



Polish
Economic
Institute

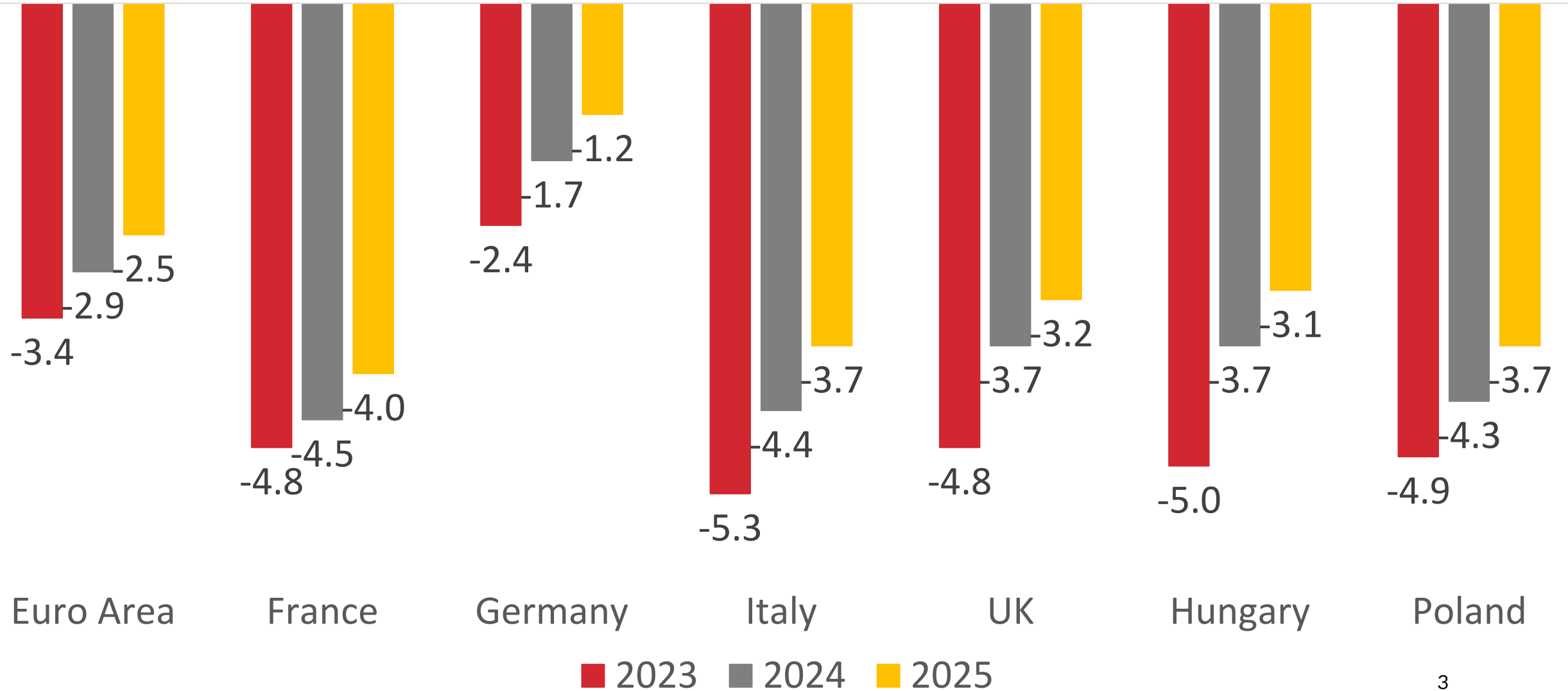
AIECE General Report Autumn 2023

The policy environment

Section I

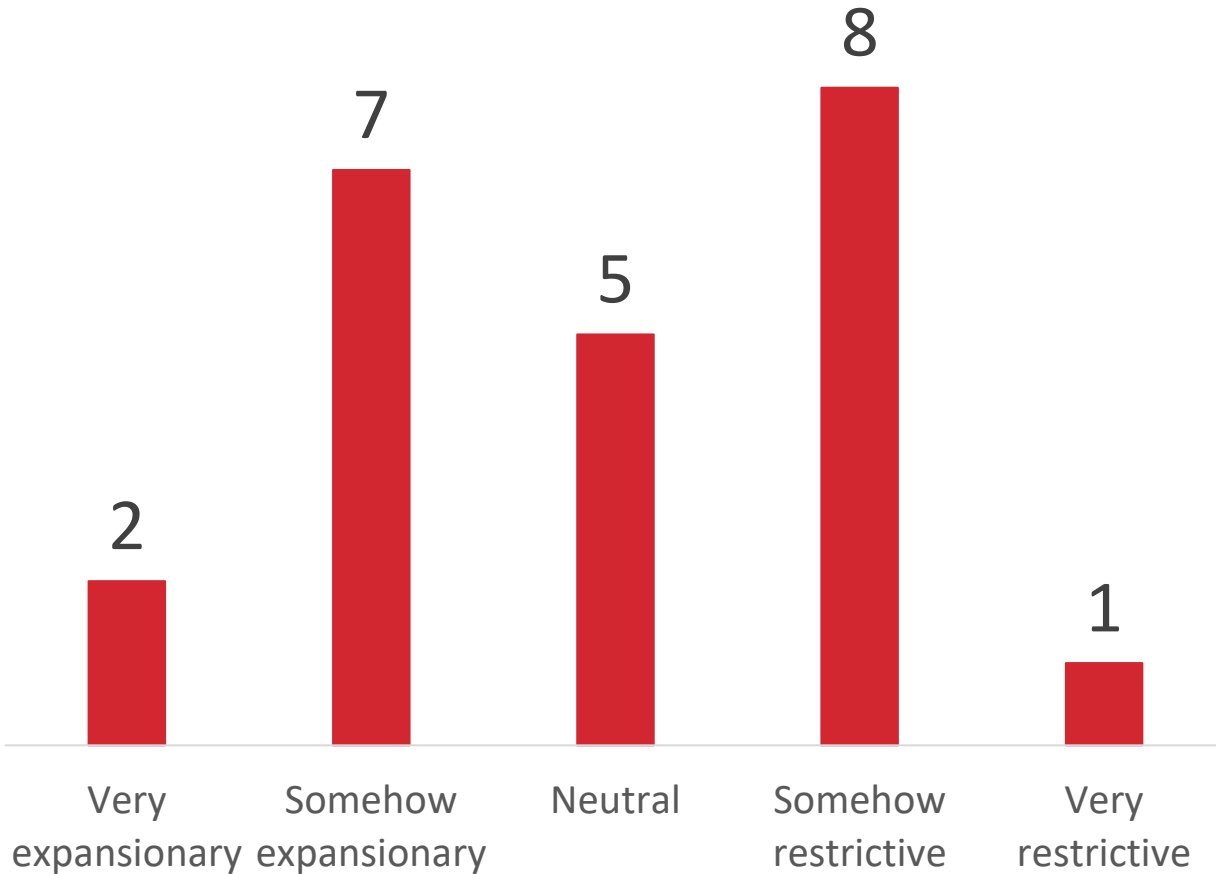
Fiscal Policy

Deficits are huge.

