



ISPI



In Search of a New Normal: Macroeconomic Policies and
Macro-Prudential Regulation in Unconventional Times

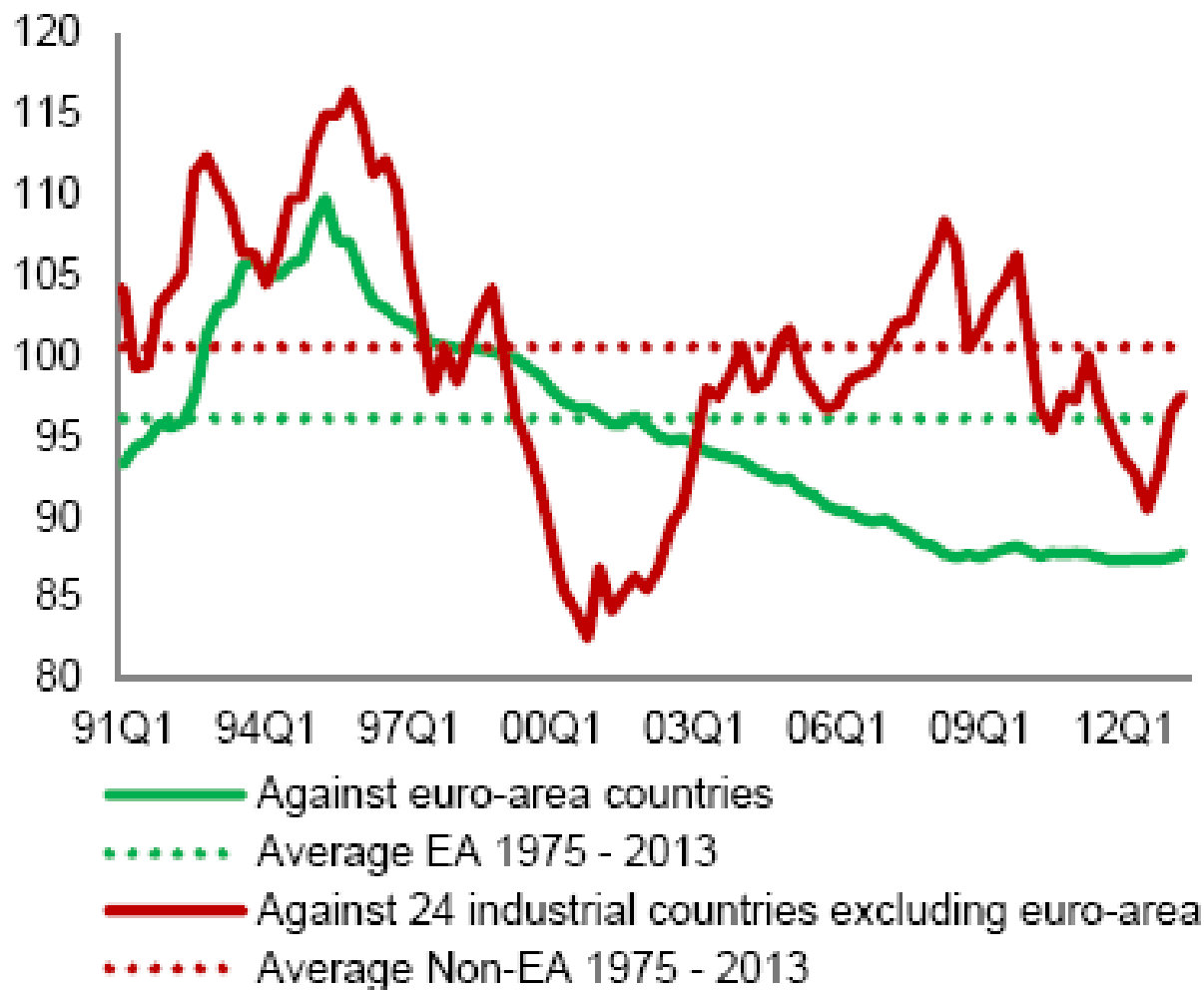
Towards a closer Union? Next steps to foster real economic convergence

