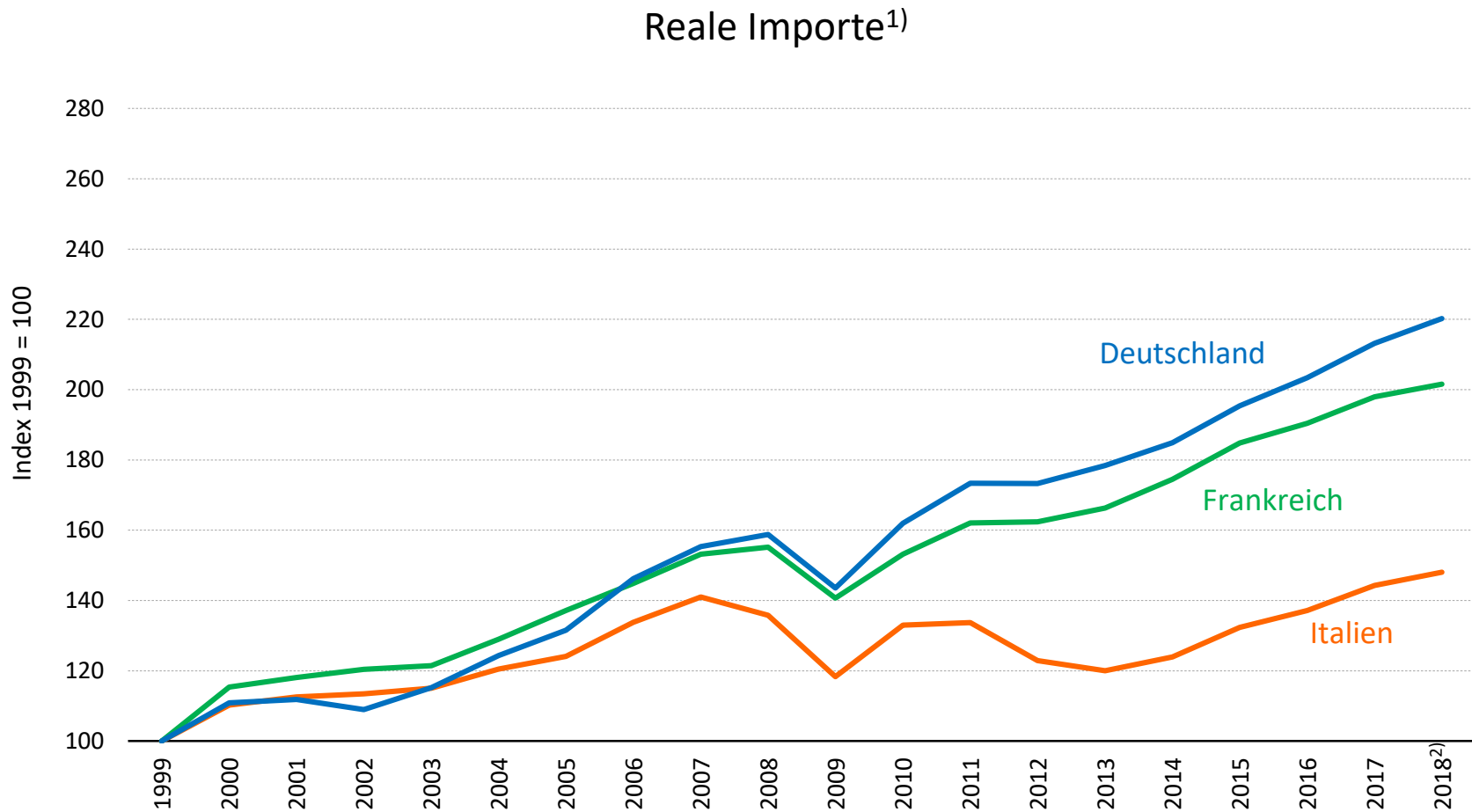
¹⁾ In Preisen von 2010, 1999 = 100 ²⁾ Schätzung der EU-Kommission
Quelle: AMECO

Germany is driven by exports



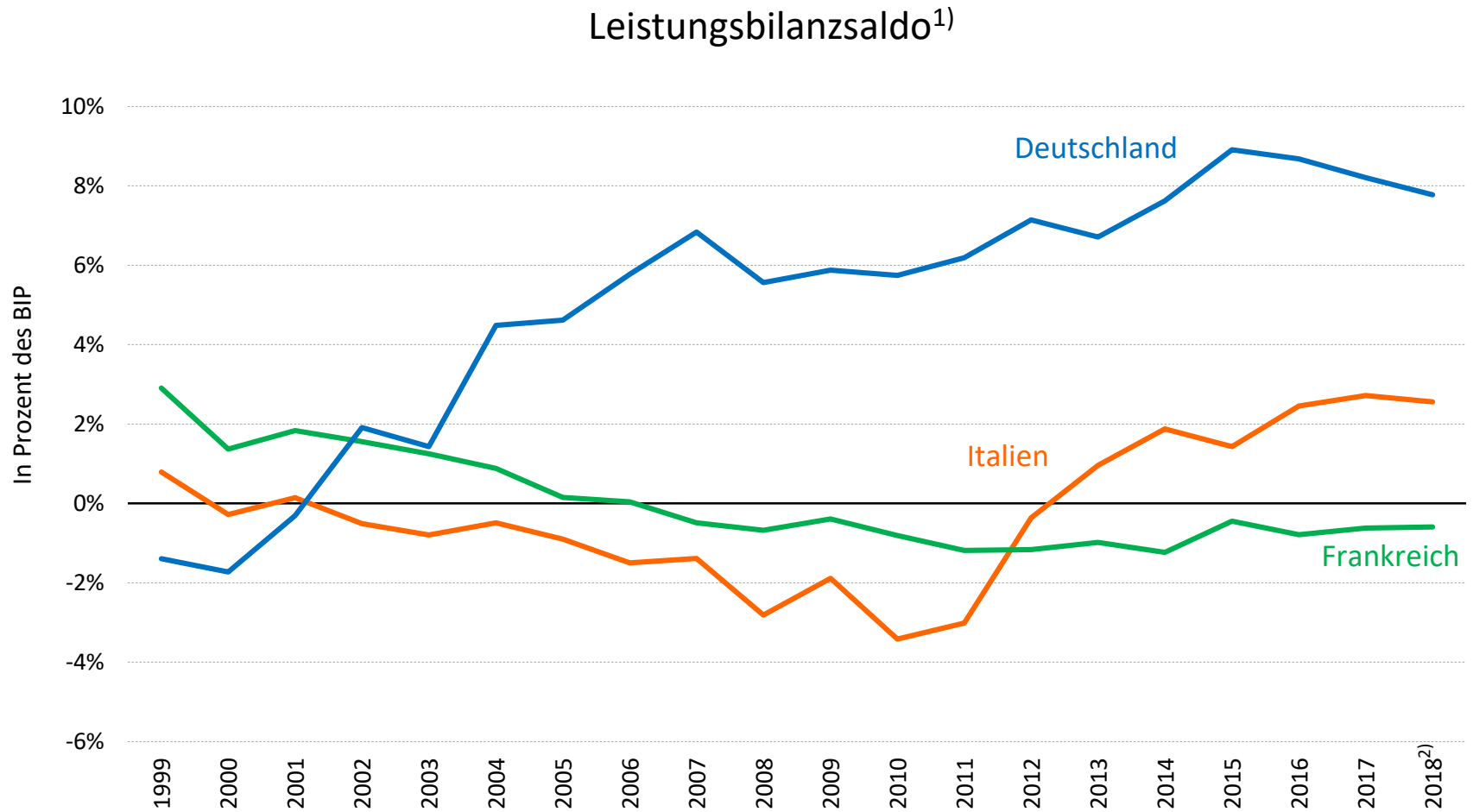
¹⁾ In Preisen von 2010, 1999 = 100 ²⁾ Schätzung der EU-Kommission
Quelle: AMECO