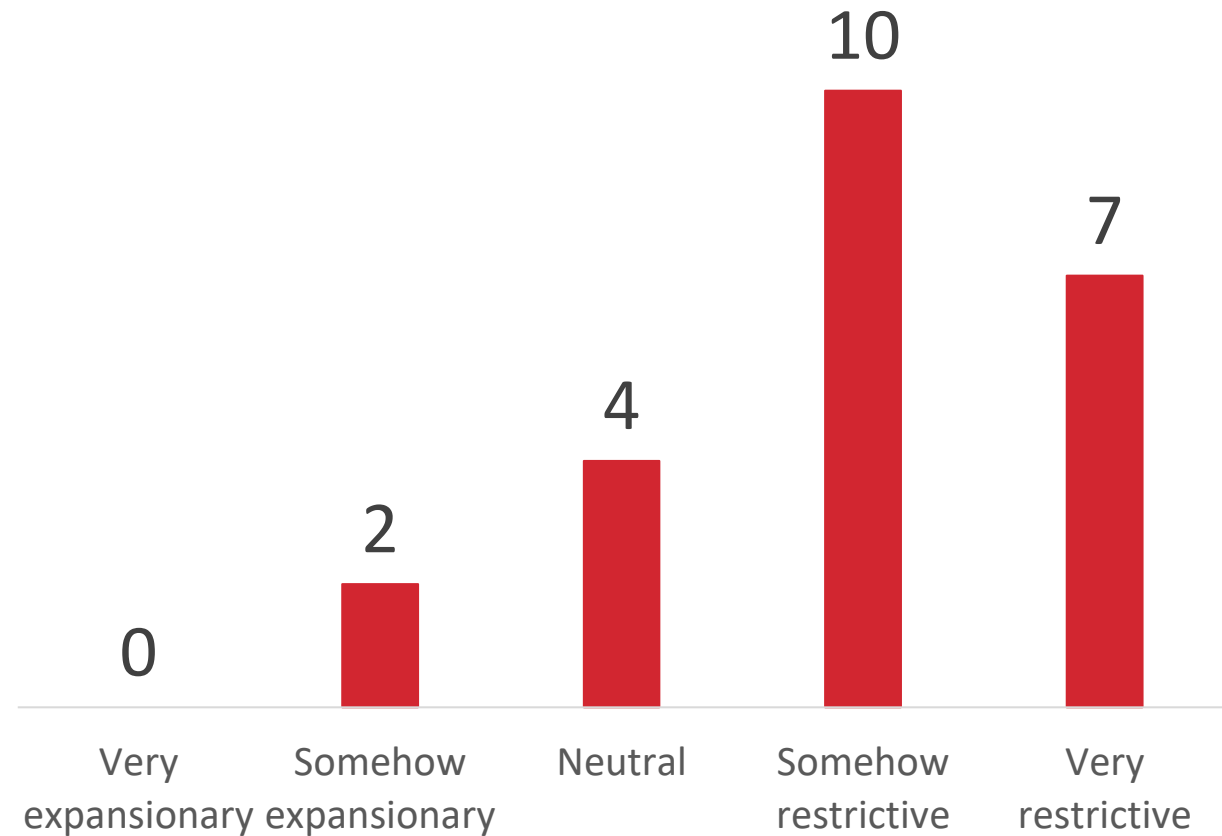


Most economists assume policy is too expansive

Expected Fiscal Policy in 2024

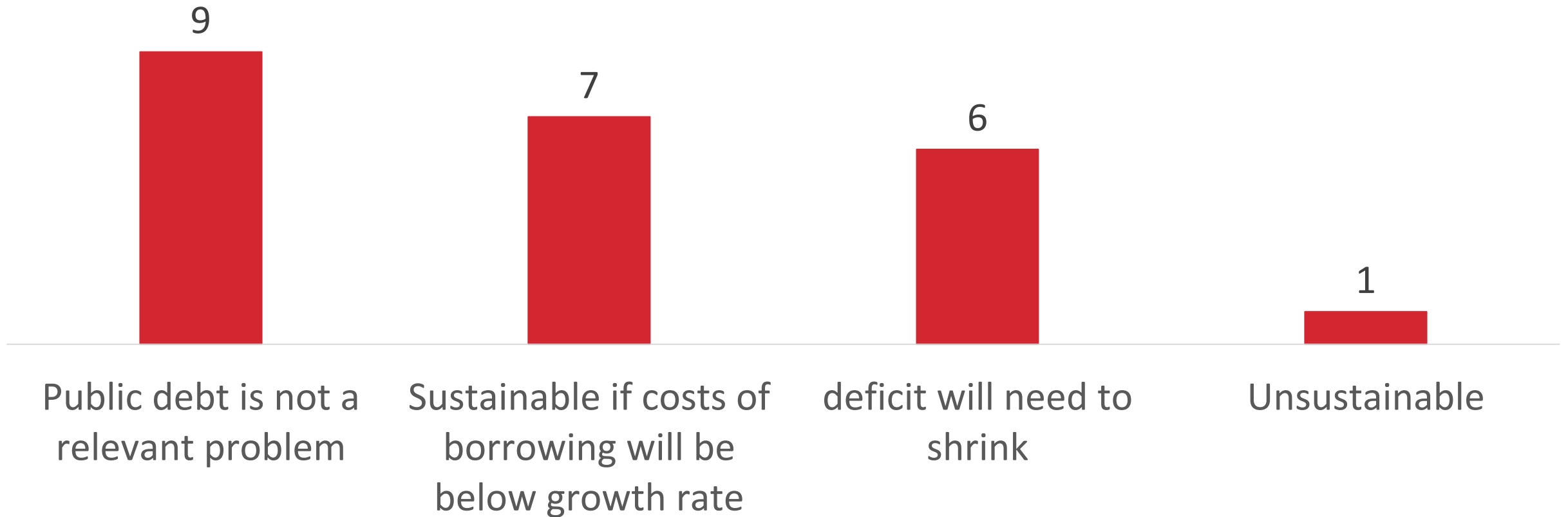


Suitable Fiscal Policy in 2024



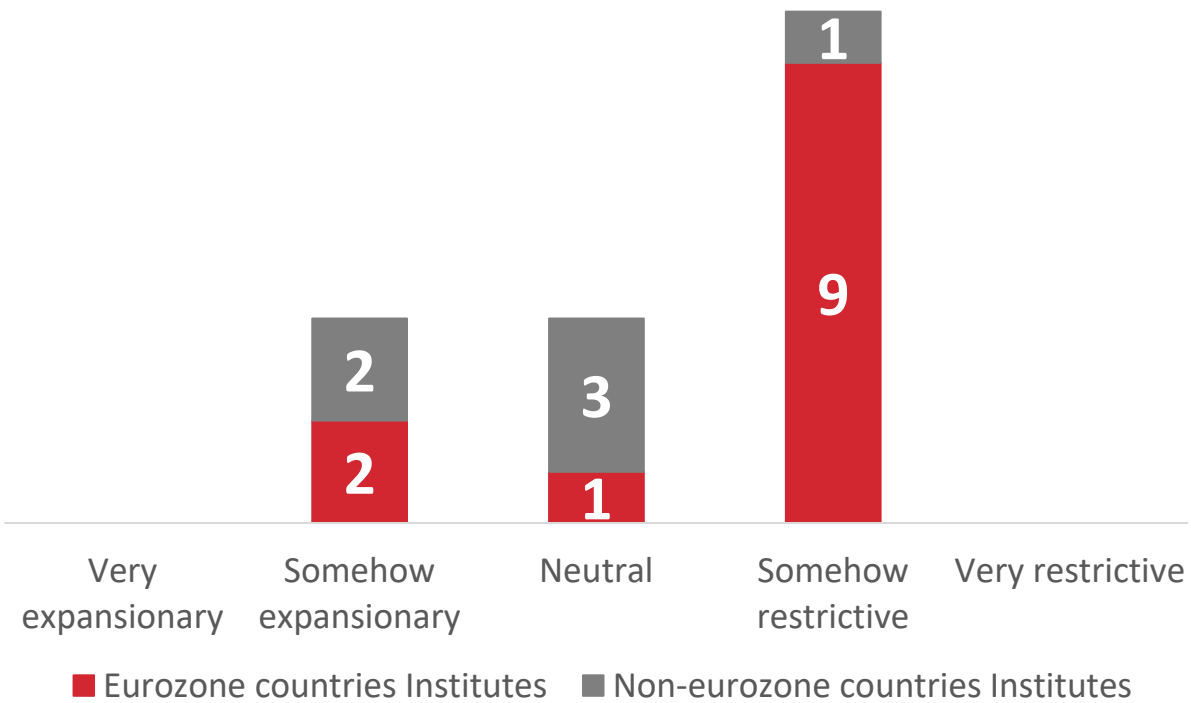
