Grzegorz W. Kołodko

Pandemic: practical reactions and theoretical questions

Pandemia: praktyczne reakcje i teoretyczne pytania

Streszczenie: Już przed pandemią świat stał w obliczu wielu wyzwań. COVID-19 skomplikował sytuację, pogłębiając strukturalny kryzys gospodarczy. Motywowane względami medycznymi blokowanie aktywności gospodarczej powoduje recesję i towarzyszące jej narastanie bezrobocia, a także rozluźnianie polityki monetarnej i konieczność ponoszenia dodatkowych wydatków finansów publicznych. Część z nich jest niezbędna ze względów socjalnych oraz dla ratowania i wspierania biznesu, część jest wyłudzana oraz źle adresowana i marnotrawiona. Na ogromną skalę rosną deficyty budżetowe i zwiększa się dług publiczny, co powoduje odchodzenie od stosowanych procedur oszczędnościowych. Nietypowe perturbacje, tak w realnej gospodarce jak i w finansach, stawiają nowe pytania, na które ortodoksyjna myśl ekonomiczna nierzadko nie potrafi odpowiedzieć. Po pandemii nie tylko polityka ekonomiczna poszukiwać będzie sposobów wprowadzania gospodarki na ścieżkę wzrostu, lecz również teoria formułować będzie nowe myśli.

Słowa kluczowe: COVID-19, gospodarka, wpływ koronawirusa na gospodarkę, recesja, bezrobocie, deficyt budżetowy, polityka publiczna, doktryna ekonomiczna

Pandemic: practical reactions and theoretical questions

Summary: Already before the pandemic, the world has been facing many challenges. COVID-19 made the situation more complicated, deepening the structural economic crisis. The blocking of economic activities, justified by medical reasons, results in an economic recession and an accompanying increase in unemployment, as well as loosening of monetary policy and the need for additional public expenditure. A part of this spending is necessary for social reasons and to save and support the business; a part is being swindled and misdirected or wasted. Budget deficits and public debt are increasing on a massive scale, which leads to moving away from austerity measures. Unusual perturbations, both in the real economy and in finance, pose new questions which orthodox economic thought often fails to answer. When the pandemic is over, not only will the economic policy search for ways to return to growth, but also the theory will formulate new thoughts.

Keywords: budget deficit, COVID-19, economic doctrine, impact of coronavirus on the economy, public policy, recession, unemployment

JEL: E31, H6, H12, I18

We are living in difficult yet interesting times. They become all the more interesting because, despite the enormous and growing intellectual potential of the world of science – theoreticians and researchers, analysts and technocrats – and professional knowledge of experts, we are getting more questions than we are able to answer professionally.

This also – and perhaps above all – applies to economics *sensu largo*, starting from our knowledge on managing a micro family business to our knowledge on steering global policy coordination, from business management to macroeconomic policy, from the ability to decipher the factors that shape public opinion to the ability to conduct social dialogue on economic matters.

Unanswered questions

An extreme manifestation not of ignorance, but of research dilemmas resulting from the objective uncommonness of the situation in the face of the crisis caused by the coronavirus epidemic, COVID-19, is the lack of a fairly clear answer to the question of whether we will be facing inflation or deflation? Until now, it has been a standard to discuss the level of inflation rates (sometimes of deflation, in few cases), and now the dispute is about the opposite directions of changes. While some – including the President of the National Bank of Poland – speak of the danger of deflation, and thus of a fall in the general level of prices, others scare people talking about a wave of galloping inflation. Most likely – that is right – most likely, because there is no certainty – neither will happen, and we will be affected by moderate inflation. In such a situation, it is not surprising that some economists do not express their opinions, while others hedge themselves using phrases that absolve them from making mistakes like "on the one hand..., and on the other hand...". The point is that there are more of these hands now.

The load of contradictions is therefore increasing in the economy, but also in its descriptions and interpretations. There are more and more difficult questions, and the deficit of good answers is even greater than the deficit in public finances. Instability, unpredictability, uncertainty, nervousness are increasing. It is known that there will be no return to the *status quo ante* after the pandemic. We can hear frequent announcements that the time of the so-called new normality will come, but without any specifics as to what it would be. At the same time, this suggests that the passing era was a time of some sort of old normality, although it must be a matter of convention to define past years as normal, as well. It is therefore better to talk about the past and future reality and the differences between them. Whether it will be a "normality" is yet to be discovered (Kołodko, 2020).