Stefano Micossi

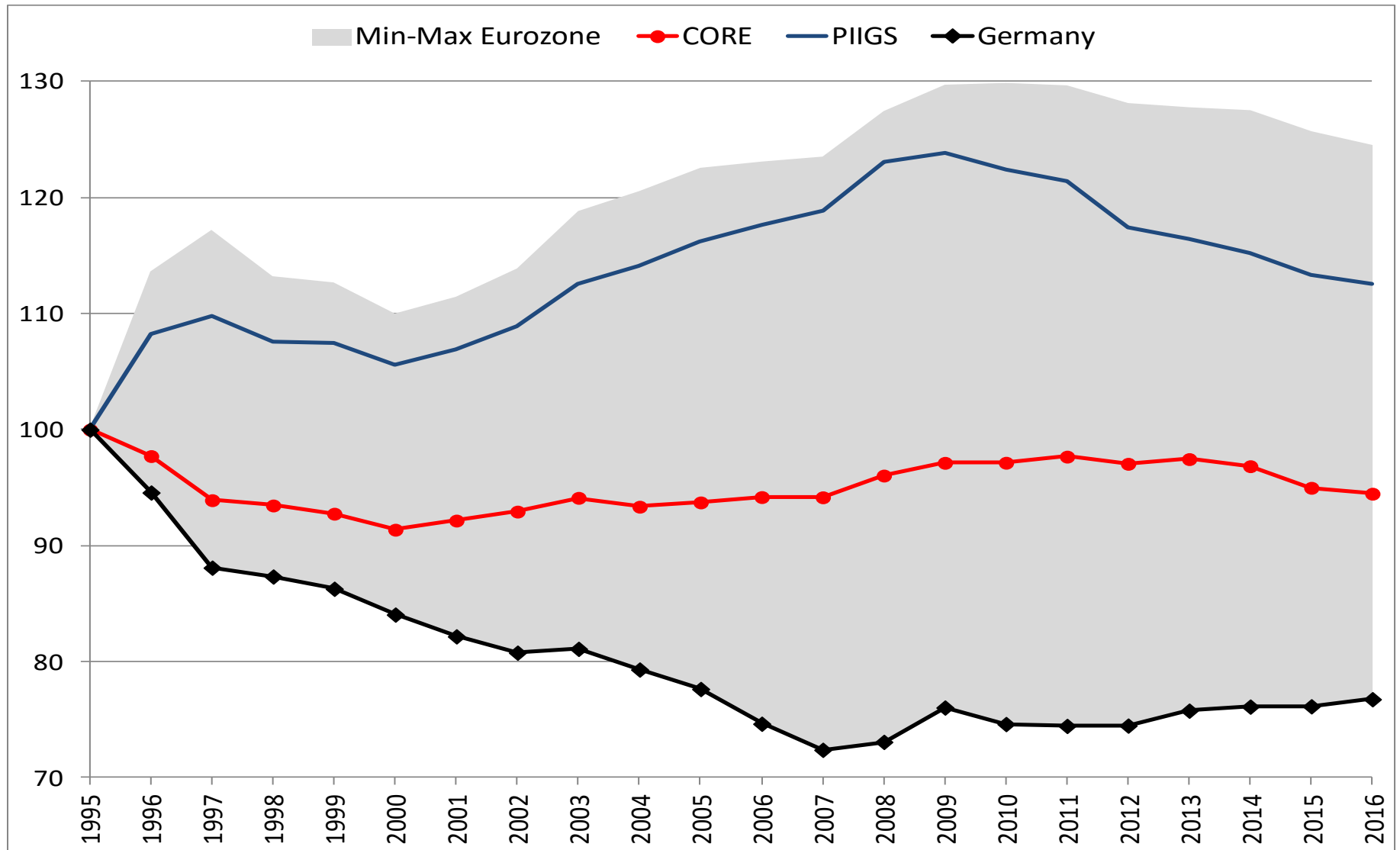
Assonime

Bruxelles, 3 December 2015

Germany's price competitiveness based on deflators of total sales (99Q1=100)