Despite strong import growth



¹⁾ In Preisen von 2010, 1999 = 100 ²⁾ Schätzung der EU-Kommission
Quelle: AMECO

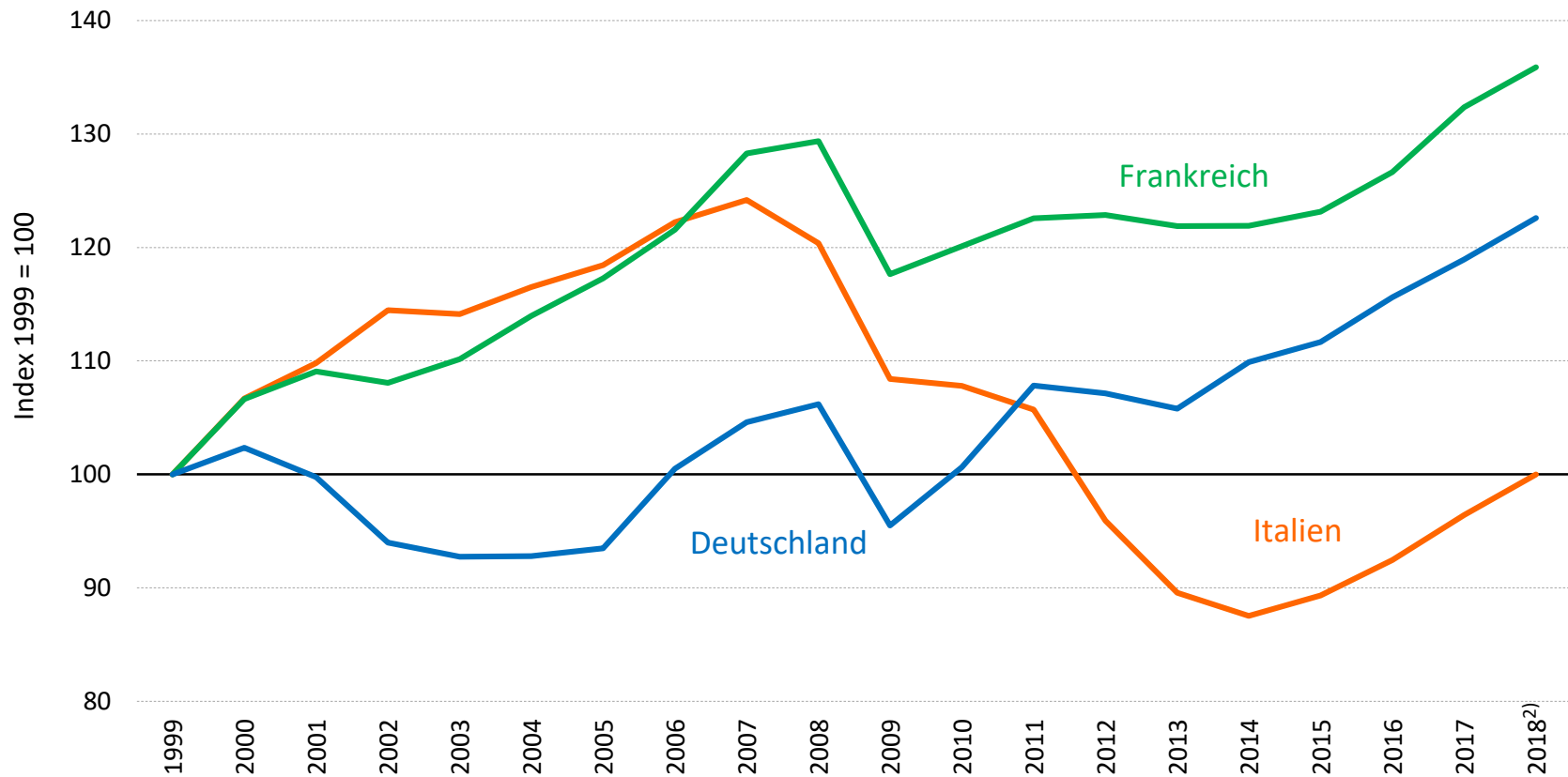
The big divergence in the current account