Solid number of institutes call for lower deficit.

Do you believe public debt in your country is sustainable in the medium term (3-5 years)?

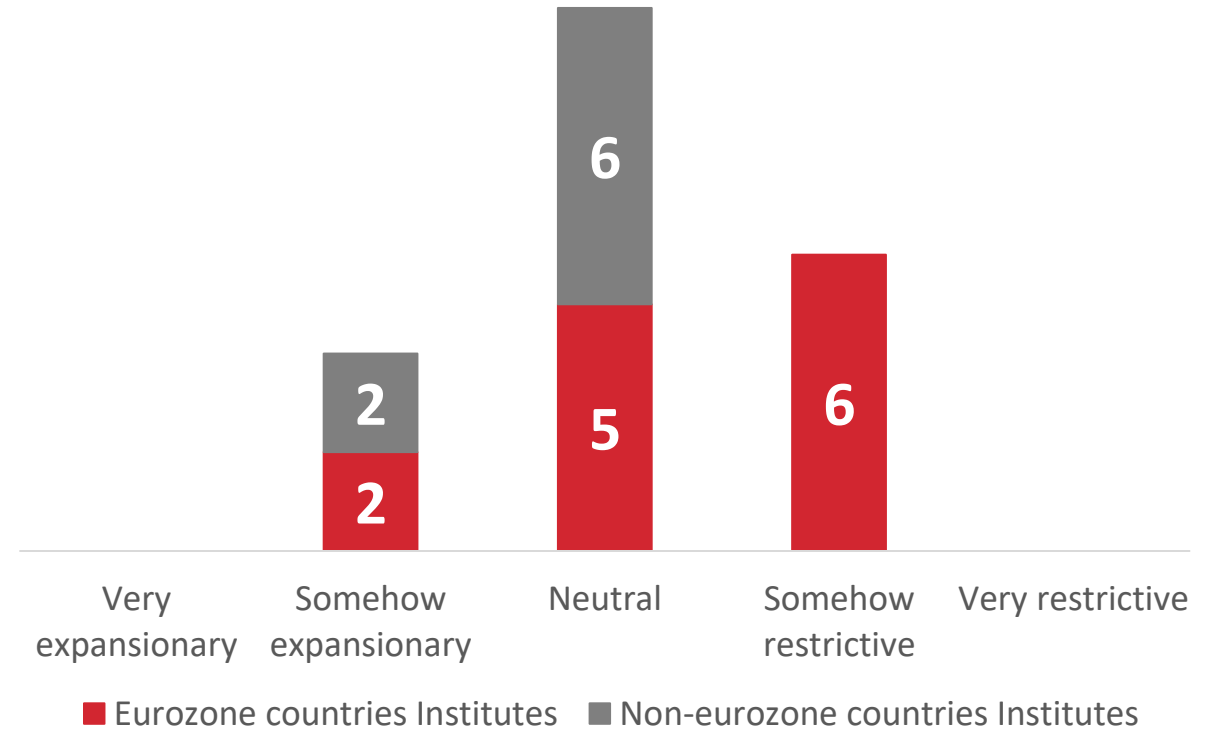


German austerity has cold reception as well.

