



European Investment Bank Annual Economic Conference

Investment in Europe: Challenges and Policy Responses

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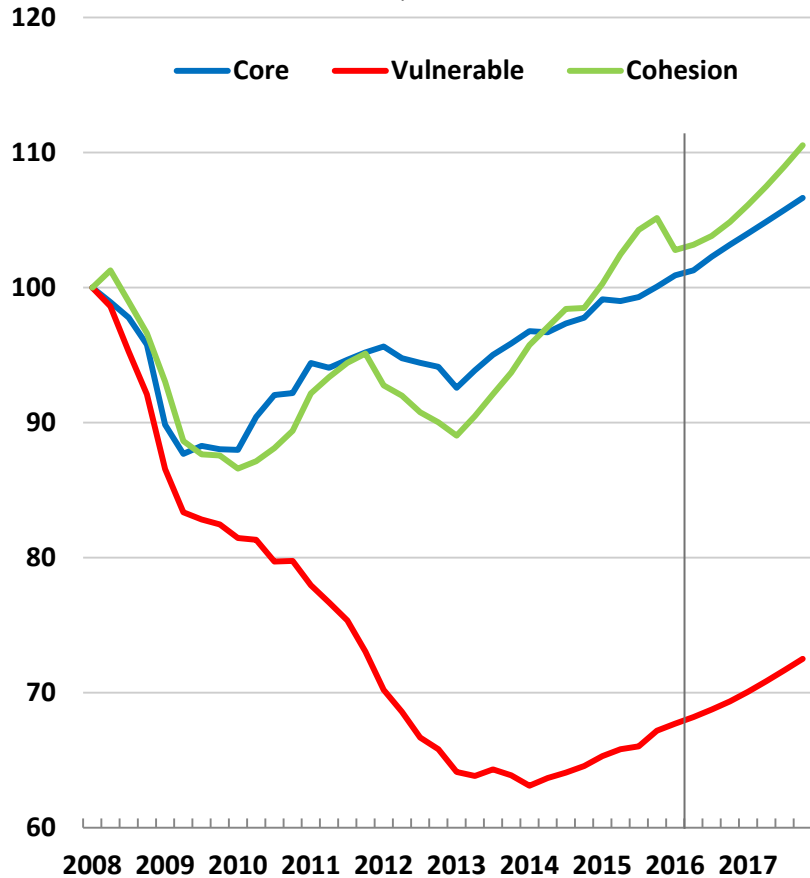
www.oecd.org/economy/economicoutlook.htm
ECOSCOPE blog: oecdoscope.wordpress.com/