¹⁾ In % des BIP ²⁾ Schätzung der EU-Kommission
Quelle: AMECO

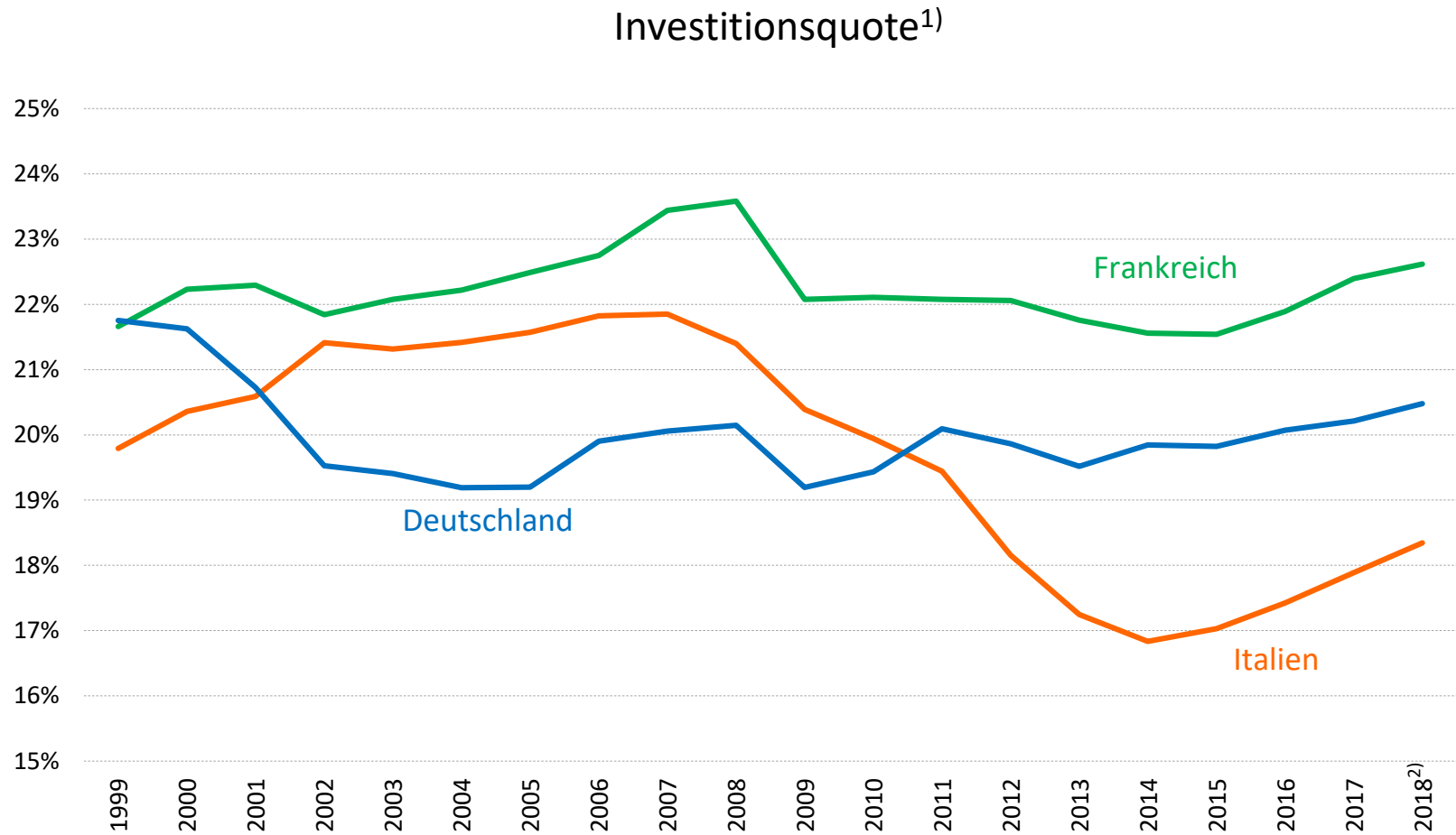
German investment rather weak

Reale Bruttoanlageinvestitionen¹⁾



¹⁾ In Preisen von 2010, 1999 = 100 ²⁾ Schätzung der EU-Kommission
Quelle: AMECO

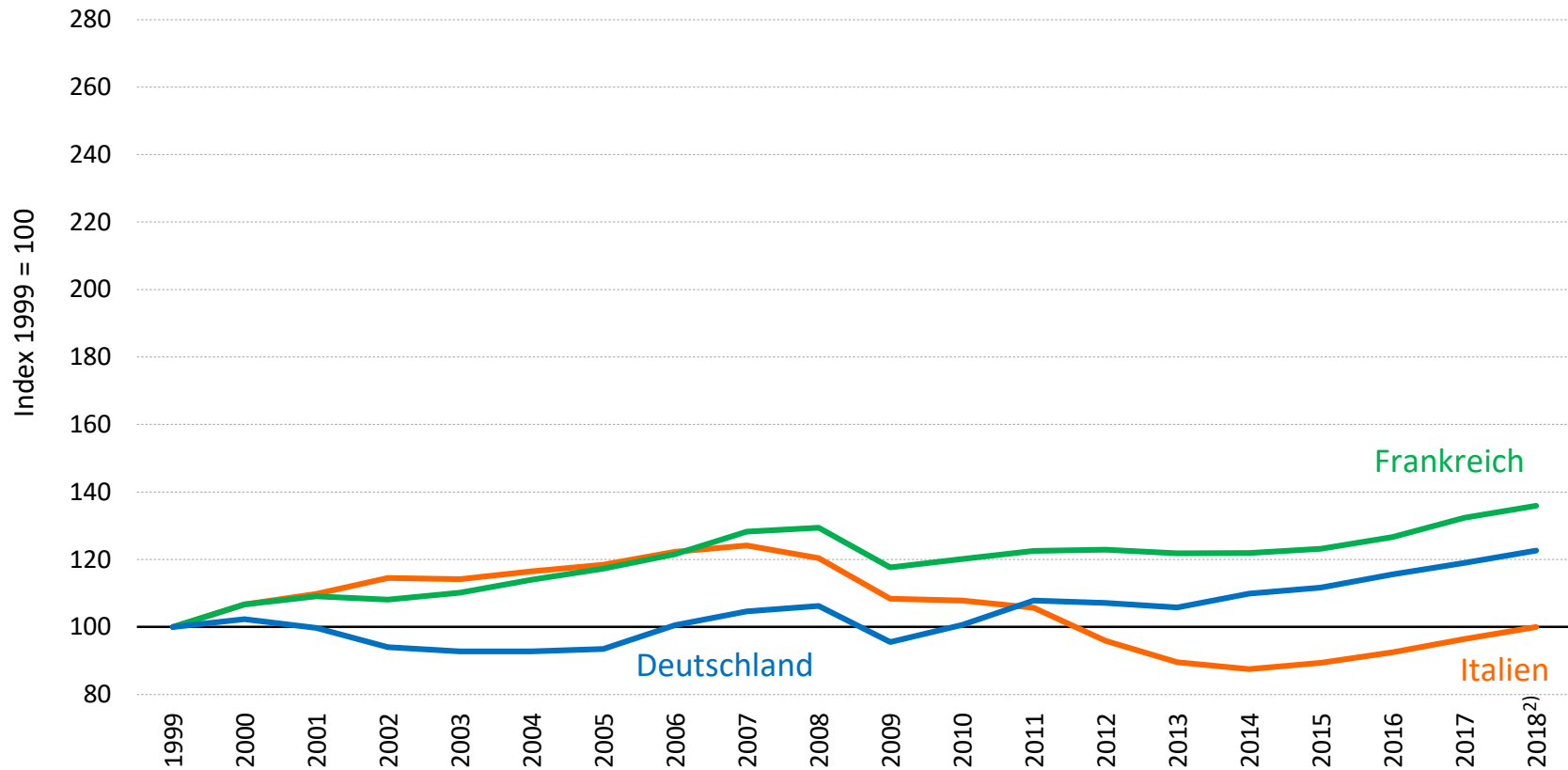
The same for investment ratio



¹⁾ Bruttoanlageinvestitionen in % des BIP ²⁾ Schätzung der EU-Kommission
Quelle: AMECO