Expected Euro Area Fiscal Policy in 2024

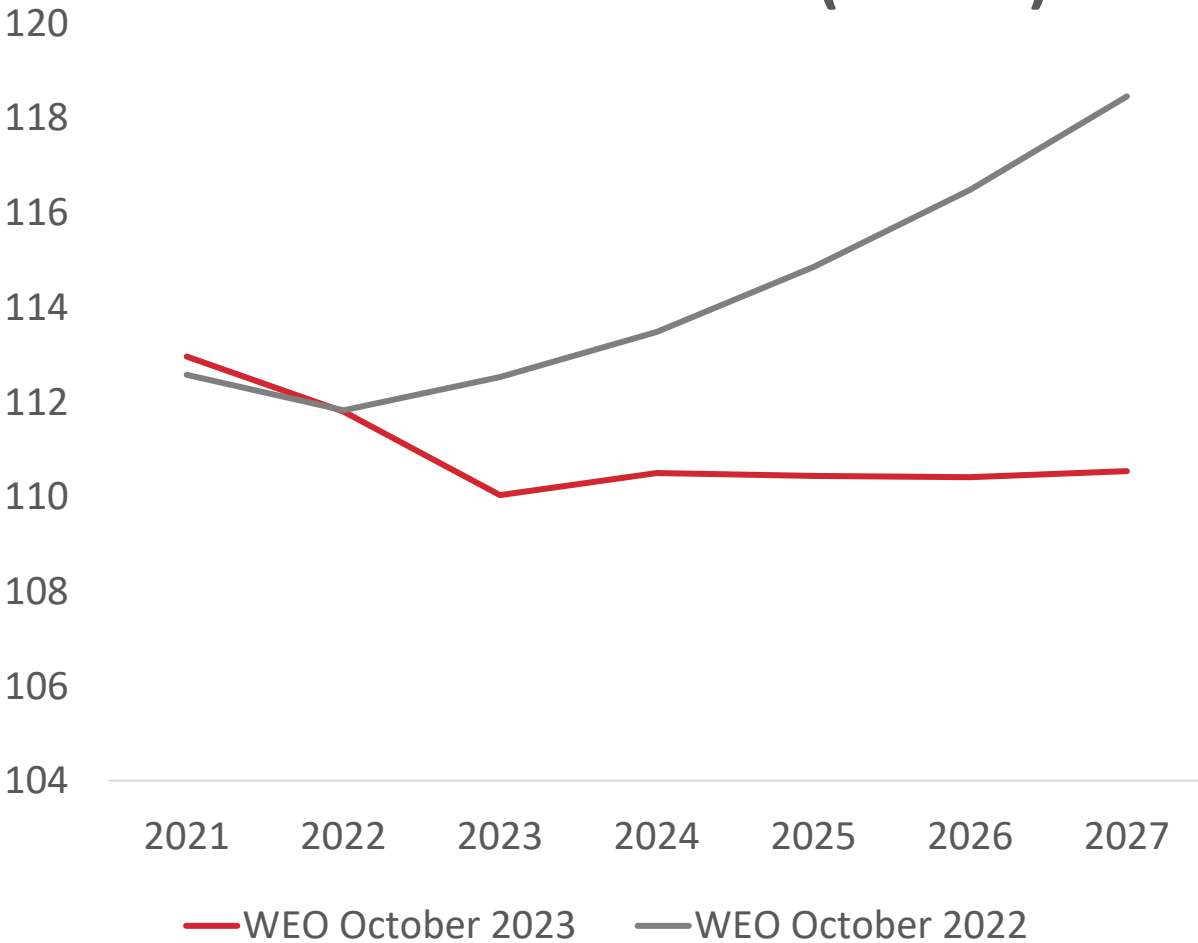


Suitable Euro Area Fiscal Policy in 2024

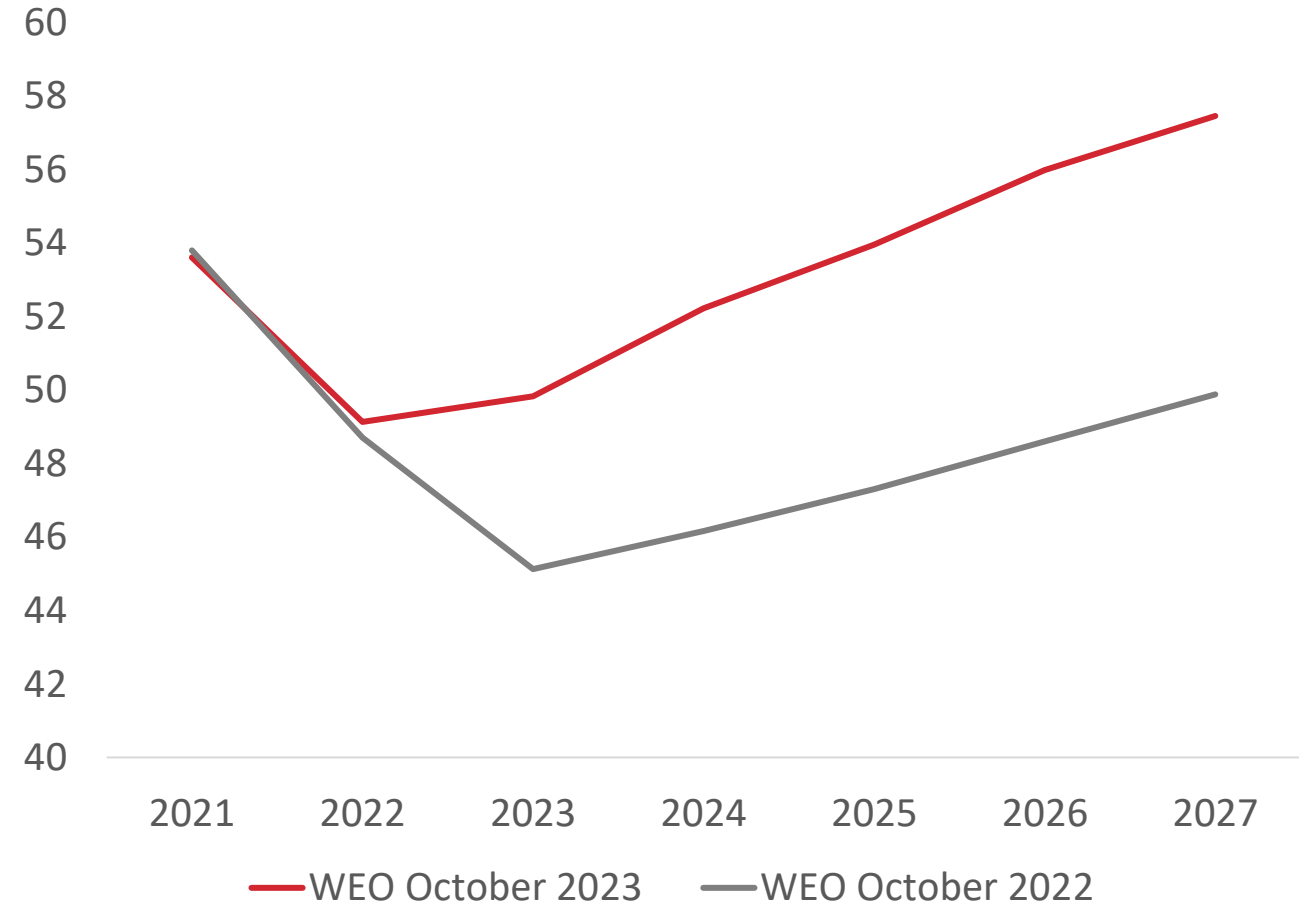


Discussion: Shifts in fiscal policy are sizeable.

Public debt in France (%GDP)



Public debt in Poland (%GDP)



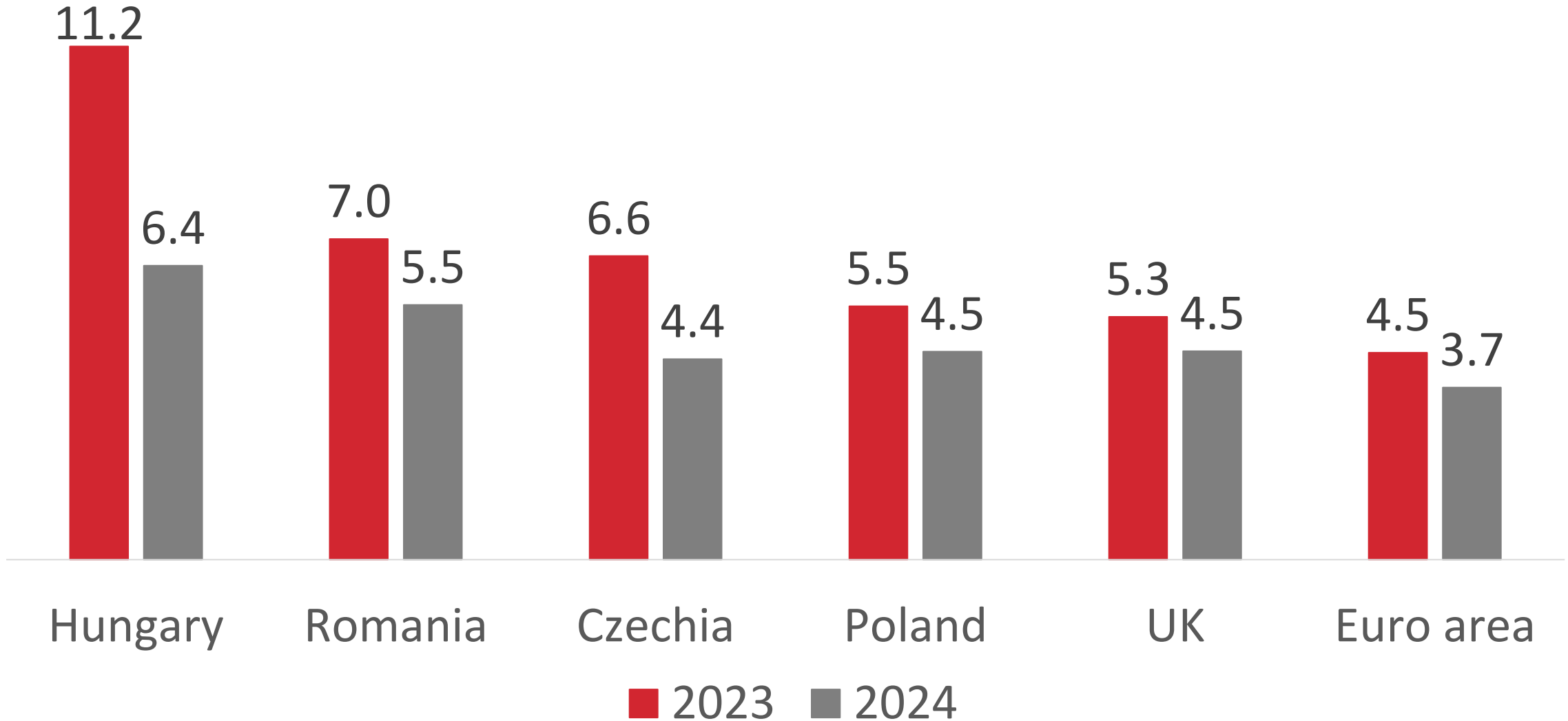
Questions for discussion.

1. When will fiscal rules be restored in the European Union?
2. [Olivier Blanchard](#) calls for a new austerity policy due to rising debt servicing costs. Is this action appropriate?
3. [Bruegel](#) points out that fiscal rules may hinder the green transformation. Do you think such a relationship exists? If so, to what extent?
4. [Italy](#): Eurostat has increased the deficit, through a change in accounting. Will the Italian government have to adapt its budget??