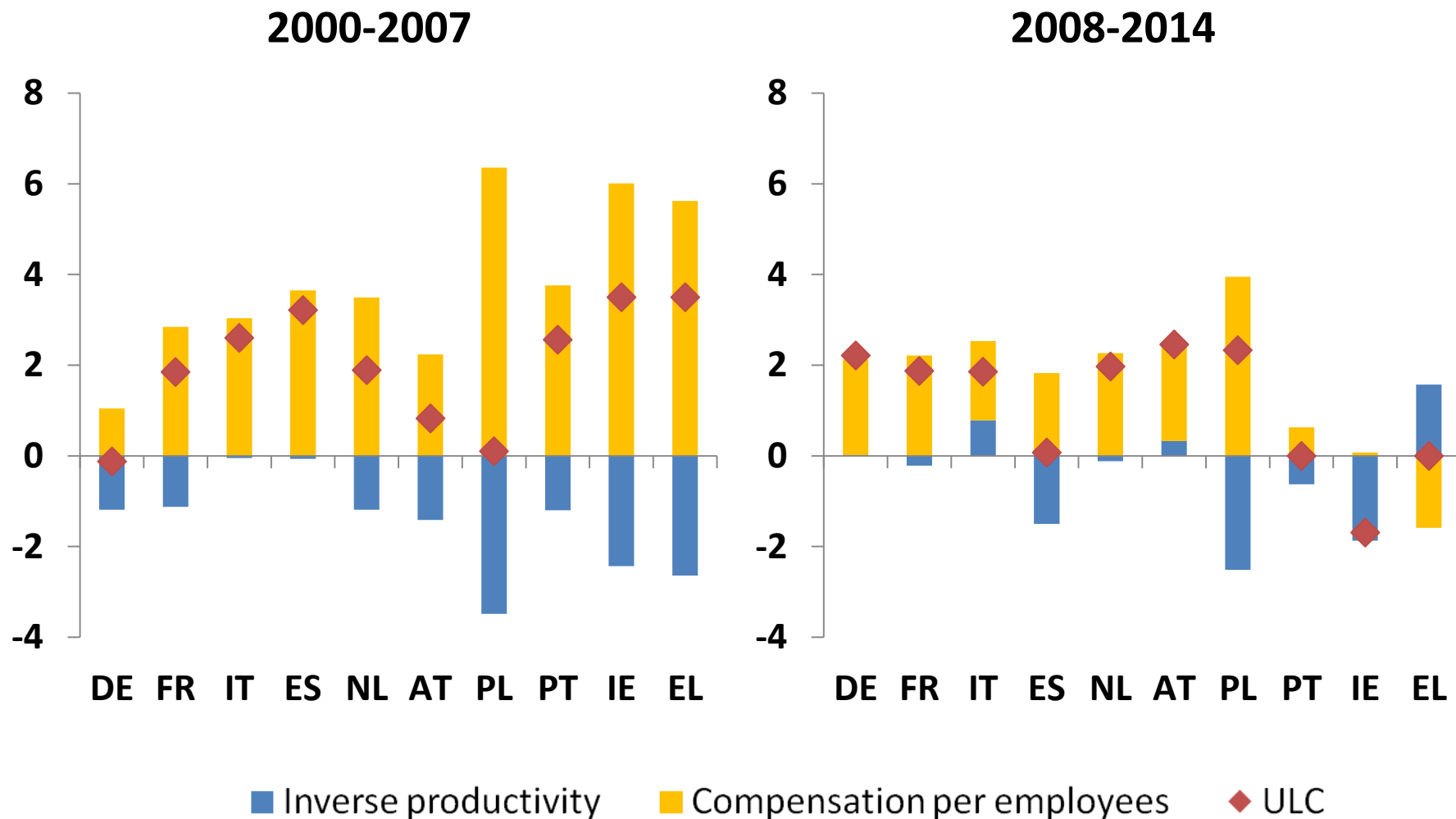


Persistent competitive divergences (real effective exchange rates, 1995=100)