And ridiculously low compared to exports

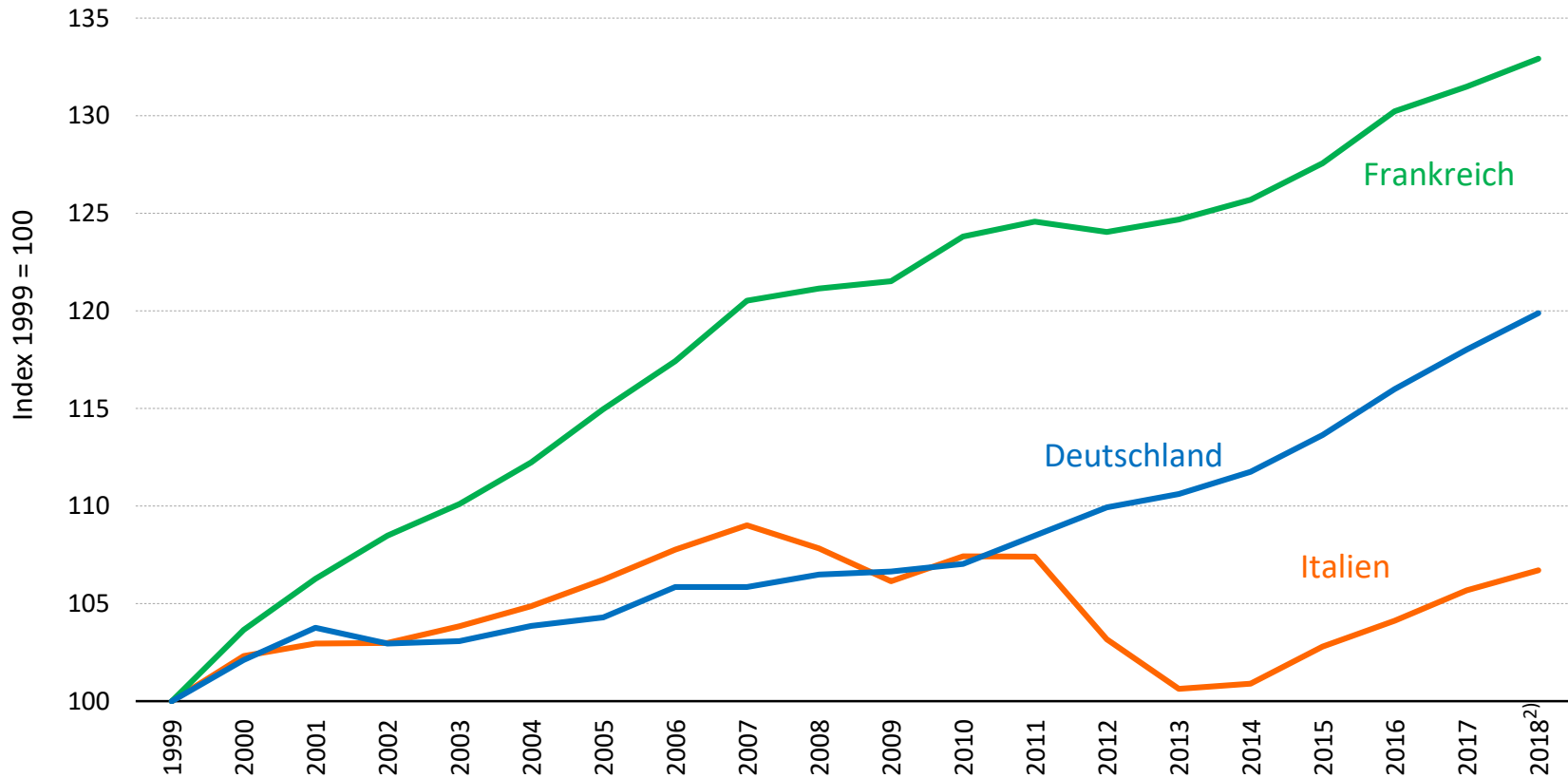
Reale Bruttoanlageinvestitionen¹⁾



¹⁾ In Preisen von 2010, 1999 = 100 ²⁾ Schätzung der EU-Kommission
Quelle: AMECO

Consumption only normal in France

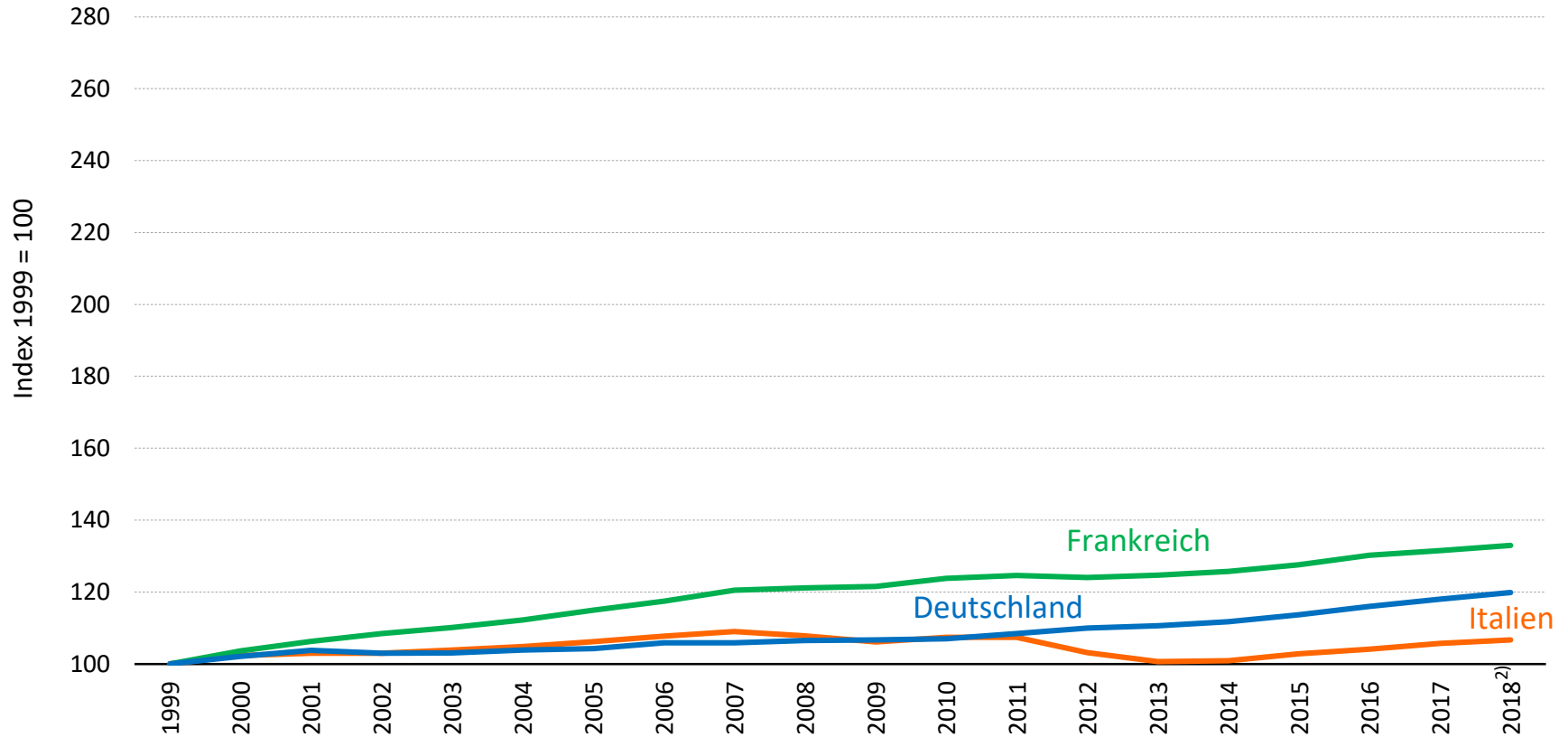
Realer privater Konsum¹⁾



¹⁾ In Preisen von 2010, 1999 = 100 ²⁾ Schätzung der EU-Kommission
Quelle: AMECO

But again, nothing compared to exports

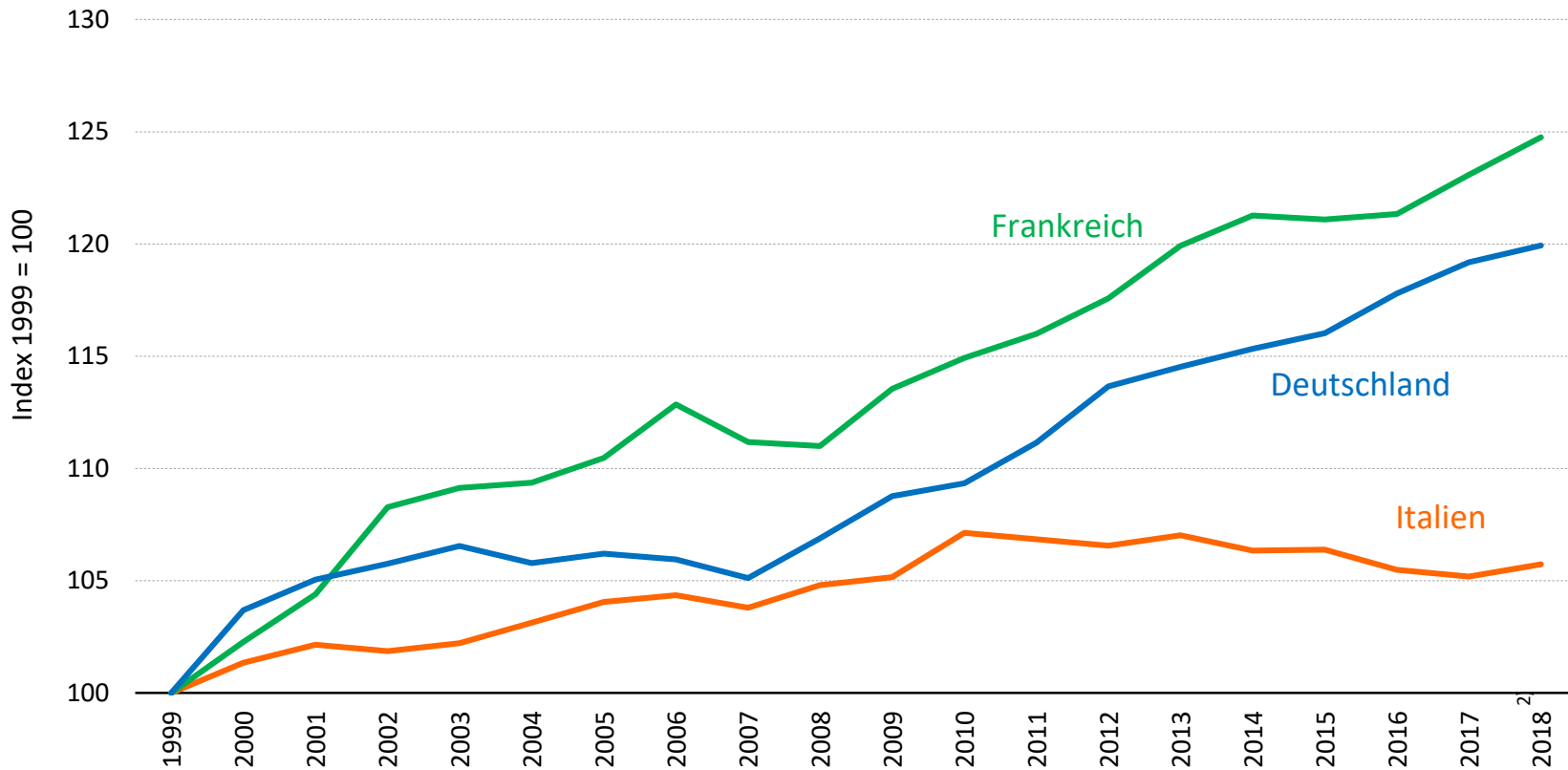
Realer privater Konsum¹⁾



¹⁾ In Preisen von 2010, 1999 = 100 ²⁾ Schätzung der EU-Kommission
Quelle: AMECO

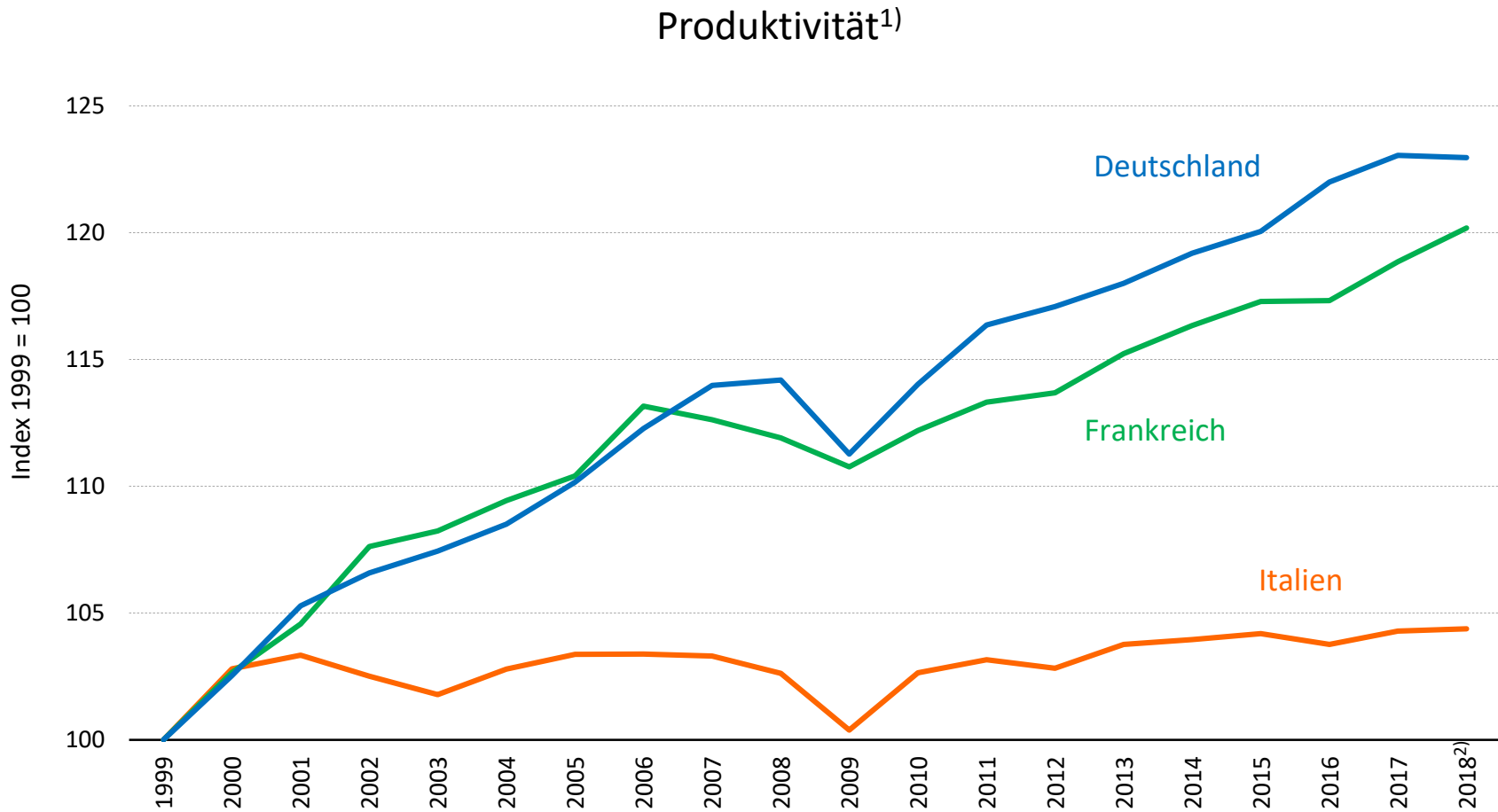
Wages are crucial for consumption and exports

Reallohn¹⁾



¹⁾ Bruttoeinkommen aus unselbstständiger Arbeit preisbereinigt mit BIP-Deflator, pro geleistete Arbeitsstunde der Beschäftigten, 1999 = 100 ²⁾ Schätzung der EU-Kommission