Section II

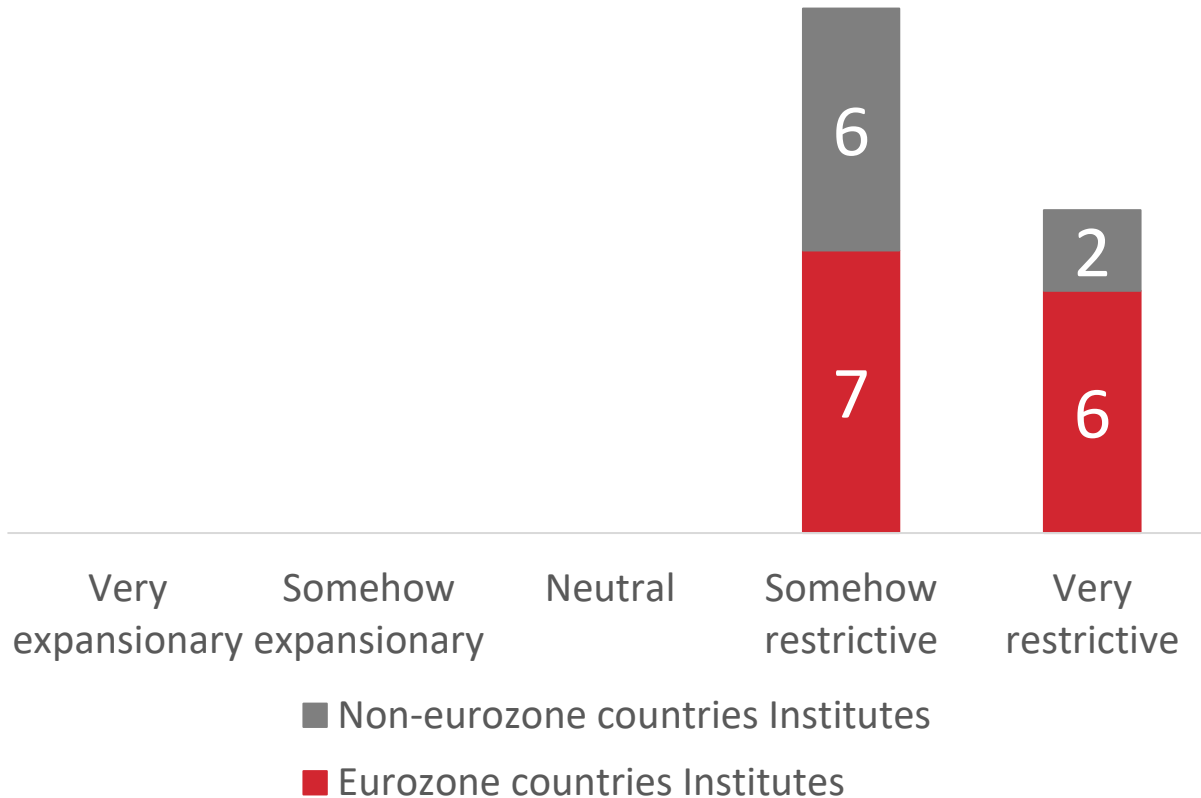
Monetary Policy

Rates expected to fall in 2024

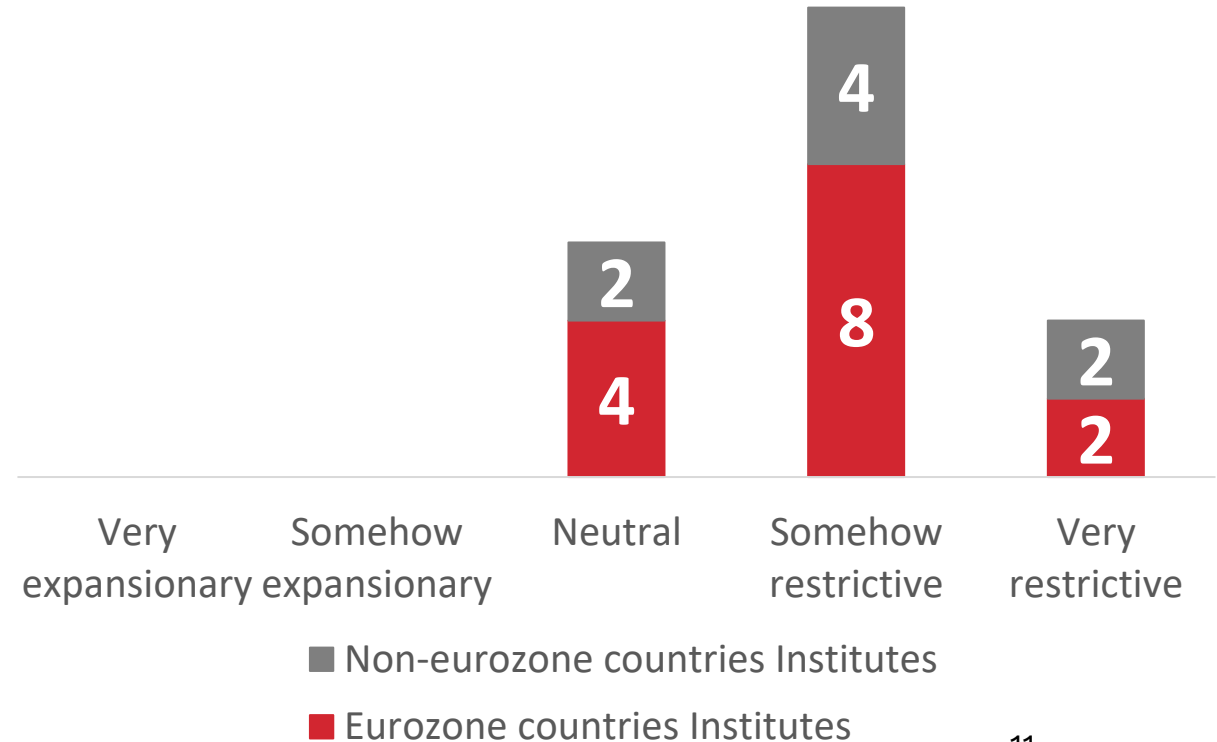


Monetary policy seems boring right now

Expected Euro Area Monetary Policy in 2024

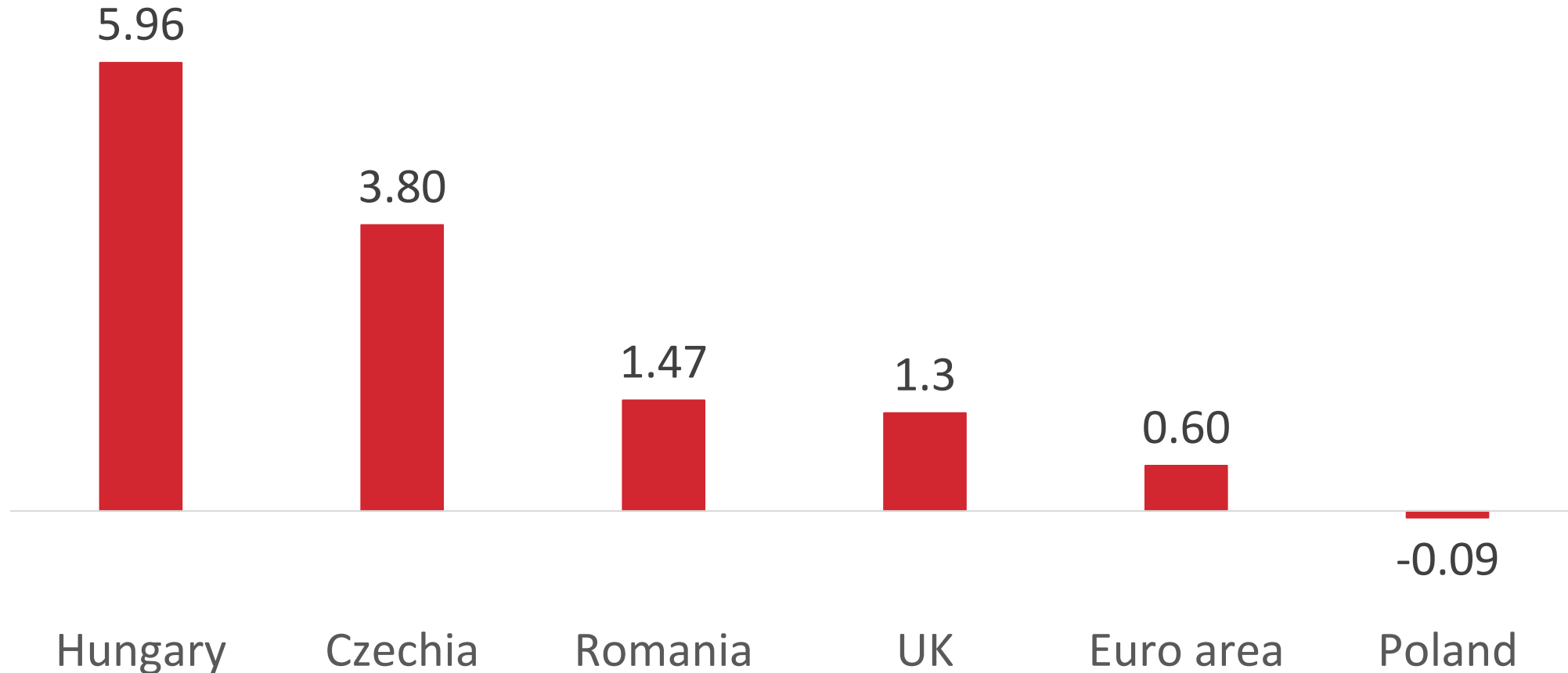


Suitable Euro Area Monetary Policy in 2024



Some dispersion in the case of real rates.