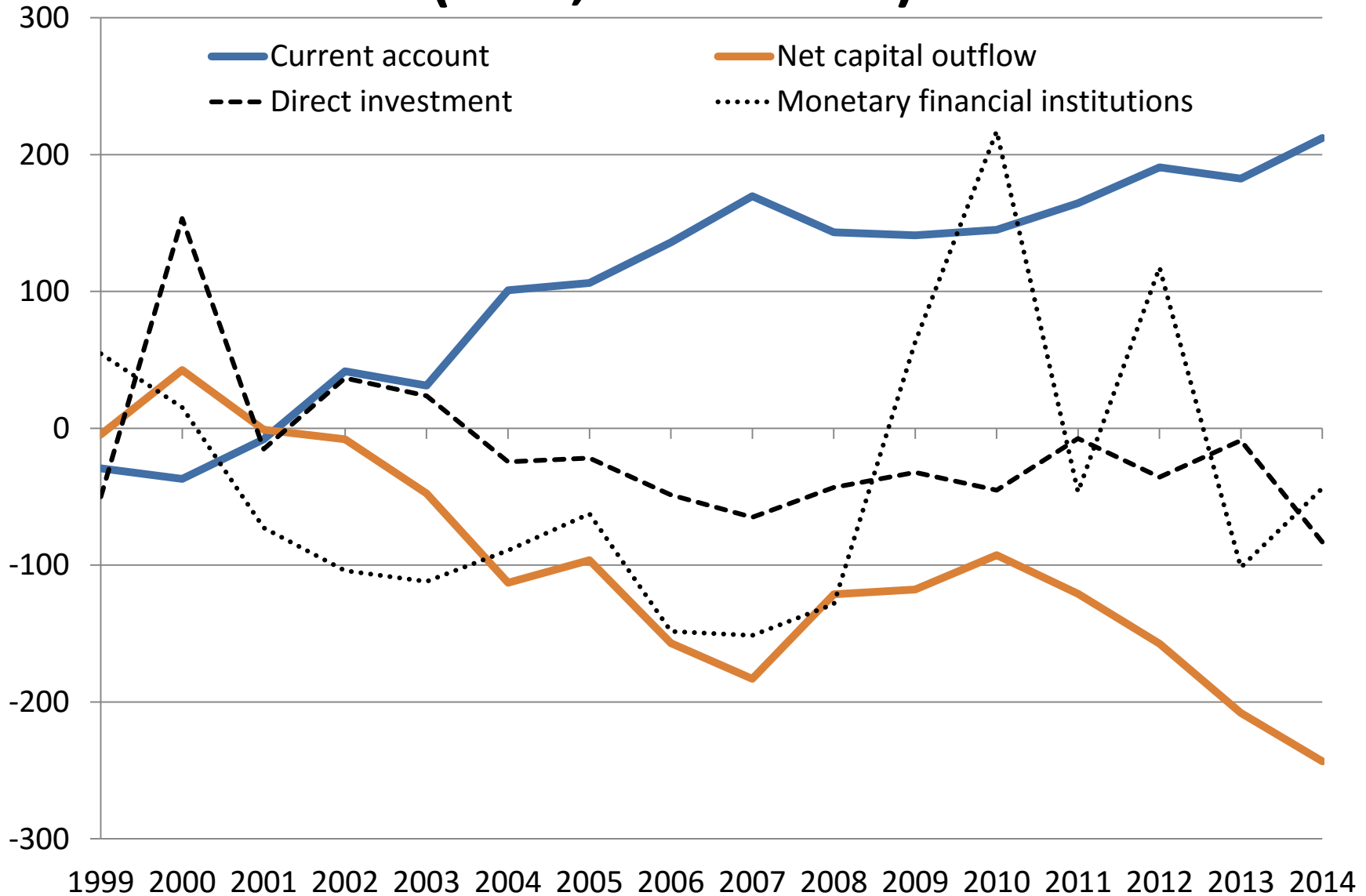


Source: Ameco. Note: CORE countries excluding Germany are Austria, Belgium, Finland, France and Netherlands; PIIGS countries are Greece, Ireland, Italy, Portugal and Spain.

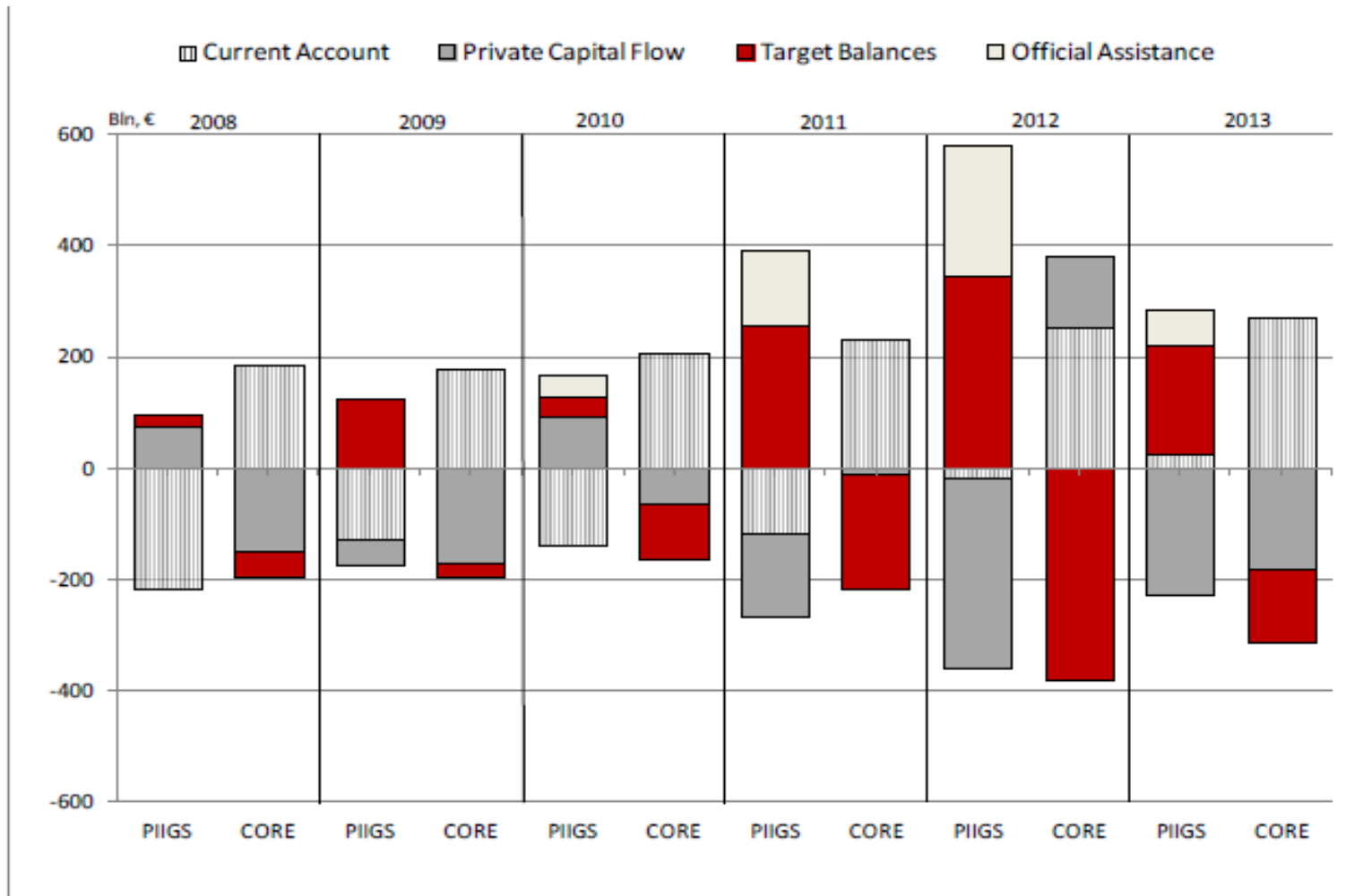
Unit labour costs, labour productivity and labour cost (annual growth rates, %)



