Discussion

Do asset purchase programmes shape industry dynamics? Evidence from the ECB's SMP on plant entries and exits

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March 2, 2021

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Contribution

Question:

- Economy on QE life support – adverse side effects?
  - **Delaying desirable exits?** $\rightarrow$ delaying entries $\rightarrow$ delaying growth

Method:

- Rich micro data: mapping out QE architecture in Germany
- Clear and transparent estimation approach

Answer:

- Micro-level evidence of reduced plant exit probability
- Macro-level evidence of lower industry dynamism

Data

- Why going extra mile to the plant level?
  - Institutional capital at the firm-level
  - Physical capacity via assets (and wage bill)
  - Banks care about default, which occurs at firm level
- Sample pruning: Clipping the wings?
  - Bank subsample: Distribution of total eligible assets between banks under study vs. banks excluded?
  - Firm subsample: Why not multi-bank firms weighted by financial ties?

Estimation (I)

- Treatment: SMP eligible assets 2010-12 vs. (stock of) SMP eligible assets in 2010
- Channels: Low-productivity/weak-bank interaction key to story – refined estimation of (total factor) productivity!

Estimation (II)

- Common trends:
  - How do firms differ in *profitability/productivity* and *net worth* levels and trends across treatment groups?
  - t-test on average y-o-y growth $\leftrightarrow$ time dummy tests/graph
- Robustness
  - `Age` control in flexible non-linear form
  - Symmetric setup for plant entry?
- Anticipation of SMP and FED QE

Out of curiosity

- Why not using the credit dimension of the amazing data to colour the narrative:
  - Does treatment change credit provisioning overall?
  - Do "zombie"/low-productivity firms receive more credit than comparable firms in the non-treatment group?