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INTERFERENCE IN CONDUCTING ECONOMIC POLICY OF SELECTED COUNTRIES IN THE CONDITIONS OF THE NEW GLOBAL ECONOMIC CRISIS IN 2020

Summary: A series of negative events in the global economy in 2020 ushered in a new global economic crisis. At the beginning, this crisis led to a new phase of widespread discussions in the scientific, political and media environment about the ways in which state authorities intervene in national economies and the scope of this intervention. The thesis put forward that in the initial stage of the new economic crisis characterized by a large dose of market uncertainty, state authorities of individual countries immediately used the general instruments under fiscal and monetary policy established in economic theory by two main trends (Keynesian and classical economics) as ways which impact on national economies bypassing the desired scope of this interference. Thus, individual countries increasingly treated the findings of major economic schools as instruments in themselves to justify the legitimacy of economic policy and planned anti-crisis measures. The aim of the article is to discuss the applied monetary policy tools, as part of the economic policy of selected countries, in the initial stage of the new economic crisis in 2020. The author's contribution to the development of the discipline, is an attempt to assess the actions of state authorities in selected economies, from the perspective of fiscal and monetary policy, due to the COVID-19 pandemic in 2020.

Keywords: economic policy, fiscal policy, monetary policy, central bank, COVID-19 pandemic.

JEL Classification: E4, E5, F02.

Introduction

The tangle of negative events in the global economy in 2020 has consequently led to a new global economic crisis[1]. At the initial stage, these phenomena led to a new phase of widely-discussed subjects in the scientific, political and media environment on the methods of state authorities' interference in national economies and the scope of this intervention. The thesis put forward that the state authorities of individual countries, at the initial stage of negative phenomena on a global scale characterized by a large dose of market uncertainty, immediately used the general instruments under fiscal and monetary policy fixed in economic theory by two main trends (Keynesian and classical economics) as ways of influencing national economies, bypassing the desired scope of this interference. Thus, individual countries increasingly treated the findings of major economic schools as instruments in themselves to justify the validity of economic policy and planned anti-crisis measures.

The main purpose of this article is to discuss the applied monetary policy tools, as part of the economic policy of selected countries, in the initial stage of the new economic crisis in 2020. Based on the analysis of adjustment activities of selected national economies, the work presents a criticism of the opportunities and scope of solutions applied in conducting economic policy on the fiscal and monetary side at the initial stage of negative events in the global economy.

The analysis was completed based on the instruments used in the economic policy of the economy of the United States of America, the euro area, the Federal Republic of Germany and the People's Republic of China. The work ends with a generalization on the need to search for and implement economic solutions for countries at various levels of economic development based on the observance of the principles of economic regularities and existing arrangements in economic theory.

[1] Part of the political and scientific community takes a negative global phenomenon in the form of a pandemic as the beginning of a new economic crisis. Another part of economists and experts in the field of economic policy believe that the global economy entered the phase of the new economic crisis only as a result of a collapse in the labor and employment market (as a result of the ubiquitous pandemic) in the United States of America on March 26, 2020. Some economists were convinced that the signal announcing the recession was the moment of reversal of US 10-year bond yields in March 2020 [www 1].

1. The confrontation of the current state of knowledge in economic theory with the world economy in the conditions of the new economic crisis

Negative phenomena and events in 2020 ushered in a whole new dimension of the global economic crisis. Specifying these phenomena is important. These include:

a) a collapse on the world oil market in the first quarter of 2020, as a result of a disagreement between countries under OPEC+,
b) a reduction in global mobility of the population as a result of the global pandemic,
c) a collapse in global demand and supply, the effect of interrupted supply chains and the aftermath of a ubiquitous pandemic,
d) a collapse of the US labor and employment market [OECD, 2020].