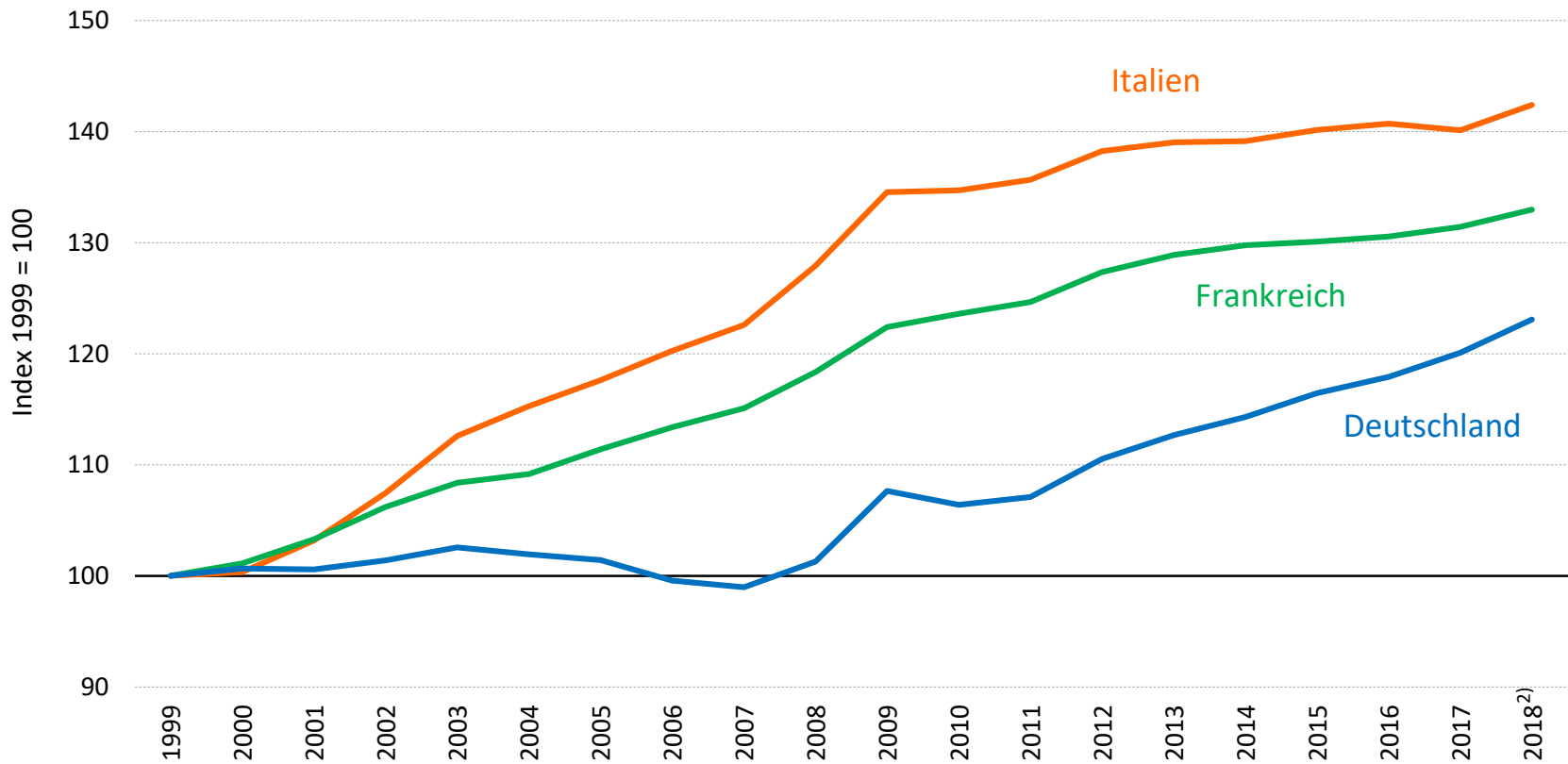
German wages do not respond to productivity



¹⁾ Reales Bruttoinlandsprodukt in nationaler Wahrung je Erwarbstatigenstunde, 1999 = 100 ²⁾ Schatzung der EU-Kommission
Quelle: AMECO

The result is obvious in unit labour costs and competitiveness

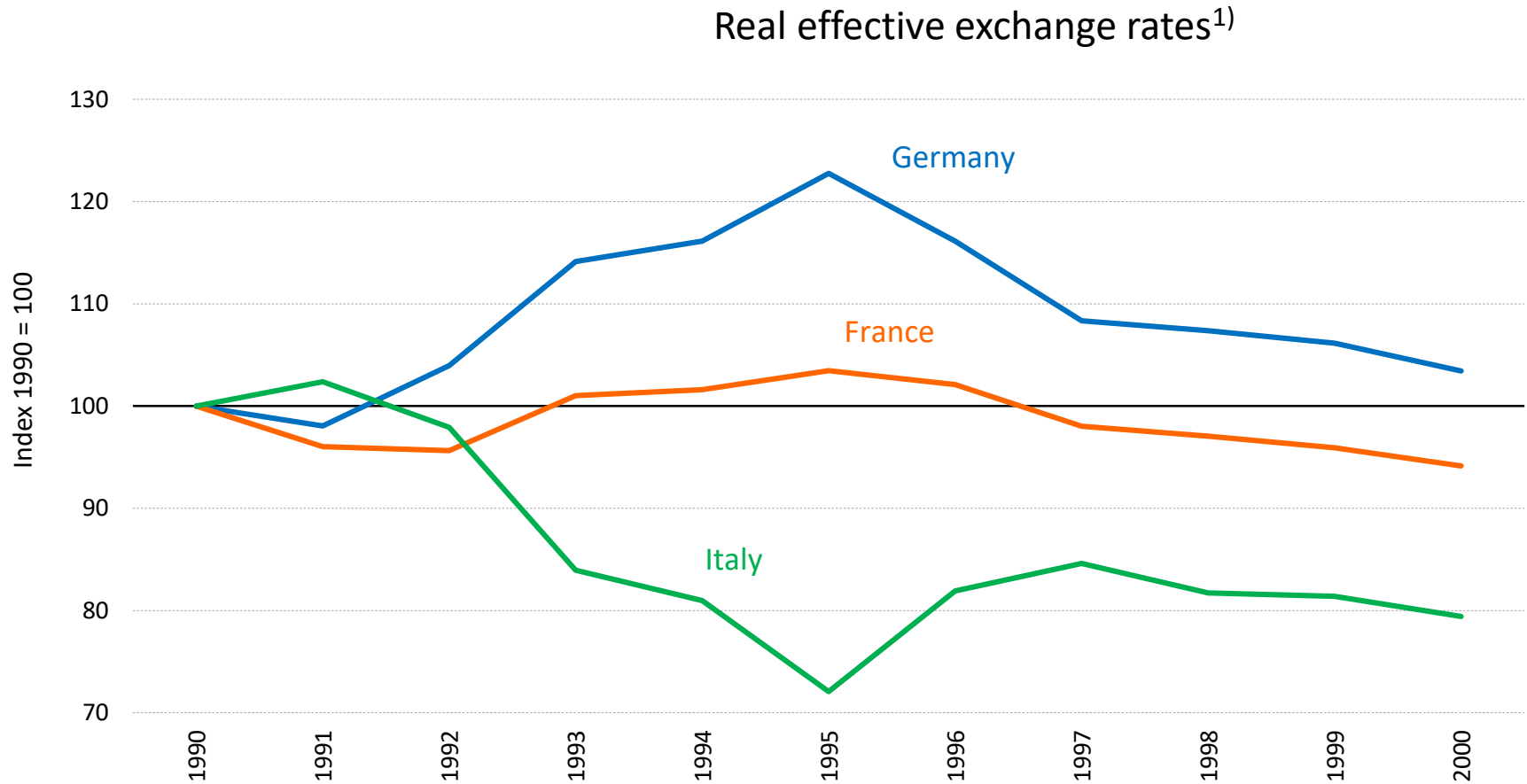
Lohnstückkosten¹⁾



¹⁾ Bruttoeinkommen aus unselbständiger Arbeit in nationaler Währung je Beschäftigten im Verhältnis zu realem Bruttoinlandsprodukt je Erwerbstätigen; 1999 = 100