Expected ex-ante real interest rates (%)



Questions for discussion.

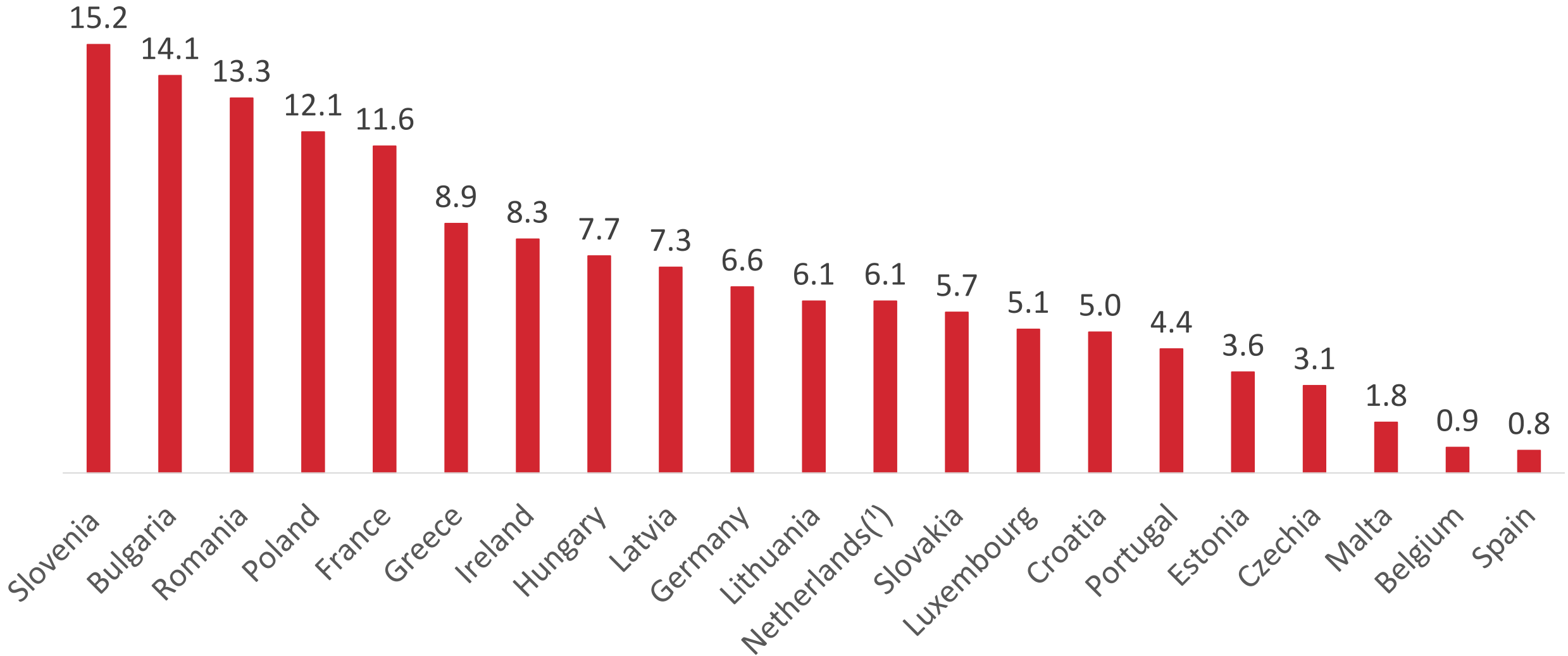
1. What is an appropriate level of real interest rates in the EU right now? How do you assess r^* ? Is it significantly different for the euro area compared to your country?
2. The ECB will start piloting CBDC digital currencies next year. Will the instrument gain popularity?