At the initial stage of the occurrence of negative phenomena experienced by the world economy, numerous attempts were made to adequately name the events inscribed in the framework of economic sciences. The main terms in the media environment are the slowdown of the world economy, global economic collapse, recession. At the same time, the scientific community referred to the date of lowering the GDP growth rate, supply and demand shock, economic shock, and counteracting the economic effects of a pandemic[2]. Thus, the term economic crisis was not originally a common term used by scientists and valued economic journalists to reflect the ongoing consequences of the global economy. As a result of the increasingly stronger impact of these phenomena on the structure and order of the world economy, there has been agreement on the emergence of a new economic crisis in the global economy [www 2]. National authorities of individual countries were faced with making decisions regarding the implementation of anti-crisis solutions. At the same time, a new, two-pronged form of discussion emerged about the opportunities and scope of actions undertaken through the use of two main mechanisms of economic impact grounded in economic policy: a) fiscal policy, b) monetary policy [www 3]. The first type of discussion referred to the political environment and the media, taking on a more emotional than factual form. The second form of substantive discussion took place on scientific grounds and referred not so much to the opportunity of counteracting the crisis as to the extent of interventionism in individual economies.

[2] The new dimension of the global economic crisis due to deformation of the demand and supply sides in economic processes included in its scope the names freezing of the economy.

However, from the point of view of both the scientific and political environment, the need to implement solutions in the form of fiscal and monetary easing has been highlighted [Bindseil, 2014, p. 11-14]. Thus, at the initial stage of the current economic crisis, the state authorities of most economies reached for tools that were largely used in the previous financial and economic crisis of 2008 [Roubini, Minh, 2010, p. 35-37].

The hitherto consolidation in economic theory describes in a broad and exhaustive way the scope of influence of state authorities on the economy by means of instruments within the framework of economic policy and, in fact, the opportunity for undertaken actions. Bearing in mind that the current economic crisis has deformed not only the global demand side, but also the supply side, economic theory presents instruments in economic policy affecting the demand and supply side[3]. This is an important observation, because it is a reference point in subsequent considerations in this paper. As part of theoretical findings, special attention should be given to the area of fiscal policy, or rather its fiscal and budgetary approach, as well as monetary policy, which are the basic, main and overarching mechanisms in conducting economic policy. Thus, the fiscal and budgetary framework takes strictly into account fiscal policy, which expands the following instruments:

a) budget expenditure,
b) public debt,
c) budget deficit,
d) government sureties and guarantees,
e) tax tools [Owsiak, 2017, p. 225-228].

This presentation of the tools is important because each of these instruments was used by the state authorities in the initial stage of the economic crisis to counteract the effects of the crisis.

The sphere of monetary policy originally became the main subject (in relation to fiscal policy) of discussions regarding the influence of state authorities on national economies in the initial period of the global economic downturn. The theoretical recordings to date present a wide range of tools on the monetary side, taking into account the still valid and current division of the instrumentation into standard and non-standard activities [Mishkin, 2007, p. 38-40].

[3] Instruments under the economic policy affecting the demand side include: a) active budget policy, b) active monetary policy, c) income policy, d) foreign trade policy. With regard to tools stimulating the supply side, the following should be distinguished: a) transparent legal and institutional system, b) tax system, taking into account its transparency, c) deregulation, d) administrative decisions. For more on this topic see: Romanow [1999]; Acocella [2002].

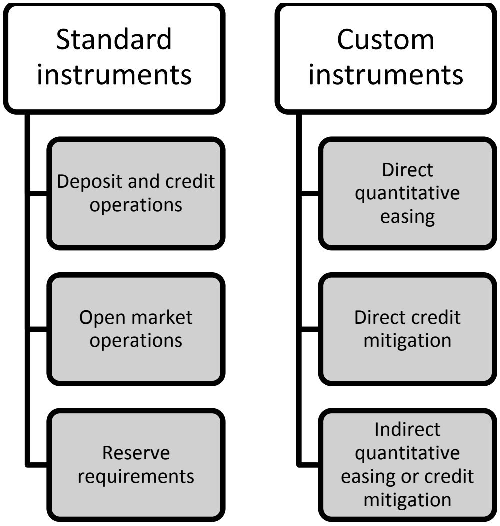

Fig. 1. Standard and non-standard activities within the monetary policy

Source: Own elaboration based on: Smaghi [2009].

This is an important type of classification, because in crisis conditions the media and scientific community drew attention to the need for action by central banks based on the type of action discussed in figure 1. Nevertheless, the use of specific tools envisaged within the framework of non-standard economics also varies and results from the practical activities of individual central banks[4] that use these instruments directly adapted to the structure of a particular national economy [Bindseil, 2014].