Exchange rates will be volatile. They should not be expected to stabilize shortly, but also for many quarters following the apex of the pandemic. The relation between the US dollar, European euro, and Chinese yuan will be key here[1]. Paradoxically, despite the extensive economic crisis in the United States – which is greater than in China and no milder than in the European Union – the American dollar may gain strength

[1] The sum of foreign reserves of all countries at the end of 2019 was equivalent to USD 11.08 trillion, of which 60.9% were kept in the USD, 20.5 in euro, 5.5 in Japanese yen, 4.6 in the British pound, 1.9 in the Canadian dollar, 1.7 in the Australian dollar, and only 0.15% in the Swiss franc. Central banks hold about 2% of the world foreign reserves in the Chinese yuan, RMB, which is equivalent to about USD 222 billion, while the importance and relative weight of the RMB will continue to rise over time. Other currencies account for the remaining approximately 2.6% of all reserves.

during the pandemic because in difficult times, somewhat traditionally, international speculative capital trusts the USD more than other currencies.

Public finance deficit

There is no doubt that the scale of the unsustainability of public finances in many countries will generally increase. No sensible person objects against bold, sometimes radical budget deficits anymore. Apart from extremists, even monetarist doctrinaires and neoliberal dogmatists, who were so vociferous in the years 2008–2010 during the extensive financial crisis (Foster and McCheseny 2014), have gone quiet.

The actions of governments of the vast majority of countries are very bold. Faced with the epidemic threat and the vision of mass mortality, they take decisions more quickly than under normal circumstances. With regard to the financing of emergency needs – both to sustain consumption and the standard of living of households and to save businesses unable to cope with the shock – there was no other option but to finance these needs from the deficit. This is also the case with intervention policy in Poland, in the form of subsequent variants of the so-called anti-crisis shield. It is similar in other countries. As a result, 2020 is a period of the rapid growth of public debt. In extreme cases these are two-digit increases, that is, several percent of GDP – see Table 1.

For 2020, the Polish Government assumed a basically balanced budget. With such an officially declared objective, it was adopted already at a time when the pandemic was developing, which was motivated by technical rather than substantive considerations. The state had to have a budget to function reasonably well, but when the budget was accepted in parliament, it was already clear that it would be deeply unbalanced and would be amended. Apart from the unrealistic assumptions made by the government before the pandemic about the total balance of the budget, independent organisations – both governmental and non-governmental, including the International Monetary Fund and rating agencies – projected a moderate deficit for Poland in 2020. The opinion of the European Commission, which is very important from this point of view, referred to a deficit of 0.7% of GDP.

In accordance with the procedural requirements, at the end of April, the government sent a *2020 Convergence Programme Update* (Update, 2020) to Brussels. The Update provided that the deficit of 8.4% of GDP is expected, making it clear, which is fully understandable, that the estimates presented are based on very risky assumptions. In turn, the European Commission forecasts the deficit of 9.5% for Poland, compared with an average for the entire Union of 8.3%, and 8.5% for the Eurozone. Of the 27 members of the group, the highest deficit is forecast for Italy, with as much as 11.1% of GDP, and the lowest for Bulgaria, with only 2.8% of GDP. The group of countries with a double-digit index also includes Spain with a 10.1% deficit, and the United Kingdom leaving the Union with a 10.5% deficit (European Union, 2020). Next year, all Member States (with the exception of small Luxembourg, which is expected to have a marginal surplus of 0.1%) will still have a deficit. Interestingly, its range can be even greater than in 2020: from 1.5% in Germany to as much as 11.4% in Romania.

It is understandable that almost none of these forecasts will work out exactly, but not because they are incorrectly prepared, but because even with the most perfect econometric models and statistical tools the assumptions made will fail.

We simply do not know exactly what will happen with regard to the economic situation, changes in the tax base, and the scale of extraordinary budgetary outlays.