Balance of Payments, Germany (€ bn, 1999-2014)



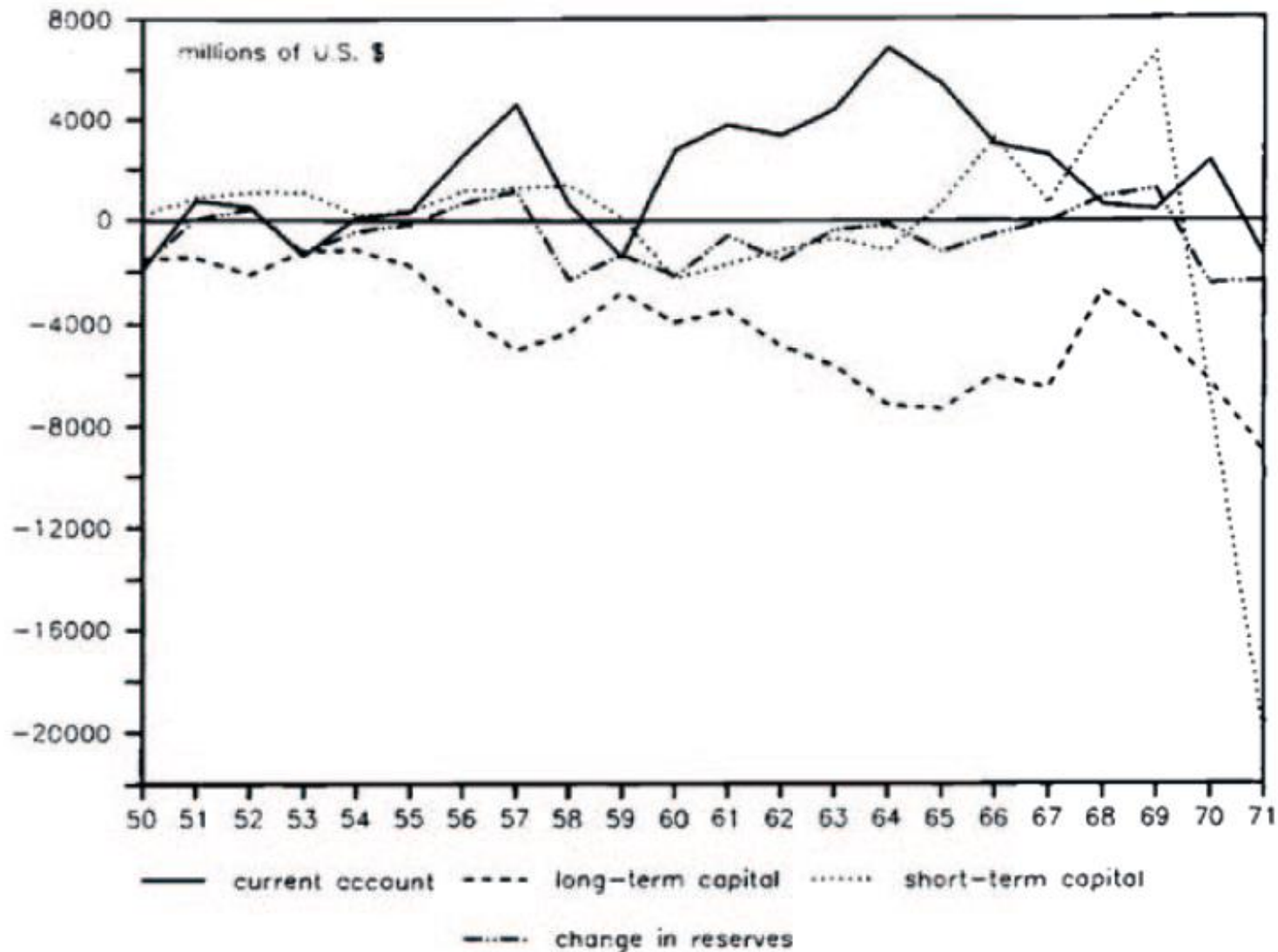
The Financing of Eurozone payments imbalances (2008-13)