Based on strictly previous findings of economic theory in the field of fiscal and monetary policy, there is often an impression among scientists and market participants that the assessment of the usefulness of economics in controlling negative crisis effects is often more pessimistic [Wojtyna, 2014, p. 199]. Therefore, before confronting the theoretical findings with the world economy in the conditions of the new economic crisis, it seems reasonable to note that initially as a result of the global economic collapse, the state authorities of most countries faced two negative events simultaneously. Understandably, the main priority

[4] It is about the detailed nature of non-standard central banks' activities of the world's largest economies taken as a counter to the phenomena of the previous financial crisis of 2008. As part of the issue under discussion, the Central Bank of the United States of America particularly benefited from quantitative easing, which it performed in three phases. The European Central Bank paid particular attention to the price stability aspect. On the other hand, the Bank of England focused its activities on the inflation target. For more on this topic see: Beblavy, Cobham, Odor [2011]; Conaghan [2012]; Bernanke [2013].

was to fight the pandemic phenomenon, then to counteract the effects of the crisis. From an economic point of view, the current crisis is characterized by a completely new dimension, due to the interruption of global supply chains, being the result of, among others, reduction of population migration on a global scale. Based on the aforementioned factors, there is a large dose of market uncertainty in the global economy (on the side of economic entities), as well as households, as well as decrease in the activity of all market participants as a result of declining sentiment of economic entities. All definitions of these phenomena are known in the theory of economics and on their basis not only the conceptualisation of economic policy is constantly being made, but also new empirical works are created [Ciro, 2012, p. 68-71]. Nevertheless, the main factor in the form of a pandemic is not strictly part of the economic sciences. Therefore, it was not only much more difficult to predict a possible collapse, but was also so much of a surprise for all market participants. In part, this may be demonstrated by the market's initial downplaying of the emergence of the coronavirus phenomenon in its initial phase [www 4]. Bearing in mind that every economy is growing cyclically, the history of economic sciences extensively describes global economic crises, ranging from the Great Depression of 1929[5] to numerous economic breakdowns[6], ending with the global financial and economic crisis of 2008[7]. Each of the crises was the foundation in previous and very widely discussed subjects by economic theorists [Hsu, 2013, p. 148]. At the same time, so far, the findings in economic theory have been subjected to numerous criticisms not so much from the outside as in their own scientific community. In general, however, it should be stated that the hitherto existing consolidations fully explain each of the phenomena occurring in global economic processes. This means that there are no reasons to change the paradigm and ways of doing economics [Wojtyna, 2014]. An objective view of the theoretical findings in economics and the economic practice of the countries so far developed allows observing an unchanging economic regularity, according to which an important and key element is not so much an opportunity based on the available instruments in influencing the economy, but the scope of this intervention. This statement should be argued by the fact that the instruments developed so far on the side of budgetary and monetary policy are broad and remain unchanged [Bindseil, 2014]. However, the scope of interventionism is diverse, and is the re-

[5] For more on this topic, see Rees [2011].
[6] See MacEwan, Miller [2011].
[7] For more on this topic see Roubini, Minh [2010].

sult of many factors. It is impossible to ignore the assumed goals in the implementation of economic policy by the state authorities, which direct their adjustment activities in the conditions of the economic crisis, but also it cannot be disregarded from the point of view of political business cycle, which often indirectly affects the order of decisions (including those anti-crisis) in conducting the economic policy of the country. In connection with the above, the scope of intervention by state authorities in the economy in crisis conditions is diverse, which on scientific grounds often raises concerns about the legitimacy of actions taken on the side of budgetary and monetary policy in influencing the achievement of assumed goals in economic policy [Rausser, Swinnen, Zusman, 2011, p. 240-242].

Based on the aforementioned statement, it is worth paying attention that in the theory of economic sciences the range of instruments on both the budget and monetary policy side is wide. But when it it comes to the economic practice of countries in 2020 this range of influence has significantly decreased. This also means that in many national economies the influence of state authorities has been severely limited [www 5].