Table 1 **European Union budget deficit forecast for 2019-2021 (percent of GDP)**

	2019	2020	2021
Austria	0.7	-6.1	-1.9
Belgium	-1.9	-8.9	-4.2
Bulgaria	2.1	-2.8	-1.8
Croatia	0.4	-7.1	-2.2
Cyprus	1.7	-7	-1.8
Czech Republic	0.3	-6.7	-4
Denmark	3.7	-7.2	-2.3
Estonia	-0.3	-8.3	-3.4
Finland	-1.1	-7.4	-3.4
France	-3	-9.9	-4
Greece	1.5	-6.4	-2.1
Spain	-2.8	-10.1	-6.7
Netherlands	1.7	-6.3	-3.5
Ireland	0.4	-5.6	-2.9
Lithuania	0.3	-6.9	-2.7
Luxembourg	2.2	-4.8	0.1
Latvia	-0.2	-7.3	-4.5
Malta	0.5	-6.7	-2.5
Germany	1.4	-7	-1.5
Poland	-0.7	-9.5	-3.8
Portugal	0.2	-6.5	-1.8
Romania	-4.3	-9.2	-11.4
Slovakia	0.5	-7.2	-2.1
Slovenia	-1.3	-8.5	-4.2
Sweden	0.5	-5.6	-2.2
Hungary	-2	-5.2	-4
Italy	-1.6	-11.1	-5.6
European Union	-0.6	-8.3	-3.6

Source: European Union, 2020.

What is important is that in the case of Poland, in its spring forecast, the European Commission predicted a relatively small deficit in public finances, taking into account, on the one hand, a relatively favourable starting point, and, on the other hand, announcing the smallest scale of the fall in production among all members of the group. According to the Commission, GDP in Poland would decrease by only 4.3%[2], while the average for the entire Union is 7.4% and 7.7% for the Eurozone. According to these figures, the deepest recession would affect Italy and Spain: a 9.5 and 9.1% decrease in real GDP, respectively.

The formation of production dynamics and the diversification of the state of the economy before the perturbations caused by the coronavirus attack are linked to the

[2] According to the assumptions of the government presented in the Update. 2020 Convergence Programme, the recession should be limited to the 3.4% decrease in GDP. However, just three weeks later, the Ministry of Finance announced that, when revising the 2020 budget, it would change the forecast for the GDP decline to 4.5%. In turn, in its forecast announced on June 10, 2020, the OECD predicts a drop in GDP by 7.4% and by as much as 9.5% in the event of the second wave of the epidemic (OECD, 2020).

unemployment rate and expectations as to its changes. Unemployment rates are affected by unequal institutions governing national labour markets. Where they are more flexible, unemployment rises more and quicker, and where they are more rigid, adjustments in the relationship between labour supply and demand delay the rise in unemployment[3]. However, in the next phase, when the recovery comes after the recession, employment will grow faster and unemployment will decrease more in economies with more flexible regulations.

Changes in economic doctrine

Unorthodox adjustments in fiscal and monetary practices will have consequences for the economic doctrine and political practice. A colourful, heterodox "pandemic economics" will develop, both in its descriptive and normative form. First of all, it will be extremely rich in innovative hypotheses and sensible proposals for the use of economic policy instruments – financial, trade, labour market, public services, investment, pro-innovation, and technological progress – and management methods that are different from traditional ones, but it will also be strewn with various senseless ideas and suggestions. Over time, it will solidify and could form the foundation of post-pandemic orthodoxy.

In the economics of the post-pandemic world, the dogmatic imperative of balancing the state budget will be silenced. The universal doctrine of the inadmissibility of financing the state budget deficit by an independent central bank will be discarded. The views as to the possibility and, in certain conditions, the legitimacy of monetising the deficit through monetary expansion, especially by printing more money, will be reconsidered. Certain central banks, including the Federal Reserve System, Fed, (Ashworth 2020), previously used this method; at present, it is ceasing to be a taboo around the world.

Even if inflation increases a bit, which in recent years has not been a great problem[4], it will be an acceptable cost worth incurring in order to defend employment and production, which is, ultimately, the standard of living of the population. Relatively higher inflation – if that happens, as it does not have to happen – will be tolerated as one of the ways of financing the servicing costs of public debt. The negative real interest rates of central banks – this anathema of monetary orthodoxy – will be the norm for several years, just as negative government bond yields in some countries may be the norm. This has been happening in Japan for many years. The situation was similar in 2007–2013 when the public debt in rich countries increased from 59 to 91 percent of GDP. Governments have been able to take loans at close to zero or at negative interest rates even later, throughout the past decade. We cannot be sure what the next decade will bring.

As investors from rich countries are more eager to buy government bonds denominated in their national currencies, it is easier to finance the budget deficit there. In poor countries, it is much harder, particularly because foreign investors are not willing to buy these countries' securities. So, these countries will have to resort to the so-called financial repression, that is, forcing economic entities to purchase government bonds bearing interest below the national inflation rate. Over time, acquiring funds,

[3] This is clearly visible in the United States with its very liberal labour laws. It is much easier to dismiss an employee there than it is in Europe, including outside the European Union, which is why, in just two months of the COVID-19 pandemic, the unemployment rate in the USA tripled, reaching almost 15% at the turn of May and June 2020. This is the highest level since the Second World War.