Note: Core countries are Germany, Luxembourg, Netherlands and Finland.

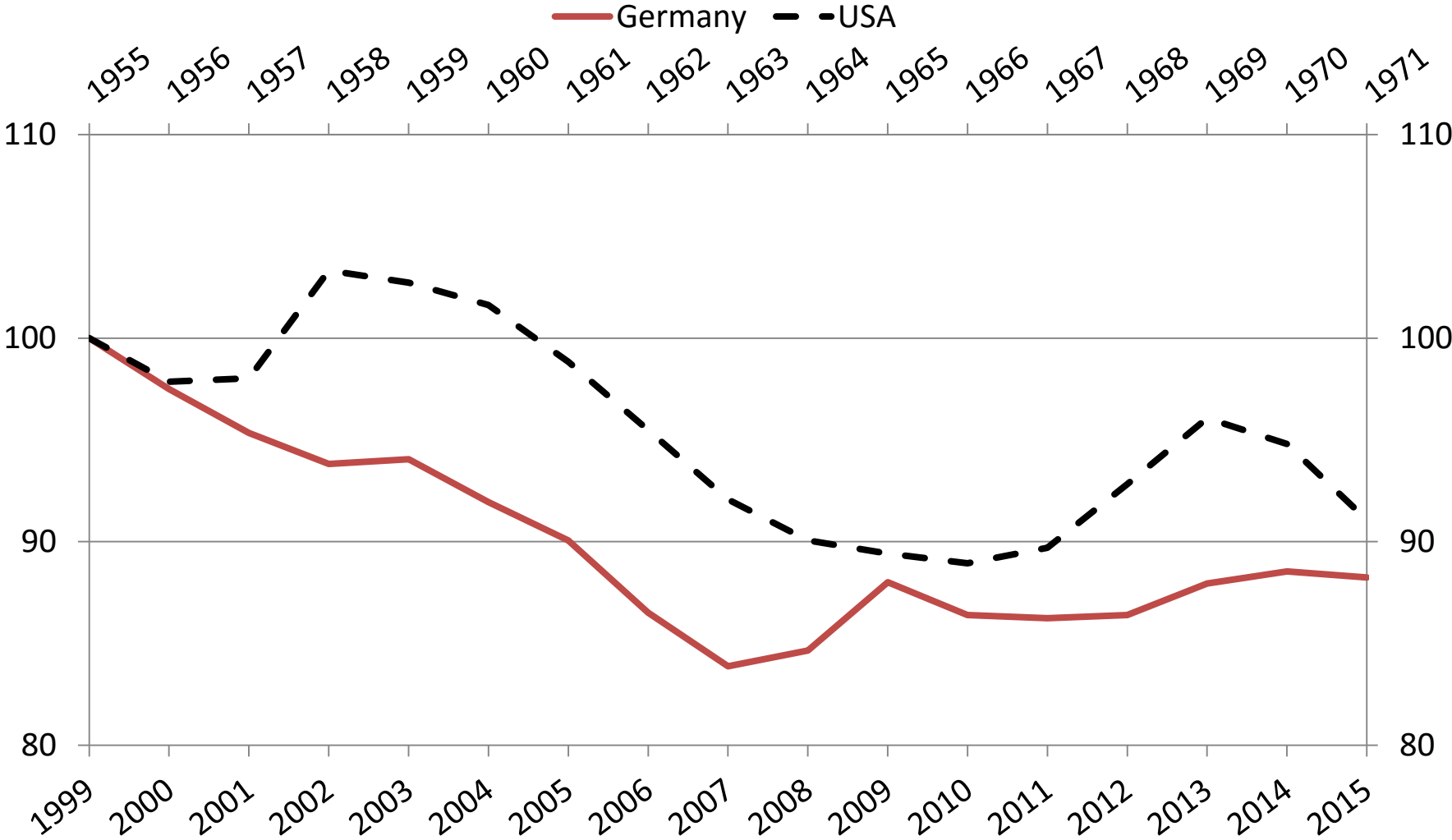
Source: CESiFo database for Target 2 and Eurostat for current account; IMF, EFSF/ESM for official assistance programmes; net private capital flows are calculated as in Merler & Pisani-Ferri (2012).