2. Adjustment measures under the economic policy of selected economies

2.1. United States of America

Adjustment measures on the monetary side based on the presented classification of instruments (figure 1) lead to the statement that the optimal solution of interference is to stabilize interest rates. Nevertheless, economic practice presents a different reality of these activities in real economic processes. The prime example is the monetary policy side of the Central Bank of the United States of America (FED). It would seem that the initial signals of the economic slowdown in the US and the global economy determined the FED's readiness to counteract the negative effects of a possible slowdown with a wide range of tools. The first step in adjustment was the FED's declaration of non-use of negative interest rates. Instead, the desired direction of action in the opinion of the American Central Bank was buying assets on a larger scale [www 6]. Before continuing these considerations, it should also be emphasized that interest rates in the US economy were already at zero level in 2008-2015. In this way, actions were taken in monetary policy to counteract the effects of the 2008 global financial crisis [Cecioni, Ferrero, Secchi, 2019, p. 14-19]. Starting from 2015, the FED decided to gradually increase interest rates. Contrasting these actions with the initial stage of the current economic crisis, one can get the impression that the American Central Bank has been gradually raising interest rates since 2015, in order to be able to reduce them again in future emerging crisis conditions. The mere reduction of interest rates is intended to mean that businesses have the option of increasing their savings as a result of changes in interest rates on credit installments. However, bearing in mind that in the future they may undertake investments in too risky enterprises characterized by a low rate of return, it should be emphasized that in the then prevailing macroeconomic conditions this created a potential threat to the economy. What's more, it also partly showed that the FED in its activities abstracted from inflation, focusing its full attention on the wave of expectations of the slowdown of the global economy [www 5].

In the first quarter of 2020, FED activities were focused on two-stage operations. The first phase was characterized by lowering interest rates to 1%. In turn, in the second stage, to the surprise of market participants, interest rates were again reduced to 0. Based on the reservation that the US central bank does not foresee negative interest rates, the only solution was quantitative easing. In turn, the mere reduction of interest rates to zero additionally demonstrated the FED's response to the threat of worsening negative economic phenomena as part of the new economic crisis caused by the pandemic [www 5].

It should also be noted that in the American economy the property effect is different than in other economies in the world, which is why the FED through its decisions tries and is obliged to stimulate reactions among stock market investors. In addition, in the American public opinion after the first interest rate cut, voices appeared calling for financial market participants to take increased risk and sell the American currency before the FED decides to cut its interest rates again. It should be noted that the discussed idea appeared in public space in fear of further weakening of the American currency as a result of the US central bank's actions and tactical change in the price trend of risky assets on the market at that time [Johnson, Jensen, Garcia-Feijo, 2015, p. 95-103].

Another type of adjustment was buying government bonds by increasing the money supply, so-called quantitative easing[8]. This is not a new solution on the monetary policy side, because economic practice includes these activities initiated by the Bank of Japan, the European Central Bank, the Swiss National Bank, the Bank of England and the American Central Bank[9]. At present, only in

[8] Quantitative easing (QE) – an English-language term denoting quantitative easing on the monetary policy side in the form of increased money supply in the economy.

[9] In the past, these entities used the quantitative easing solution in conditions of low inflation expectations. For more on this topic see: Hausken, Ncube [2013].

the Swiss economy has the said activity been abandoned. However, in the past, the US Federal Reserve also precluded the continuation of the proposed tool for several years. Despite this, after lowering interest rates in the early stages of the new economic crisis, the FED declared the resumption of this program and the increase of its assets through the quantitative easing program (QE) by USD 700 billion in 2020 (from over USD 4.1 trillion). Arguments of the discussed adaptation actions presented the FED's response aimed at counteracting the negative economic effects in the United States as a result of a pandemic [www 7]. Furthermore, the United States Central Bank decided to coordinate the program with five other central banks (Bank of England, Swiss National Bank, Bank of Canada, Bank of Japan and the European Central Bank) to ensure liquidity of the financial system and lower interest rates on dollar loans for economic entities outside the US market. The method of operation was intended to cause a reduction in prices and extension of the maximum duration of loan operations in USD. The first response of investors to the introduced solution, proposed by the FED, was a 3.5% increase in the price of gold on the global market [www 8]. It is worth paying attention to the expectations of the American Central Bank as to the effects of undertaken actions in the conditions of a new dimension of the economic crisis in the global economy. The implementation of monetary policy solutions quite unexpected by the market testified to the FED's concerns about the lowering of the GDP growth rate of the US economy in the subsequent quarters of 2020 [www 6]. A detailed solution by the American Central Bank was also the reduction of federal funds to the level of 0-0.25% and relaxing bank reserve standards to increase loan supply [www 9]. It should be strongly emphasized that the US Federal Reserve does not use the band of permissible deviations from the inflation target in its monetary policy.