Section III

Wage Policy

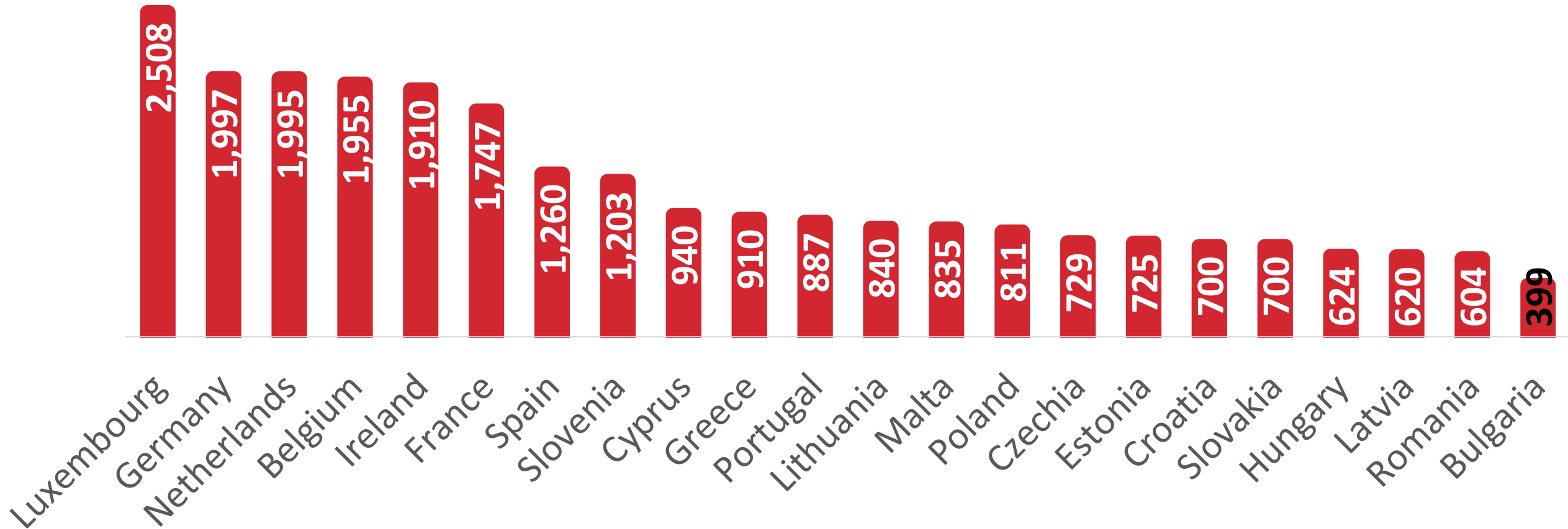
EU recommends increasing minimal rate.

Proportion of employees earning less than 105 % of the minimum wage, 2018 (%)



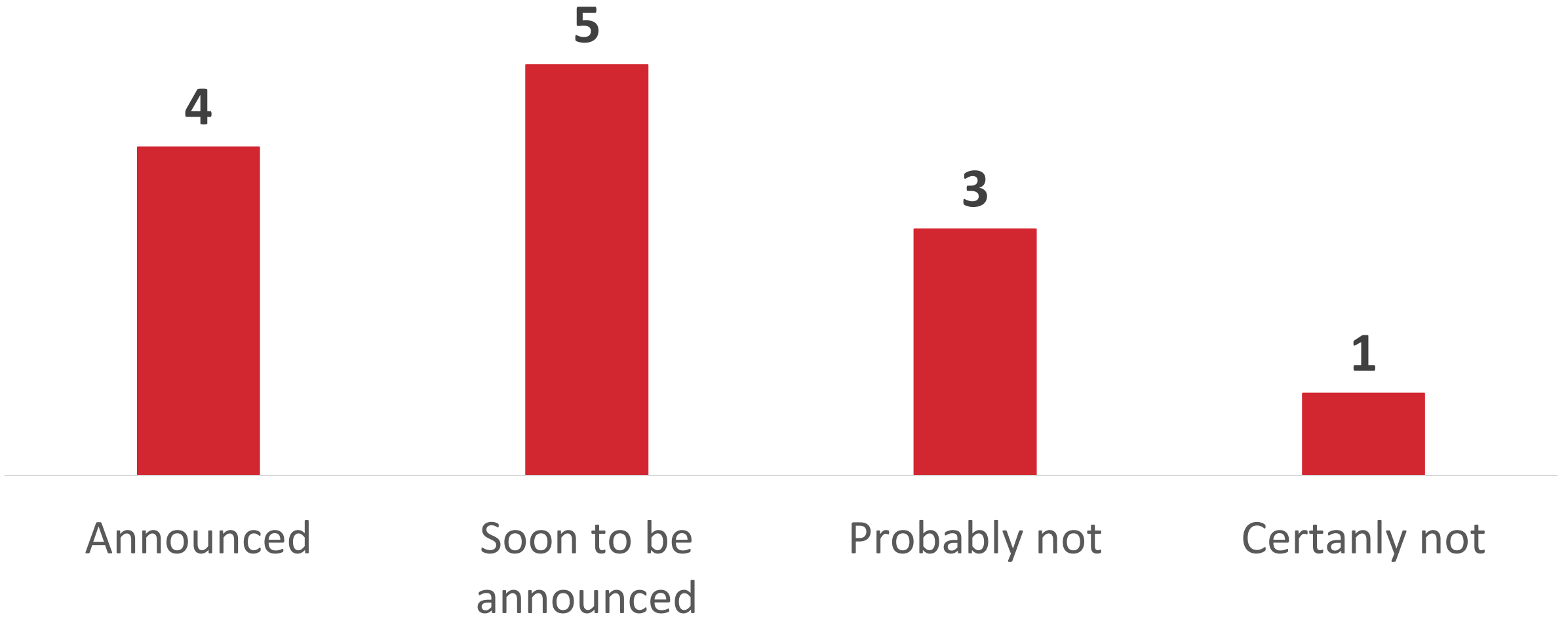
Minimal wage is dispersed between countries.

Minimum wages in EU countries, July 2023 (current prices, EUR)



Discussion: What is the progress?

Do you expect increase of minimal wage for 2024?





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Thank you

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