²⁾ Schätzung der EU-Kommission

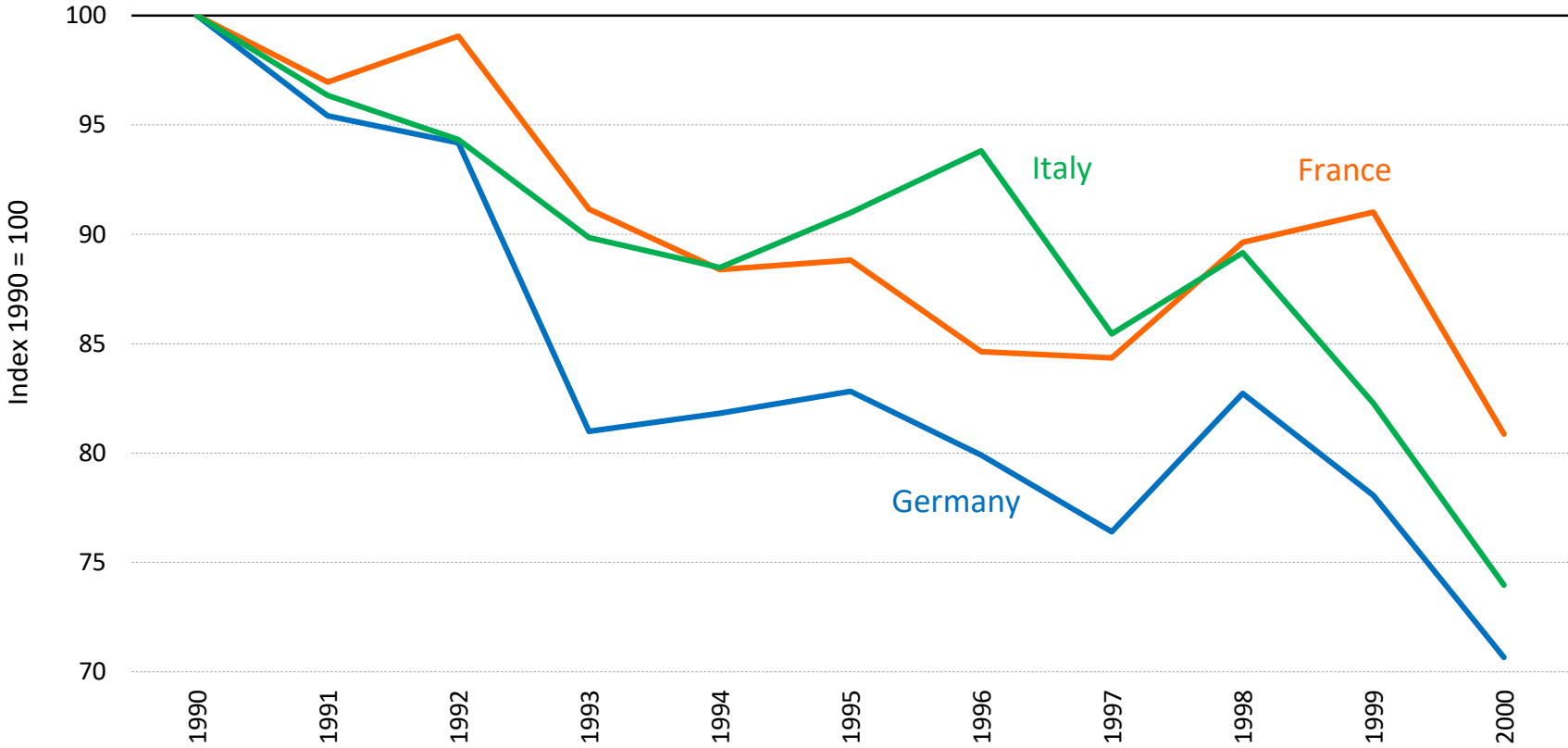
In the 1990s Italy was the winner



¹⁾ 1990 = 100, based on unit labour costs (total economy); Performance relative to the rest of the former EU-15: double export weights
Source: AMECO