An important type of adjustment activity in the US economy through the US Federal Reserve was to conduct REPO[10] operations. The first stage of activities under the operational program was to provide additional USD 500 billion of money supply on the market and to continue the program up to a total of USD 1 trillion. The direct and only effect of these activities was a temporary halting of the decline in the US stock market. Nevertheless, this was the largest FED in-

[10] REPO (Repurchase Program, Repurchase Agreement) – a program of a non-standard central bank activity providing for an increase in the money supply in the economy by means of granting low-interest loans by the central bank on the interbank market. In practice, operations under REPO are the subject of discussion regarding the conduct of monetary policy by the American Central Bank. It is worth noting, however, that the FED is not the only entity that uses this solution.

tervention since 2008 despite the fact that investors' expectations went beyond the solutions used by the FED [www 7]. REPO operations enabled the central bank to buy various debt securities, including government bonds, from commercial banks in order to provide banks with adequate financial resources to settle their financial liabilities. At the same time, the merits of performing REPO operations show that commercial banks and financial institutions, in the short-term, lacked financial resources to finance their cash needs and liabilities. Considering the participation of these entities in the economic processes of the United States of America, it should be noted that the lack of access to the desired financial needs poses a potential threat of collapse on the financial market [www 9].

The essence of the REPO program boils down to buying mutual sovereign bonds and other debt instruments on the interbank market (e.g. MBS, mortgage covered bond packages sold by lenders). In practice, commercial banks will repurchase these instruments on the next day at nominal interest rates, which clarifies the merits of REPO operations. However, in the discussed manner, financial institutions have the option of borrowing securities at the lowest possible interest rate by pledging debt instruments as collateral for the loan. In addition, the analyzed solution enables commercial banks to maintain existing reserves at an appropriate level. It is relatively rare for a central bank to engage in REPO activities as much as the FED did in the first quarter of 2020 [www 7]. The practice of adjustment activities through the REPO program takes into account unusual economic phenomena. In the past, the interest rates on loans granted to each other unexpectedly increased to 10% for overnight loans, while the FED stipulated that the interest rate should be in the range of 2%-2.25%. This means that commercial banks lacked financial resources to such an extent that they were not able to grant each other loans at the FED's original interest rate. On the other hand, on the Federal Reserve side, the main intention of these activities was to halt the continuation of further interest rate increases on the market under REPO. One could venture to say that at that time the banks most likely ran out of cash by coinciding with adverse circumstances. It should be emphasized that international corporations were obliged to pay tax liabilities, which increased their cash needs in banks. An additional factor was the phenomenon in which commercial banks and financial institutions were obliged to settle due to the purchase of USD 78 billion in US government bonds. Therefore, the lack of intervention by the FED in the area of interest on loans on the interbank market would result in a significant increase in the cost of loans for consumers and business entities, which in consequence could have a negative impact on the condition of the American economy [www 10].

Financial market experts have pointed out that usually, this type of US Federal Reserve operation never takes place in the middle of a calendar year, and more often occurs at the end of quarters or a calendar year. One cannot ignore the statement about the risk arising from the lack of adequate financial resources in one relatively large financial institution. This phenomenon could cause the start of a sudden, panic sale of assets and, consequently, lead to chaos in the financial market [Pizzutto, 2019, p. 178-184].

In the first quarter of 2020, commercial banks accumulated reserves at the US Central Bank with a total value of USD 1.39 trillion. Thus, it is the lowest level of reserves since 2011, because at the peak (before 2015) the value of reserves amounted to USD 2.8 trillion. As a result of the increase in interest rates since 2015, the value of accumulated reserves gradually decreased until 2018, when the central bank finished raising interest rates [www 6]. However, it should be noted that the FED's intervention in the US economy in 2020 did not solve the problems of a lack of cash liquidity on the US financial market in the long term. Moreover, the FED's adjustment efforts only increase the scale of structural problems on the monetary policy side of the US economy. It can be assumed that based on the current assessment of the impact of monetary policy on the US economy, the lack of sufficient liquidity to meet the needs of the entire system remains a major problem [Das, 2019, p. 74-79]. In addition, criticisms of the activities of central banks to date (especially during the financial crisis of 2008) have developed the conviction that for every type of threat in the form of slowdown, bankruptcy of financial institutions and banks, or important geopolitical changes, the US central bank responds by quantitative easing in the form of increased money supply in the economy [www 6].

