European Investment Bank
Annual Economic Conference

Investment in Europe:
Challenges and Policy Responses

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www.oecd.org/economy/economicoutlook.htm
ECOSCOPE blog: oecdecoscope.wordpress.com/
Sluggish Investment and Consequences

Real fixed investment in Europe

Index, 2008Q1 = 100

EU potential output per capita growth

Note: Weighted by moving PPP weights. ‘Core’ includes Austria, Belgium, Denmark, Finland, France, Germany, Luxemburg, Netherlands, Sweden, Switzerland, and the UK. ‘Vulnerable’ includes Greece, Italy, Portugal and Spain. ‘Cohesion’ includes the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia. RHS for OECD members of the EU. Source: OECD June 2016 Economic Outlook database; OECD calculations.
Widening Dispersion of Productivity and Wages of Leading vs Lagging firms

Increasing productivity diffusion gap

Associated with wage dispersion


Fiscal Space Has Increased

Estimated budget gains over 2015-17 due to lower interest rates

15% of debt rolled over each year
25% of debt rolled over each year

% of GDP

0

-1

-2

-3

-4

Italy France United Kingdom Japan Canada United States Germany

Source: OECD November 2016 Economic Outlook Special Chapter, “Using fiscal levers to escape the low growth trap”, forthcoming; OECD calculations based on Fournier and Fall (2015); and OECD Economic Outlook database.
But choose wisely to maximise Impact on Growth and Inclusiveness

**Impact of spending areas**

<table>
<thead>
<tr>
<th></th>
<th>Growth</th>
<th>Equality</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Short-term</td>
<td>Long-term</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Childcare and family</td>
<td></td>
<td></td>
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<tr>
<td>Health services</td>
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<td></td>
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<tr>
<td>Unemployment benefits</td>
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<td>Public investment</td>
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- **significant positive impact**
- **small positive impact**
- **uncertain impact**
- **small negative impact**

Source: Cournède, Goujard and Pina (2014).
And complement with more ambition on structural policies

Responsiveness to OECD Going for Growth recommendations

Share of recommendations implemented

Core Vulnerable Cohesion

2009-10 2011-12 2013-14 2015-16

Note: ‘Core’ average for Austria, Belgium, Denmark, Finland, France, Germany, Luxemburg, Netherlands, Sweden, Switzerland, and the UK; ‘Vulnerable’ average for Greece, Ireland, Italy, Portugal and Spain; ‘Cohesion’ average for the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia, where available.

THANK YOU!

www.oecd.org/economy/economicoutlook.htm
www.oecd.org/global-forum-productivity
www.oecd.org/eco/growthgoingforgrowth.htm
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