Germany lost market shares

World Export Shares (Goods)¹⁾

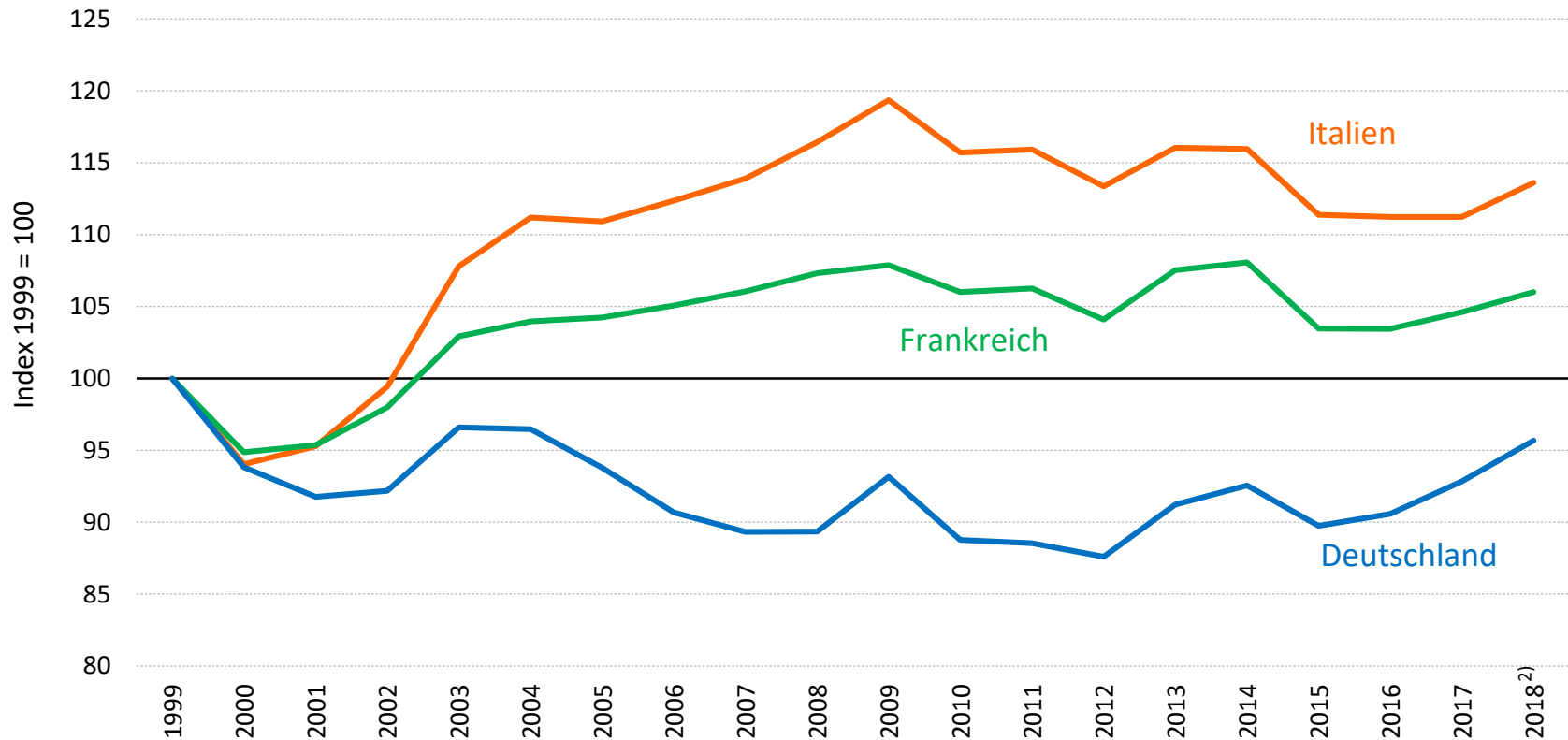


¹⁾ 1990 = 100

Source: IMF, Direction of Trade Statistics

But after 1999 Germany undercut the others

Realer effektiver Wechselkurs¹⁾

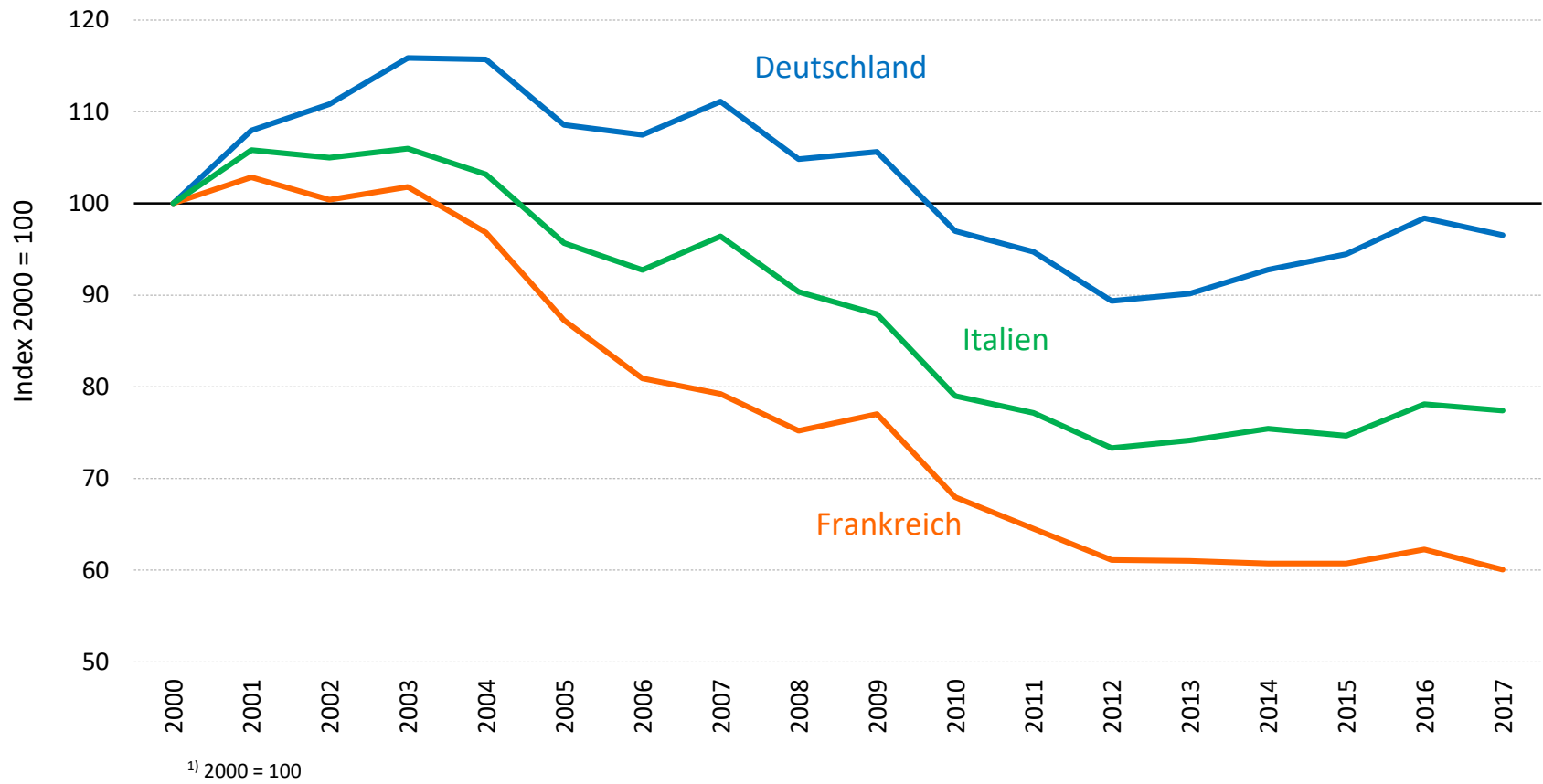


¹⁾ Basierend auf den Lohnstückkosten in USD; Performance des jeweiligen Landes relativ zu 24 Industrieländern: EU-15, TR, CH, NO, US, CA, MX, JP, AU, NZ; Index 1999 = 100

²⁾ Schätzung der EU-Kommission

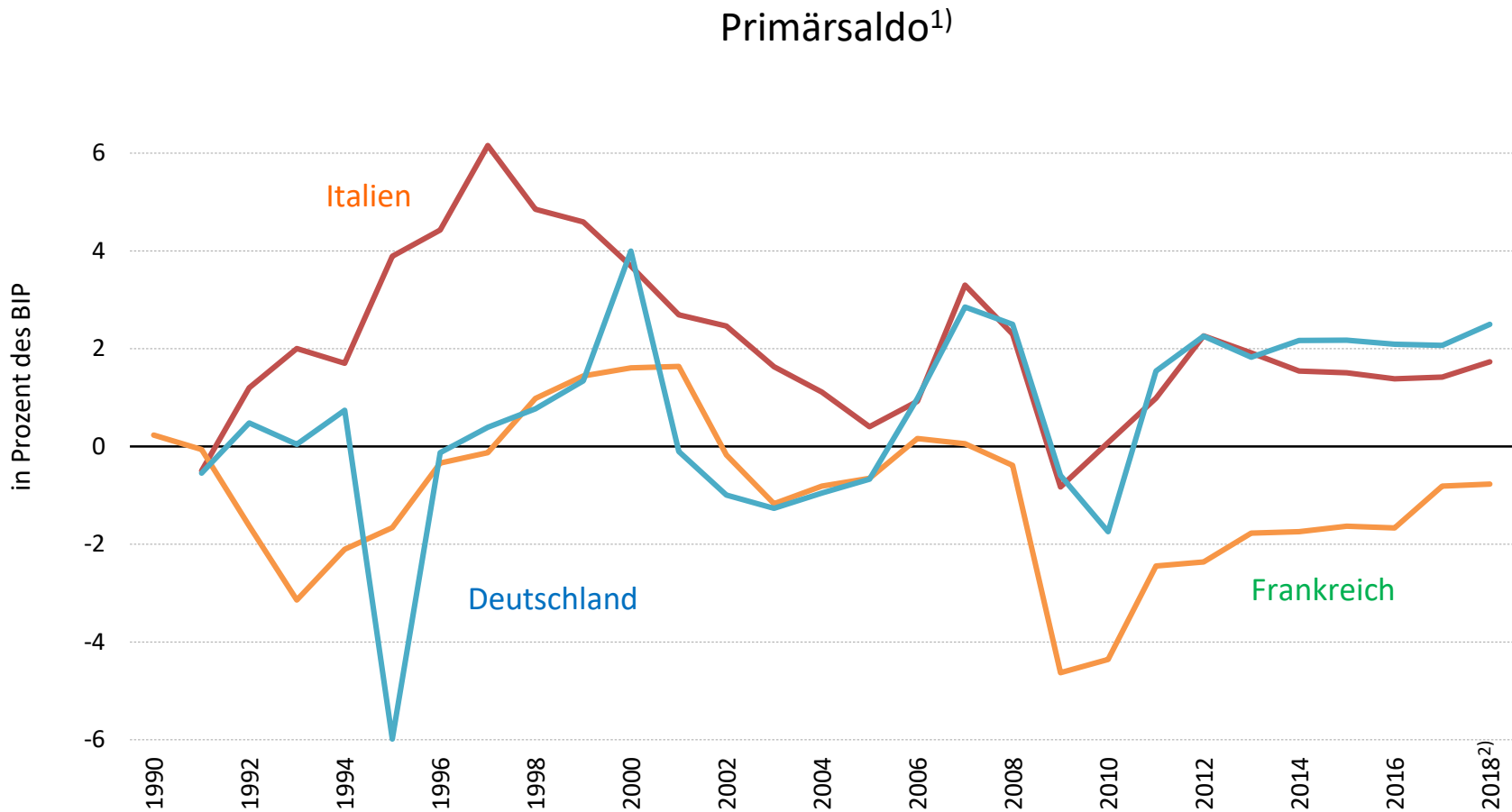
And won world market shares

Weltexportanteile (Güter)¹⁾



Quelle: IWF, Direction of Trade Statistics

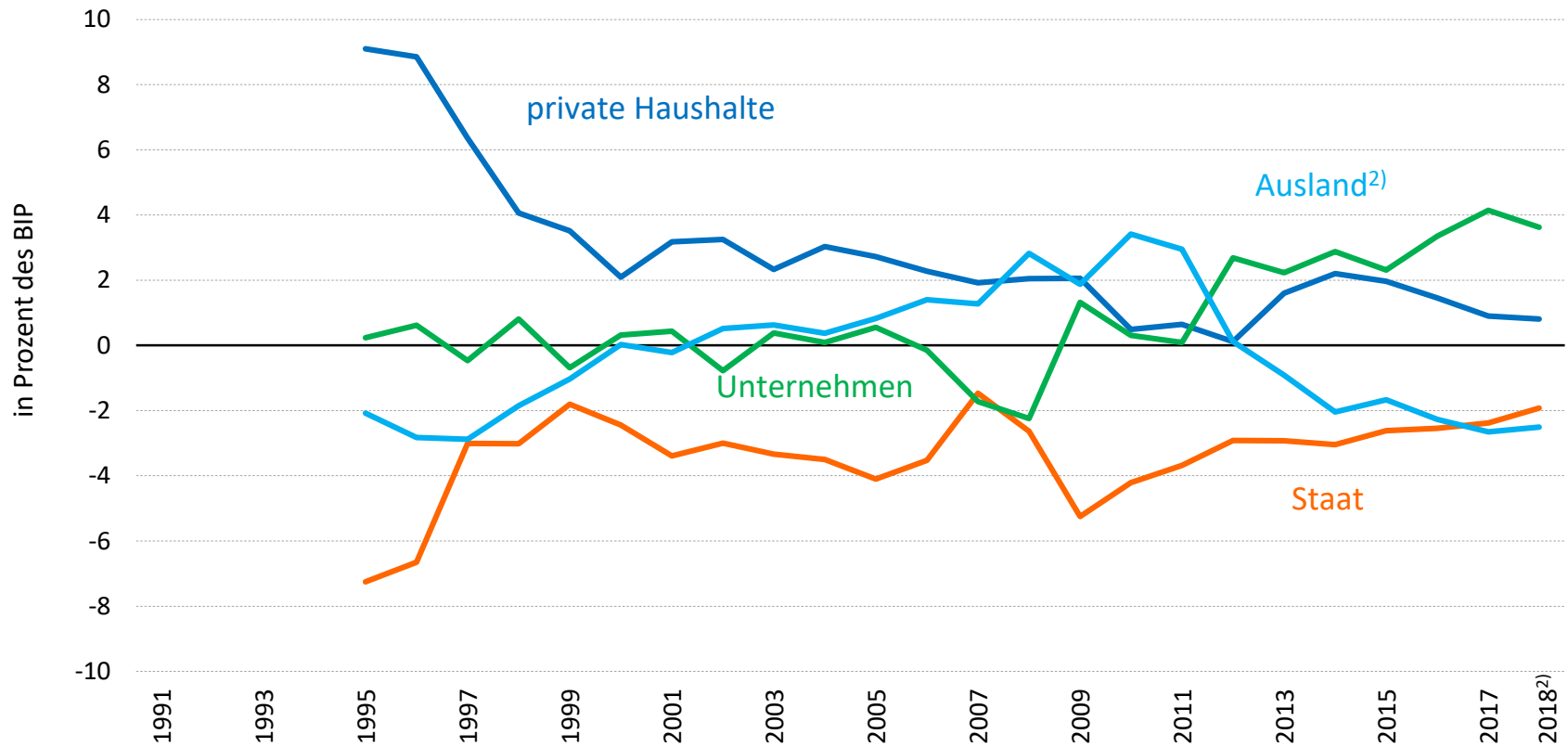
Italy's financial prudence did not pay out