It was noted in the public opinion and in the scientific community that, as expected by the participants of the American market[11], it was the side of monetary policy that was the primary and desirable area within which state authorities should interfere in the economy. On the other hand, developing a scheme of operations under fiscal policy required more time, which indicates caution of the government, but also certain confusion in developing solutions that are optimal and adequate to the new dimensions of the economic crisis. There were voices in the discussions that the range of tools in the government's impact on the economy should be completely different from the instruments used during the global

[11] There is no doubt that market expectations at that time were beyond the scope of the American economy. In the economic practice of countries, the tools used on the side of monetary policy in the United States of America were an impulse to apply similar solutions in other countries' economies around the world.

financial crisis of 2008. The stabilization package of the US government side was characterized by increased spending totaling USD 2 trillion in order to stimulate the economy. In the field of adaptation, state aid in the amount of USD 500 billion intended for economic entities on the verge of bankruptcy, including US airlines, was included. In addition, the project included a solution in the form of low-interest loans for micro businesses with a total value of USD 350 billion, as well as the increase in the value of transfer expenditure for the unemployed by USD 250 billion. As part of the transfer expenses, additional, one-off financial assistance is provided for each citizen whose total income does not exceed 75,000 USD per year [www 4].

2.2. Euro area

In the considerations regarding the scope of activities (at the initial stage of the negative effects of a pandemic in the economy) taken by the European Central Bank, one should pay attention to additional conditions, which in addition presented the then macroeconomic situation in the euro area, with particular emphasis on the available monetary policy instruments[12] [www 8].

The scope of the ECB's activities differed slightly from the FED's activities due to the fact that the central bank of the euro area had already cut interest rates and kept them low. In the situation of negative effects of a pandemic in the economies of the euro area countries in 2020, the scope of monetary policy instruments has been severely limited. Therefore, the ECB decided that the interest rate on main refinancing operations remained unchanged and amounted to 0%, similarly to the loan rate at the European Central Bank (0.25%) and the deposit rate at the Central Bank (0.5%). The ECB argued that interest rates remain at their current level until inflation outlook is clearly, noticeably and severely approaching a level close to but slightly below 2% over the projection horizon [www 11].

The most important adjustment activity of the ECB in the initial period of the economic slowdown was the decision to launch the LTRO[13] program and increase net purchases by EUR 125 billion [www 11]. In addition, by the end of

[12] We are talking here about the phenomenon of inflation, as well as maintaining a low level of interest rates, which boils down to the conclusion about the lack of space for further lowering interest rates by the European Central Bank. For more on this topic, see Hamori [2009].

[13] LTRO (Long-Term Refinancing Operations) – a program within the monetary policy of the European Central Bank aimed at providing low-interest loans to commercial banks, while ensuring the appropriate level of credit refinancing in the banking sector in the banking sector. The time range of operations under the program is 36 months. For more on this topic see: Farkas [2014].

2020, the total value of net purchases was increased by EUR 120 billion to ensure a strong contribution from purchasing programs in relation to the private sector [www 12]. In conjunction with the existing asset purchase program (APP), the overriding benefit in this situation is the support of favorable financing conditions for the real economy of the euro area in a period of heightened uncertainty. It is noteworthy that the temporary application and carrying out of additional long-term refinancing operations was intended to provide liquidity support to the euro area financial system. The scope of the ECB's activities was to provide effective protection, if needed, as no clear tensions in the money markets or liquidity shortages in the banking sector were noted in the first quarter of 2020 [www 12]. Pursuant to the ECB's assumption, operations under the LTRO program were carried out through a tender with a fixed interest rate with a full allotment at an interest rate equal to the average interest rate on the deposit. The time range of the QE program has been set until the ECB decides to raise interest rates [www 12].

From the point of view of theoretical findings on the monetary policy side, a positive opinion should be given to the ECB's decision on easing capital requirements and enabling commercial banks to use capital and liquidity buffers [www 12]. The ECB also decided to implement the preferential interest rate TLTRO[14] program aimed at strengthening lending to the small and medium-sized enterprise (SME) sector [www 5].