Balance of Payments, USA, 1950-1971



Source: Bordo (1993).

Real Effective Exchange Rate (beginning of the period=100) in US (1955-71) and Germany (1999-15)

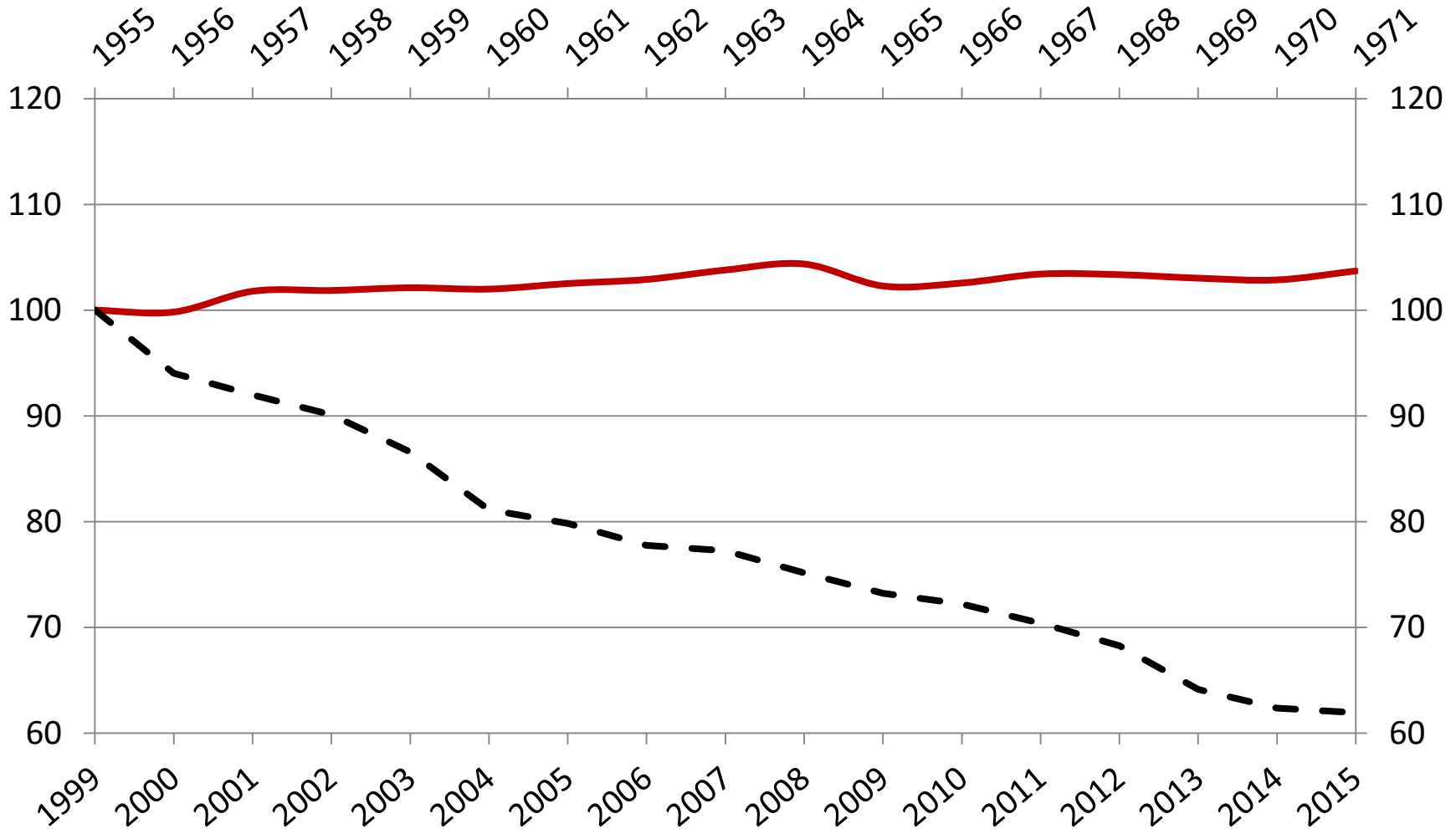


Source: Ameco for Germany, relative to the rest of the former EU-15. IMF and Bordo (1993) for America, computed as average of five bilateral real exchange rates.

