Секция 8

СОВЕРШЕНСТВОВАНИЕ ФИНАНСОВО-КРЕДИТНОГО МЕХАНИЗМА В УСЛОВИЯХ РАЗВИТИЯ НАЦИОНАЛЬНОЙ ЭКОНОМИКИ РЕСПУБЛИКИ БЕЛАРУСЬ

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THE CHALLENGE OF SOVEREIGN DEBTS MANAGEMENT FOR THE FUTURE OF THE EURO LAND

ПРОБЛЕМА УПРАВЛЕНИЯ СУВЕРЕННЫМИ ДОЛГАМИ ДЛЯ БУДУЩЕГО ЕВРОСОЮЗА

В 2008—2009 гг. банковский сектор в Евросоюзе потерпел огромные финансовые потери вследствие резкого обесценения субпраймов. Государства оказали ему финансовую поддержку, чтобы предотвратить крах. В результате кризиса ухудшились все макроэкономические показатели Еврозоны. Из-за волатильности ставок на гособлигации, обусловленной риском неплатежа, резко увеличились суверенные долги. В противостоянии кризису Германия защищает высокий курс евро и требует строгой бюджетной дисциплины, а Франция поддерживает механизм взаимной гарантии госдолга и видит возможность восстановления экономического роста за счет госдолга и снижения курса евро. Но финансиализация Еврозоны усиливает роль финансовых структур и занимает растущее место в ВВП и денежных агрегатах, учитывая специфику госдолга и ВВП. Будущая роль евро также обусловлена альтернативой к доллару и подъемом азиатских финансовых рынков, что позволяет предположить, что Евросоюз преодолеет этот кризис.

The actual global financial and economic crisis hitting the Euro land, blew up the budget deficits of Euro land members; the sovereign debt has soared making management problematic due to the lack of visibility of a recovery of growth and consequently to rise of the issue of risks on the future of Euro with an implosion of Euro land. Although, for many years, international institutions as the World Bank, International Monetary Fund, OECD, European Commission provide advice and methods on good governance for budget sustainability, Euro land did not succeed to implement the Maastricht criteria of an annual rate of deficit under 3 % of GDP keeping a debt ratio under 60 % of GDP.

In 2007—2008, the subprime crisis, a collapse of securitized banking mortgage loans issued without counterparty, caused a major banking crisis among the establishments buyers of such securities inducing a crisis of confidence on the interbank market in the Euro land. This resulted to in an increase of interbank interest rates, making more difficult the access to credit. Thanks to the financial support of governments to the banking sector, a major banking system bankruptcy was avoided. Private risk generated by the financialization was therefore transferred to the state. Securitization of sovereign debt made their financing and their management increasingly uncertain for governments due to the raise of bond yields on debt according to the sustainability of the debt and therefore of the default risks. However, ratings carried out by rating agencies on the basis of the debtors' macroeconomic performance and economic forecasts together with the confidence of markets may be controversial due to some conflicts of interest and problems on their objectivity related to their nationality.

In addition, Maastricht has enacted a provision, in force in France since 1973, according to which only private banks are entitled to grant loans to the government; previously, the National Bank of France granted loans free of interest rates to government, while now usually the average of the bond yields is at a rate of 4—5 % although private banks get refinancing by the European Central Bank (ECB) at a rate of less than 1 %. The largest contributors to the ECB's capital are Germany (18 %), France (14 %) which have a leader position in management of the BCE policy. Without this Maastricht provision, the debt of France would amount, in 2008, 22.7 billions E. with interest free financing instead of 1300 billions Euros!

However this crisis has been the developer of an existing trend of degradation of microeconomic performance and of a loss of competitiveness in Euro land, as no structural reforms were launched to meet the challenges of economic liberalism, excepting in UK and Germany. However, in the UK, those reforms have destroyed all kind of opposition able to withstand to the leadership and the control on the state by finance stakeholders. In EU and U.S., the financial economy has taken a growing place in the formation of GDP (9—8 % in the U.S. instead 4 % a few years ago); this ratio makes economic results more vulnerable and depending on the volatility of the financial derivatives transactions. The monetary aggregates show some result of financialization of economy; M3 shows the level of financial assets of companies and for France it is 16 % instead of 25 % in U.S.A, which means that France is on a trend of de-industrialization as it has not implemented structural reforms and not made investment for updating its productive infrastructures. In Euro land, the aggregate M2 is normal, but the M1 is presently of 50 % (against 15 % in USA) resulting of subprime crisis; that will be a challenge for the future of Euro and raises the problem of management of liquidity.