2.3. Federal Republic of Germany

As regards the German economy, the government authorities undertook extensive fiscal measures to influence the structure and order of the economy, with particular emphasis on the sphere of foreign trade[15]. The government decided to develop and implement a fiscal package with a total value of EUR 756 billion[16],

[14] TLTRO (Targeted Long-Term Refinancing Operations) – a non-standard tool of the European Central Bank used to refinance longer operations. The merits of the instrument consist in the ECB granting long-term loans to commercial banks in order to increase lending dynamics in relation to economic entities and households in the euro area. The program was launched for the first time in 2014. In 2016, the ECB decided to resume this solution again under the name TLTRO-II in 2016. For more on this topic see [www 5].

[15] The German economy, as one of the largest economies in the world in the conditions of the current economic crisis has been particularly exposed to deformations in the sphere of foreign trade.

[16] Excluding the Economic Stabilization Fund from the assistance program (intended only for entities employing over 250 people), the total value of funds for other economic entities and households amounted to EUR 156 billion.

which is a strong stimulus for economic growth. It is worth noting that the fiscal program in question was developed after the implementation of adjustment measures by the European Central Bank [www 13].

The main assumption of the fiscal package in Germany was to create market mechanisms aimed at providing assistance to business entities (enterprises, self-employed), but also to individual citizens. The overriding feature distinguishing the aid program was the granting of government guarantees (with a total value of EUR 400 billion) to economic entities that will, at that time or in the future (due to the pandemic), face financial liquidity problems. Another assumption of the German government authorities was to recapitalize enterprises with funds from the state budget in which the State Treasury holds shares [www 14, OECD, 2020].

The discussed solutions were implemented in the economy based on the activities of the Economic Stabilization Fund[17] with financial resources totaling EUR 600 billion. It should be noted, however, that access to this program was guaranteed to economic entities employing at least 250 employees [www 14, OECD, 2020].

The next action of the German government was the use of tax breaks. As part of this solution, deferred tax contributions [www 14; OECD, 2020] were also envisaged. An interesting issue is also the implementation of bridge support from the state in relation to professionally active natural persons who due to a pandemic were not able to perform their professional duties. In the analyzed case, the co-financing value to the base of remuneration was 60%. In addition, lending was also provided for business entities employing less than 250 people as part of the state development bank (KfW[18]) [www 13].

In order to reduce the scale of negative economic effects on the side of micro and self-employed activities, it was decided to implement a non-returnable subsidy of EUR 50 billion and interest-free loans (EUR 9-15 thousand) for economic entities where the total employment does not exceed 10 people [www 13]. Similarly, a more detailed solution was the use of so-called rental brake in relation to tenants for the rental of premises and apartments. What's more, with a view to counteracting the pandemic, the German government has decided to provide financial support for health care and the possibility of financing the creation of new places in hospital departments for each hospital entity in the amount of EUR 50 thousand [www 13].

[17] German: der Wirtschaftsstabilisierungsfonds.
[18] German: KfW Bankengruppe.

From an economic point of view, the adjustment efforts of the German government were focused on improving the liquidity of economic entities, an attempt to maintain jobs, which confirms the legitimacy of protective measures in conducting the country's economic policy in crisis conditions [www 15].

2.4. People's Republic of China

The adjustment activities of the People's Republic of China, as one of the largest economies in the world, have been taken with the use of broad fiscal and monetary instruments, albeit without implementing these solutions by developing a stimulus fiscal package[19] [www 16].

Monetary adjustment activities have not shown any activity on the part of the People's Bank of China in regulating interest rates. Contrary to market expectations, China has decided to leave interest rates unchanged. The relatively greater activity of the central bank related to non-standard activities, under which the central bank provided commercial banks with funds totaling USD 26 billion. The immediate goal of this solution was to strengthen lending to business entities. In addition, the People's Bank of China benefited from a solution to reduce the required reserve for commercial banks, which provided additional cash flows of USD 57 billion [www 17].

The state authorities also decided to take extensive measures on the fiscal side. The first solution was to implement the issue of special treasury bonds aimed at supporting large investment projects under infrastructure construction. The total value of this solution was estimated at USD 1.1 trillion [www 18].

The next program was the so-called Investment Plan with a total value of USD 7 trillion, under which the following projects will be implemented in the future:

a) construction of 5G infrastructure,
b) development program of artificial intelligence,
c) development program of the Internet of Things,
d) development program of construction of coal power plants [www 17].