[4] Apart from exceptions such as Argentina, Sudan, Angola, Turkey, and especially the cases of hyperinflation in Zimbabwe and Venezuela.

Table 2 **Forecast of changes in GDP and unemployment rates in the European Union Member States between 2019 and 2021**

	realny PKB			bezrobocie		
	2019	**2020**	**2021**	**2019**	**2020**	**2021**
Austria	1.6	-5.5	5	4.5	5.8	4.9
Belgium	1.4	-7.2	6.7	5.4	7	6.6
Bulgaria	3.4	-7.2	6	4.2	7	5.8
Croatia	2.9	-9.1	7.5	6.6	10.2	7.4
Cyprus	3.2	-7.4	6.1	7.1	8.6	7.5
Czech Republic	2.6	-6.2	5	2	5	4.2
Denmark	2.4	-5.9	5.1	5	6.4	5.7
Estonia	4.3	-6.9	5.9	4.4	9.2	6.5
Finland	1.0	-6.3	3.7	6.7	8.3	7.7
France	1.3	-8.2	7.4	8.5	10.1	9.7
Greece	1.9	-9.7	7.9	17.3	19.9	16.8
Spain	2.0	-9.4	7	14.1	18.9	17
Netherlands	1.8	-6.8	5	3.4	5.9	5.3
Ireland	5.5	-7.9	6.1	5	7.4	7
Lithuania	3.9	-7.9	7.4	6.3	9.7	7.9
Luxembourg	2.3	-5.4	5.7	5.6	6.4	6.1
Latvia	2.2	-7	6.4	6.3	8.6	8.3
Malta	4.4	-5.8	6	3.4	5.9	4.4
Germany	0.6	-6.5	5.9	3.2	4	3.5
Poland	4.1	-4.3	4.1	3.3	7.5	5.3
Portugal	2.2	-6.8	5.8	6.5	9.7	7.4
Romania	4.1	-6	4.2	3.9	6.5	5.4
Slovakia	2.4	-7	6.7	4.5	7	5.1
Slovenia	2.3	-6.7	6.6	5.8	8.8	7.1
Sweden	1.2	-6.1	4.3	6.8	9.7	9.3
Hungary	4.9	-7	6	3.4	7	6.1
Italy	0.3	-9.5	6.5	10	11.8	10.7
European Union	1.5	-7.4	6.1	6.7	9	7.9

Source: European Union, 2020.

including the capital necessary to finance public infrastructure investments and support technological progress and innovation in the economy, may turn out to be much more expensive.

How much of the additional public money released in response to the pandemic crisis should be directed for infrastructure investment and how much for the support of private businesses to protect jobs is another matter of dispute. In other words, this is the question, for example, whether to allocate an additional PLN 1 billion from the deficit budget to dig up the Vistula Spit[5] – an otherwise economically mindless and environmentally harmful project – or to partially redeemable loans or subsidies to private companies to maintain employment levels. Some authors argue that allocating funds to the business sector will be more efficient from the viewpoint of sustaining production and its revival (Frydman and Phelps 2020). This is a very different point of view from the one that has effectively prevailed in other realities, in the American response to the economic crisis of 1929-1933.

The hardest for countries will be to free themselves from the habit of incurring excessive debt. International financiers and the political and media spheres connected to them are particularly interested in sustaining this practice – supported by the financialization of the economy in recent years, based on trading in various forms of debt (McLean and Nocera 2010; Wolf 2014; Tanzi 2013). The Black Death in the fourteenth century did not cause such economic havoc (though the human toll was much larger) as the current pandemic, because credit played an entirely marginal role. Currently, its role is excessive. Whoever has no debts will come away quite unscathed from the pandemic. Those who have debts will suffer from the breakdown in the functioning of companies and households. It is impossible to live without the institution of credit, and economic activity may not be possible without it, but its scale can and should be reduced in the future. This will be beneficial even in healthy times. On the contrary; whoever has savings is able to manage a challenging situation and weather the time of crisis easier than someone without any financial reserves.