Labour productivity ratios: US vs Germany (1955-1971) and Germany vs rest of EZ (1999-2015)

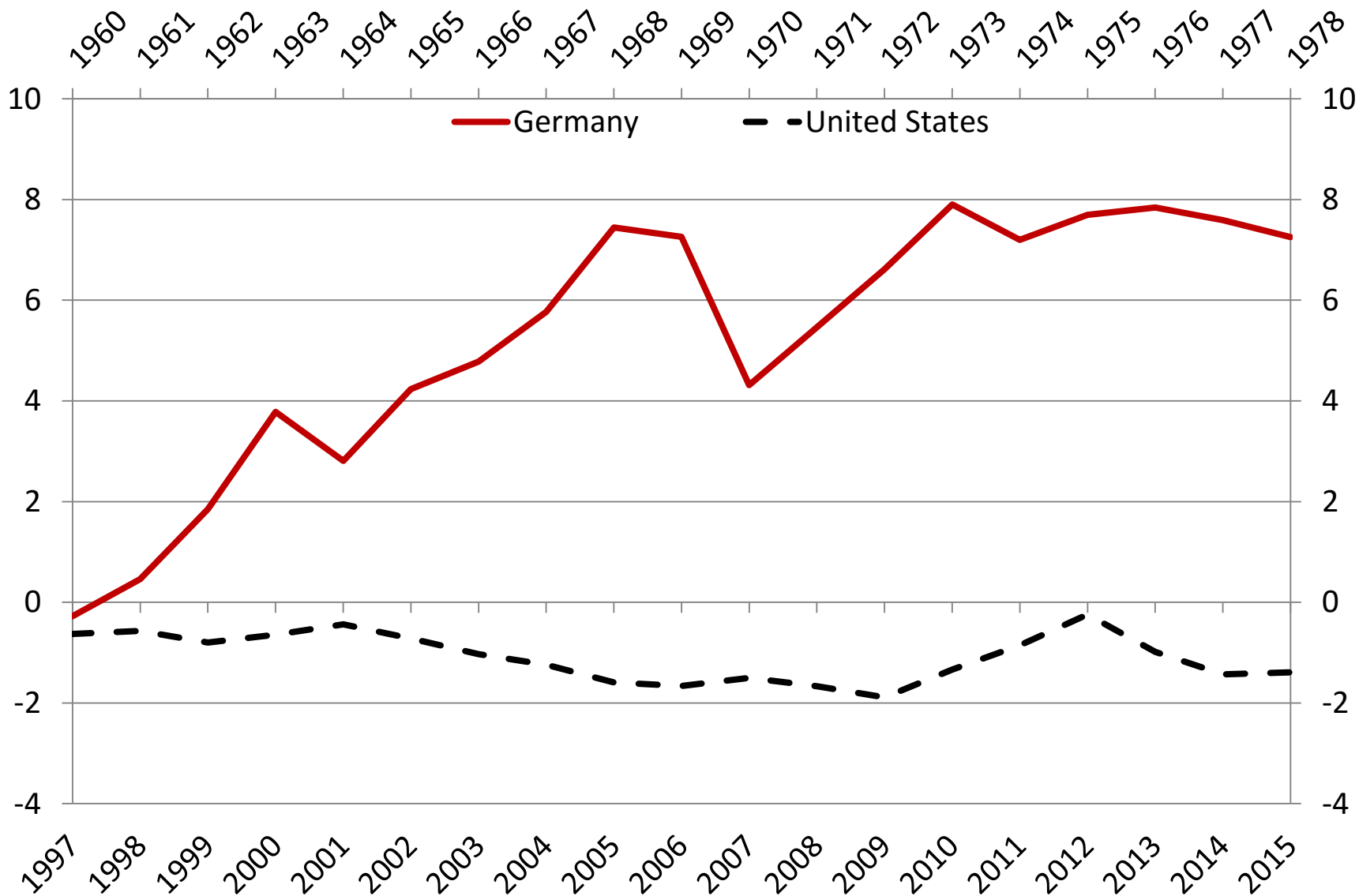
beginning of the period = 100

— Germany/rest of EZ - - - US/Germany



Source: Conference Board

Share of net exports on domestic demand (%) in US (1960-1978) and Germany (1997-2015)



Constant prices. Source: Ameco