For Sovereign debt estimation, Maastricht uses gross debt while OECD net debt or/and gross and the ratio debt/GDP is one of the relevant tools used to estimate the sustainability of the debt; this ratio is growing quickly since the subprime crisis. GDP measurement may be biased, as it does not take in account black/underground economy; and if the government hired new civil servants it debt may increase while the GDP too. According to European standards of National Accounts (ESA 95), sovereign debt includes the central government debt, local governments and administrations social security. For the calculation, some governments commitments are generally not taken into account, in particular the future costs relating to pensions of public officials; moreover, the accounting standards applied to public debt are very different from those used for business. When comparing different sovereign debts, must be taken in account criteria for their calculation: Japan's public debt is halved if one considers net debt rather than gross debt, because of the importance of financial assets held by the government, particularly as reserves for the financing of pensions. In addition, International Public sector Accounting Standards does not take into account the «good will». As can be seen, the level and the relative importance of public debt between countries can change depending on the type definition. Moreover, the weight of the holder (hedge funds, banks, local/foreign.) on the sovereign debt has an impact on the sustainability of the repayment of the debt and the level of bond yields. Foreign investors detain 70 % of the French sovereign debt.

Fears of the sovereign debt crisis intensified in 2010, when European Finance Ministers approved the 750 one billion European Financial Stability Facility (EFSF); the leading contributors are Germany (29,07 %) and France (21,83 %). As Greece, Portugal, Ireland, Italy and Spain all failed to generate enough growth to guarantee bond yield rates, the BCE purchased government securities in the context of unsustainable sovereign debts that helped to keep government bond yields lower than they would otherwise have been. However, the support (as debt restructuration, reconsideration of debt maturity, bond purchase) to the heavily indebted countries of Euro land, although it is bound to conditionalities of structural reforms, meet the reluctance of Germany to boost such approach as it may open the door to a loosening of the budgetary discipline. Indeed, in the case of unsustainability of the sovereign debt of Greece, due to a refusal of deep structural reforms, when the crisis has been triggered by the very bad macroeconomics, Greece has to finance its debt with high bonds yield rates, (about 24 %) and was defaulting on it. Thanks to debt securization with the advent of the market for credit default swaps (CDS), we now have an additional source of information annually about investor attitudes towards highly indebted advanced economies.

The problem of keeping Greece in the euro was debated and loans were issued with conditionalities for implementing structural reforms and budgetary austerity. Forcing Greece out of the monetary union would strengthen the currency, bringing a strong chaotic situation in Greece, so that other debtor countries would prefer to avoid the same fate, accelerating reforms and cutting deficits. Amazing, as in all Euro land, governments incumbent and radical alternatives have been rejected. Portugal and Ireland have stuck to the austerity required commitments as their share of bailouts, while Spain and Italy Have Gone beyond, with more spending cuts, higher taxes and major labour-market reforms.

Their growth policy emphasises on budgetary austerity and jointly on the adoption of financed Infrastructure investments and pro-growth reforms that will further top solidify the political support. Nevertheless, the recovery plans are threatened due to forecasts on weak/negative growth and on a decline in tax receipts resulting on the risk of missing governments target of deficit reduction. Cutting in the public spending contributes to reduce the budget imbalance, but taxation increasing may affect the cost of labour in countries of Euro land with a high indebtedness rate and a weak competitiveness.

To recover growth, by increasing exports of the EU members, a weak exchange rate of euro towards USD is requested by high indebted Euro land members as their economy is not competitive with an exchange rate above 1,3 USD-Euro. Nevertheless, BCE together with Germany, which prefers sound economic policy, are supporting of a strong euro. Moreover, Germany has a strategy of a high positioning of its economy as it can keep its competitiveness even with an exchange rate up to 1,7 USD-EURO. Moreover, a weak euro would increase the German budget surplus and by the way interfere in the sovereign debt strategy of the financial organisations.

In the scenario of a deepening of the debt crisis, without a single government for Euro land, as the management of Euro land sovereign debt is not easy with members differing approaches and interests, the future of Euro as a common currency could be compromised, and according to financial organizations, the Euro land may explode. Germany as a leader in Euro land plays the role of a safe haven for buyers of European Government Bonds and has created a market anomaly with Credit Default Swap spreads at 100bp, whereas 10 year bond Yields traded below 200bp while the Credit Default Swap market raises concerns on the potential cost of bailing out Germany to Spain and Italy. Moreover, capital flight from countries with bad debt rating to Germany, Switzerland and the UK amounted 273 billion Euros for Greece, and 100 Bl Euros for Spain.

In addition, the USA derives important benefits from Europe's troubles because the crisis diverts global capital into the dollar, especially Treasury securities, keeping our interest rates low and thus fuelling at least a gradual recovery of housing and consumer demand.

However scenarios have to be considered in a wider highlighted context. The future of Euro is too depending on other monetary factors as the future of USD or the possibility of an alternative currency to the leadership of USD; the attempt of BRICS in this way is for the meantime in stand by. The growth of the Asian economic integrated area with new growing Asian financial players may change the strategy of the finance organizations towards a strengthening approach of sovereign debts that could impulse the challenge of a closer Euro land integration.