In the practice of the European Union, in accord with the Maastricht principles of currency conversion (Baun 2019) and the Stability and Growth Pact[6], member states are supposed to observe limits of 60% of GDP for public debt and 3% of GDP for budget deficits. Temporarily these limits will be suspended (Nowak-Far, 2007; Kołodko, Postula, 2018). For the next few years, the so-called clause on excessive budget deficit will not apply. Over time, governments will also increase taxes, this time including also indirect ones, paid on the profits of companies and by the higher income groups of people. The scale of progression of the personal income taxation will also have to increase.

Economics and Politics

We have to be careful to protect ourselves against the left and right-wing populists who will want to grab as much money from the public purse as possible, of course under the banner of protecting those in need, even if they can cope alone. Even more care needs to be taken with regard to the greed of the wealthier people and their influential lobbyists, who are much better organized than ordinary employees and consumers. It is not difficult to see the pressure on the authorities being exerted by organizations which nicely define themselves as employers, as if employing a worker was a charity rather than a profitable business. In the USA, the House of Representatives initially blocked the largest intervention package in history – two-trillion dollars – because according to the original proposals of the White House, a lot of public money would

5 This is an example of an economic decision that is not based on sound economic analysis, but is politically motivated, in this case, by irrational Russophobia.

6 As a result of the insufficient effectiveness of the Stability and Growth Pact, it was significantly modified, using the so-called "economic six-pack" (Schaechter, Kinda, Budina, Weber, 2012). It has helped to control the extent of budget deficits and public debts of the Member States of the European Union, and now its fiscal discipline will have to be relaxed.

go to companies that are doing quite well on their own. On the other hand, before the package was finally adopted and entered into force, some were already arguing that it should be at least five times larger. This is nonsense because that would bring it to half of the GDP, which no one can handle, not even the USA.

Hard times have come. Survival will be extremely expensive, and how expensive – we do not know. We will be billed later; first we need to survive. The enormity of the losses must be minimised and economies must gradually be restored to their functional efficiency and capacity to grow. Politicians, one by one, reiterate that there must not be a shortage of resources to combat the pandemic and its economic consequences, but it is necessary to look both at what these resources are spent for and where they come from.

Undoubtedly, the generosity of President Donald Trump, after having severely attacked the entire United States by calling the pandemic threat "the Democrats' hoax" a few weeks before the coronavirus violently attacked, was supposed to favour his re-election. The political logic is that since the economic situation will be deteriorating with each passing month before the elections, the resulting political losses must be offset by all possible means, including by transferring public money. Of course, on the surface of phenomena, there will always and everywhere be a declaration of concern for human destiny, even if it is actually in the background.

The Law and Justice government has shown similar generosity in Poland to ensure the re-election of President Andrzej Duda. His opponents think – not without a cause – that the economic situation will deteriorate during the next few months, and certainly until the postponed election. Therefore, political moods will deteriorate as well, resulting in growing dissatisfaction with those in power, including the president seeking re-election, which will support the opponents' ratings. The government's answer in such situations is to spend public funds with a lighter hand, and the pressure from both the numerous activists who declare concern for human fate and the few rich men concerned for their own fate are enormous. The power yields to them. The later the elections are held, the more expensive it is for public finances. Democracy does not come cheap.

It is therefore worth understanding how expensive pre-election periods can be; both those that have been established earlier, and those that have been extended due to quarantines and radical restrictions on the movement of people. Much money will be wasted during this time, naturally under beautiful lofty slogans – both humanitarian and pro-business. How much? No one can estimate it, but many can argue about it. In these contexts, four flows of funds will pour out of the sack of money created by the fiscal authorities and central banks, which we cannot precisely distinguish:

A stream of humanely and socially justifiable resources to protect people's health and life and to protect the standard of living of those most affected by the crisis and those who cannot cope without state aid.

Economically justified outlays saving financial liquidity in the economy and stimulating production, service, and investment activities, as well as employment through various forms of relief and subsidies supporting supply and demand.

Resources that are grabbed by populists who are indifferent to the hard economic realities and transferred to poorer groups of the population to a much larger extent than is objectively necessary.

Flows extorted by strong and unscrupulous business lobbies, which are willing to take advantage of every opportunity to profit at someone else's expense.