With regard strictly to assistance for business entities, the government has implemented a temporary suspension of the obligation to pay life insurance premiums, unemployment and compulsory insurance against accidents at work for employers. In contrast, health insurance premiums have been reduced by 50%.

[19] Unlike most economies in the world, the People's Republic of China did not decide to create special fiscal packages and made decisions based on the continuation of economic policy with ad hoc adjustments.

Implementation of guidelines for local governments on waiving tax for the use of urban land, as well as suspension or reduction of fees for real estate rent. An important adjustment on the fiscal side was also the exemption from VAT (if the 3% tax rate was applied) while all economic entities were obliged to pay 1% VAT [www 16]. Bearing in mind the share of the foreign trade sphere in the structure of the Chinese economy, a special adjustment activity in the Chinese economy was the implementation of tax breaks for exporters, as well as the freedom of conditions for using the free trade zone for economic entities from the e-commerce sector [www 16].

Conclusions

Summing up the adjustment efforts of selected world economies in conducting economic policy in the conditions of new crisis conditions, it should be stated that monetary policy remained the primary area of impact on the economy.

Not all central banks, due to the current monetary policy, had a wide range of instruments adequate to the existing crisis conditions (ECB). It should be noted, however, that monetary adjustment measures were implemented immediately in each of the analyzed economies in order to counteract the deepening negative phenomena. The overriding feature of monetary policy adjustment efforts were decisions on quantitative easing, increasing the money supply in the economy.

With regards to the fiscal side in the analyzed economies, the government authorities implemented solutions on the budgetary policy side, which was possible as a result of earlier monetary policy activities as part of coordinated, joint activities. Undoubtedly, the new dimension of the economic crisis has created the need to increase the state's debt in order to take anti-crisis measures.

It should be noted, however, that while the opportunity for the instruments used was largely predictable, the extent of interference on both the monetary and fiscal side remained unknown. From the point of view of rationality in conducting economic policy in crisis conditions, the measures implemented by the German government (government guarantees for economic entities) directed largely towards economic entities to mitigate the scale of negative crisis effects should be assessed positively.

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DZIAŁANIA DOSTOSOWAWCZE WYBRANYCH GOSPODAREK W ZAKRESIE PROWADZENIA POLITYKI GOSPODARCZEJ W WARUNKACH ŚWIATOWEGO KRYZYSU GOSPODARCZEGO W 2020 R.

Streszczenie: Seria negatywnych wydarzeń w światowej gospodarce w pierwszym kwartale 2020 r. zapoczątkowała nowy wymiar kryzysu gospodarczego na świecie. Na początkowym etapie kryzys ten doprowadził do nowej fazy szeroko prowadzonych dyskusji w środowisku naukowym, politycznym oraz medialnym na temat sposobów interwencji władz państwowych na gospodarki narodowe i zakresu tejże interwencji. W początkowym okresie nowego kryzysu gospodarczego charakteryzującego się dużą dawką niepewności rynkowej władze państwowe poszczególnych krajów skorzystały z ogólnych instrumentów w ramach polityki fiskalnej i pieniężnej ukształtowanych w teorii ekonomii przez dwa główne nurty (keynesowski i klasyczny ekonomii) jako sposoby oddziaływania na gospodarki narodowe, pomijając pożądany zakres tejże ingerencji. W związku z tym poszczególne kraje w coraz większym stopniu potraktowały ustalenia dwóch głównych szkół ekonomicznych jako narzędzia same w sobie, uzasadniając w ten sposób zasadność prowadzonej polityki gospodarczej i zastosowanych środków antykryzysowych. Celem artykułu jest omówienie zastosowanych narzędzi polityki pieniężnej w ramach prowadzenia polityki gospodarczej wybranych krajów na początkowym etapie nowego kryzysu gospodarczego w 2020. Wkład autora w rozwój dyscypliny stanowi próba oceny działań władz państwowych wybranych gospodarek po stronie polityki fiskalnej i monetarnej w początkowym etapie nowego kryzysu gospodarczego w 2020 r.

Słowa kluczowe: polityka ekonomiczna, polityka gospodarcza, polityka fiskalna, polityka monetarna, bank centralny, pandemia COVID-19.