¹⁾ Einnahmen des Staates - Ausgaben des Staates ²⁾ Schätzung der EU-Kommission
Quelle: AMECO

With companies as net savers the government is trapped

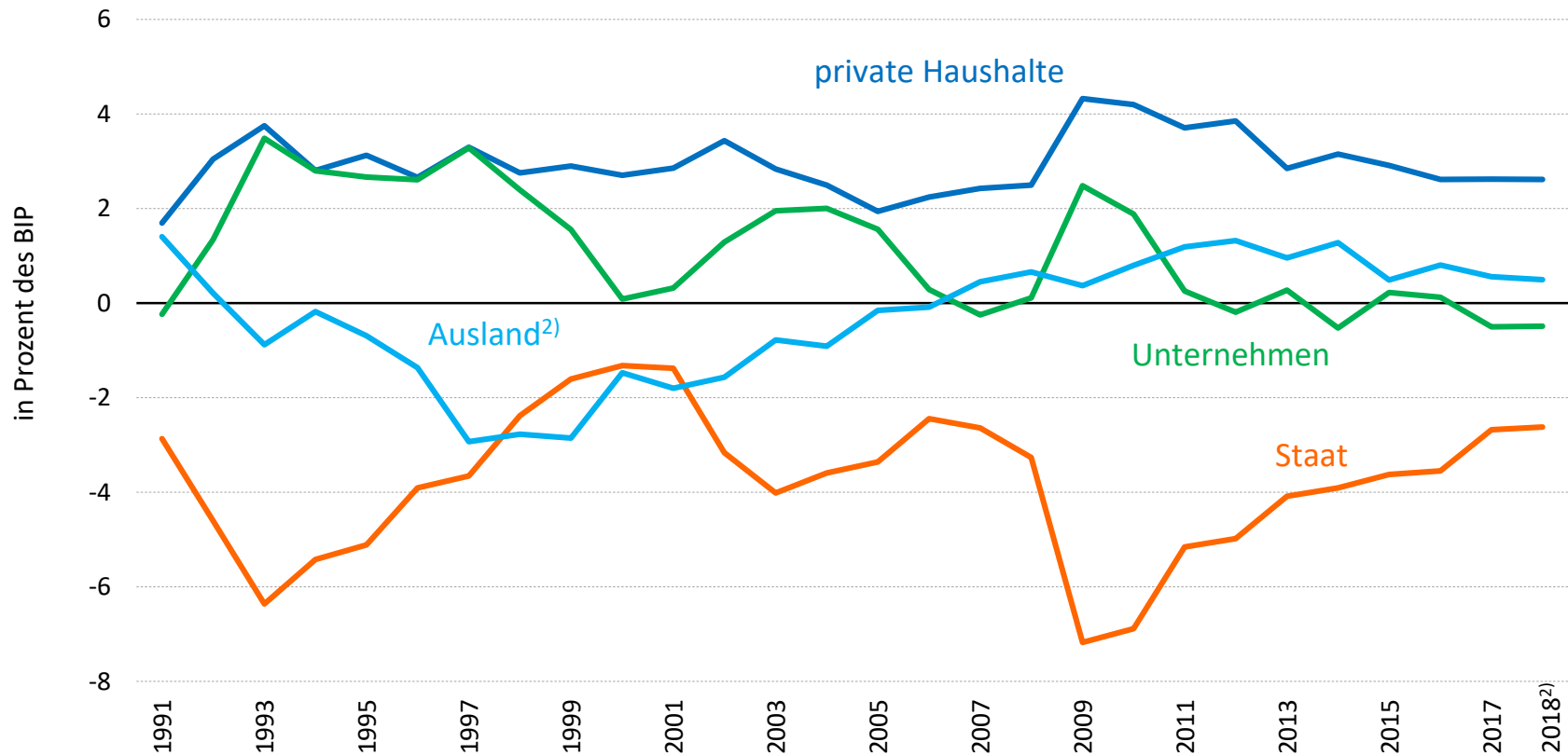
Finanzierungssalden¹⁾ der Wirtschaftssektoren in Italien 1991-2018



¹⁾ In % des nominalen BIP; ²⁾ Negative Werte bedeuten eine Verschuldung des Auslands ²⁾ Schätzung der EU-Kommission
Quelle: AMECO

As in France

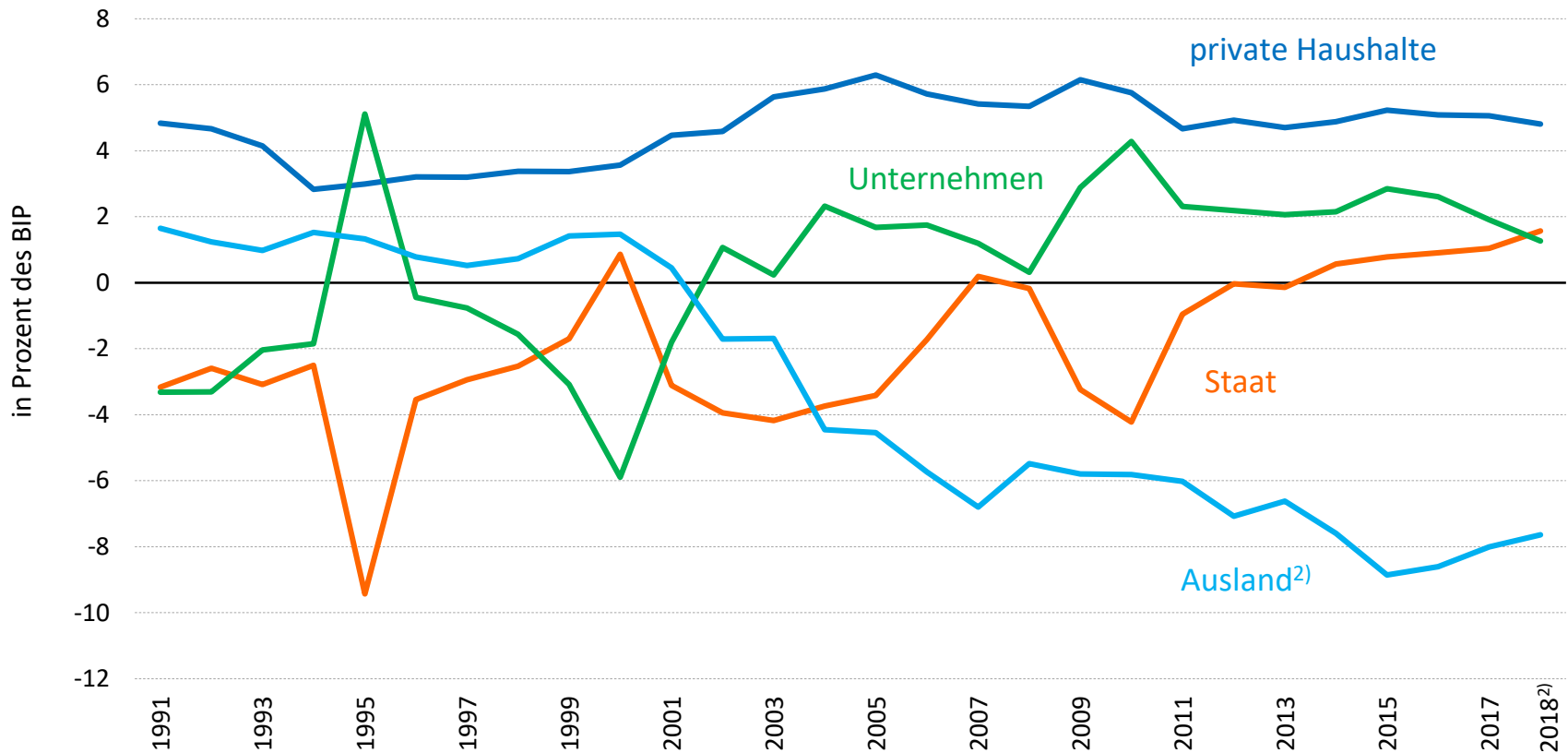
Finanzierungssalden¹⁾ der Wirtschaftssektoren in Frankreich 1991-2018



¹⁾ In % des nominalen BIP; ²⁾ Negative Werte bedeuten eine Verschuldung des Auslands ²⁾ Schätzung der EU-Kommission
Quelle: AMECO

Only Germany found the „solution“

Finanzierungssalden¹⁾ der Wirtschaftssektoren in Deutschland 1991-2018



¹⁾ In % des nominalen BIP; ²⁾ Negative Werte bedeuten eine Verschuldung des Auslands ²⁾ Schätzung der EU-Kommission
Quelle: AMECO



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