The relations between these streams are dynamic and flexible, and different in various countries. While we are trying to imagine their sum, and planning *ex ante* the proper flows of money in political practice, the true amounts will only be known in time, *ex post*. But we cannot precisely estimate the proportions of these streams. We know the categories the whole consists of – A, B, C, and D – but what exactly these are, we do not know:

$\Sigma = A + B + C + D$

Approximately, we know that:

$A > C$ and $B > D$,

and therefore also

$A + B > C + D$

However, we do not know the exact values of these streams, and we will never fully find a precise answer on this issue. This is because here we are considering issues that are not mathematical, but social. Financing specific situations by means of streams A, B, C, and D is partly transparent and it is known what is classified into which category. However, this is often debatable and sometimes even impossible. Needless to say, these are matters that easily become entangled in political and ideological disputes.

In real financial and socio-political processes, the width of these four streams depends on:

- the ideology of the parties in power,
- the practical strength and determination of governments in implementing the chosen socio-economic policy strategy,
- the degree of social cohesion,
- business ethics,
- the balance of power of particular interest groups.

These factors are very diverse, just as economic systems are unequal and as political, social, and economic realities in individual countries are diversified. While it is worthwhile to support policies creating the first and the second stream, it is necessary to stop the leakage of the third and fourth. The political struggle around this will be extremely brutal.

Summary

The economy is never in balance, even in the best of times. Coexisting sides are perfectly equal only in theoretical models and macroeconomic plans or microeconomic business strategies based on relevant assumptions; curves intersect at the point of equilibrium only on graphs drawn in theoretical monographs and presented on computer screens. In fact, we are dealing with a permanent state of deviation from the balance; once deeper, sometimes shallower. This time, due to the widespread economic, social, and political crisis caused by the coronavirus pandemic, the deviation is very deep. To such an extent that many companies, and even some sensitive industries, are tilting so much that they are going to fall. This is the time of great unrest in the real economy, but also of uncertainty about the usefulness of its descriptions and explanations. The real economy that exists today must be restored to a state of acceptable imbalance, often by unconventional methods, but it is also necessary to seek in advance theoretical answers to the questions that the post-pandemic reality will bring.

References:

1. Update (2020), *Program konwergencji. Aktualizacja 2020*, Ministry of Finance, Warsaw, April file:///C:/Users/gwk/Downloads/Aktualizacja_2020.pdf; access: 15/05/2020.
2. Ashworth J. (2020), *Quantitative Easing*, Agenda Publishing, Newcastle.
3. Baun M.J. (2019), *An Imperfect Union: The Maastricht Treaty and the New Politics of European Integration*, Routledge, New York.
4. EU (2020), European Economic Forecast, "Institutional Paper" 125, May, European Commission, Brussels https://ec.europa.eu/info/sites/info/files/economy-finance/ip125_en.pdf; access: 15/05/2020.
5. Foster J., Bellamy J., McCheseny R.W. (2014), *The Endless Crisis. How Monopoly-Finance Capital Produces Stagnation and Upheaval from the USA to China*, Monthly Review Press, New York.
6. Frydman R., Phelps E.S. (2020), *Beating the Coronavirus Is the Best Stimulus. Directing businesses to fight the pandemic would help workers more than an infrastructure splurge*, "The Wall Street Journal", 7 April https://www.wsj.com/articles/beating-the-coronavirus-is-the-best-stimulus-11586214481; access: 07/04/2020.
7. Kołodko G.W. (2020), *After the Calamity: Economics and Politics of the Post-Pandemic World*, "Polish Sociological Review", No. 2(206).
8. Kołodko G.W., Postula M. (2018), *Determinants and Implications of the Eurozone Enlargement*, "Acta Oeconomica", Vol. 68(4), pp. 477-498.
9. McLean B., Nocera J. (2010), *All The Devils Are Here: The Hidden History of the Financial Crisis*, Portfolio, New York.
10. OECD (2020), *The world economy on a tightrope*, "OECD Economic Outlook", June, Organization for Economic Cooperation and Development, Paris, http://www.oecd.org/economic-outlook/june-2020/; access: 12/06/2020.
11. Nowak-Far A. (2007), *Pakt stabilności i wzrostu*, C. H. Beck, Warsaw.
12. Schaechter A., Tidiane Kinda, Nina Budina and Anke Weber (2012), *Fiscal Rules in Response to the Crisis – Toward the "Next-Generation" Rules. A New Dataset*, "IMF Working Paper", WP/12/187, International Monetary Fund, Washington, D.C.

Prof. dr hab. **Grzegorz W. Kołodko**, Director of Transformation, Integration and Globalization Economic Research TIGER in the Koźmiński University in Warsaw, kolodko@tiger.edu.pl

Translated by: mgr Monika Borawska