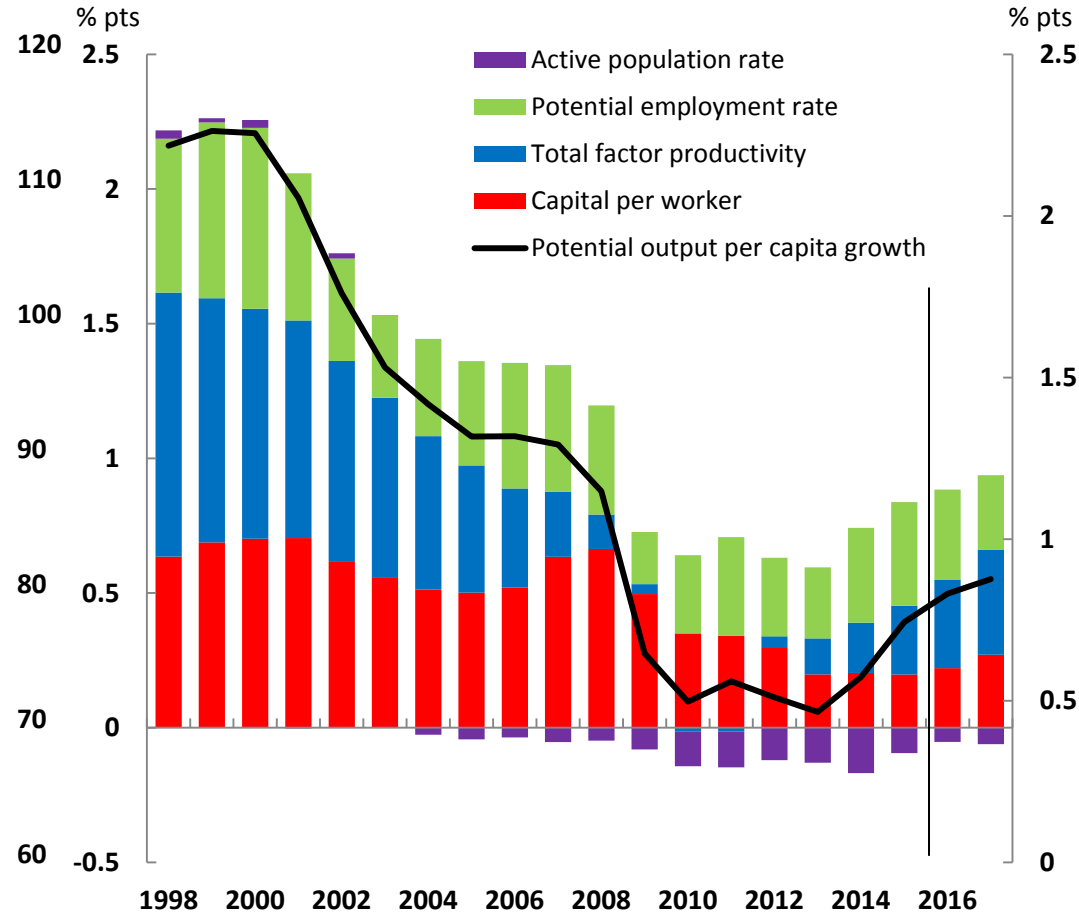
Sluggish Investment and Consequences

Real fixed investment in Europe

Index, 2008Q1 = 100



EU potential output per capita growth



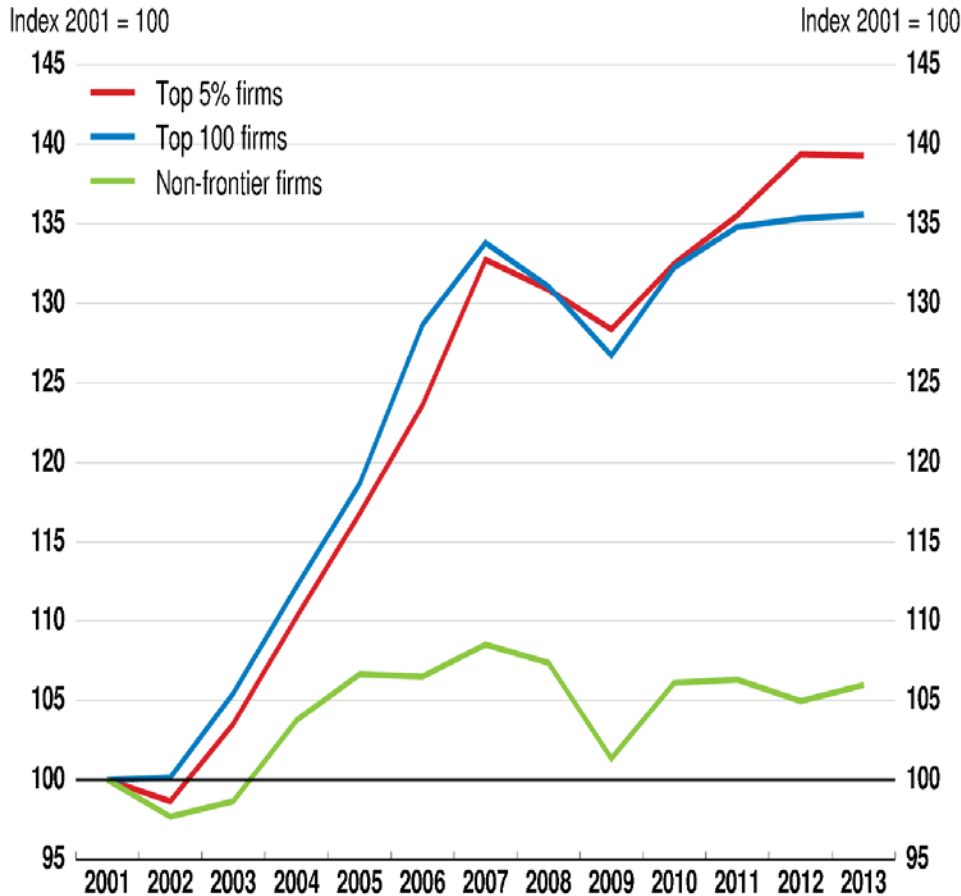
Note: Weighted by moving PPP weights. 'Core' includes Austria, Belgium, Denmark, Finland, France, Germany, Luxemburg, Netherlands, Sweden, Switzerland, and the UK. 'Vulnerable' includes Greece, Italy, Portugal and Spain. 'Cohesion' includes the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, 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



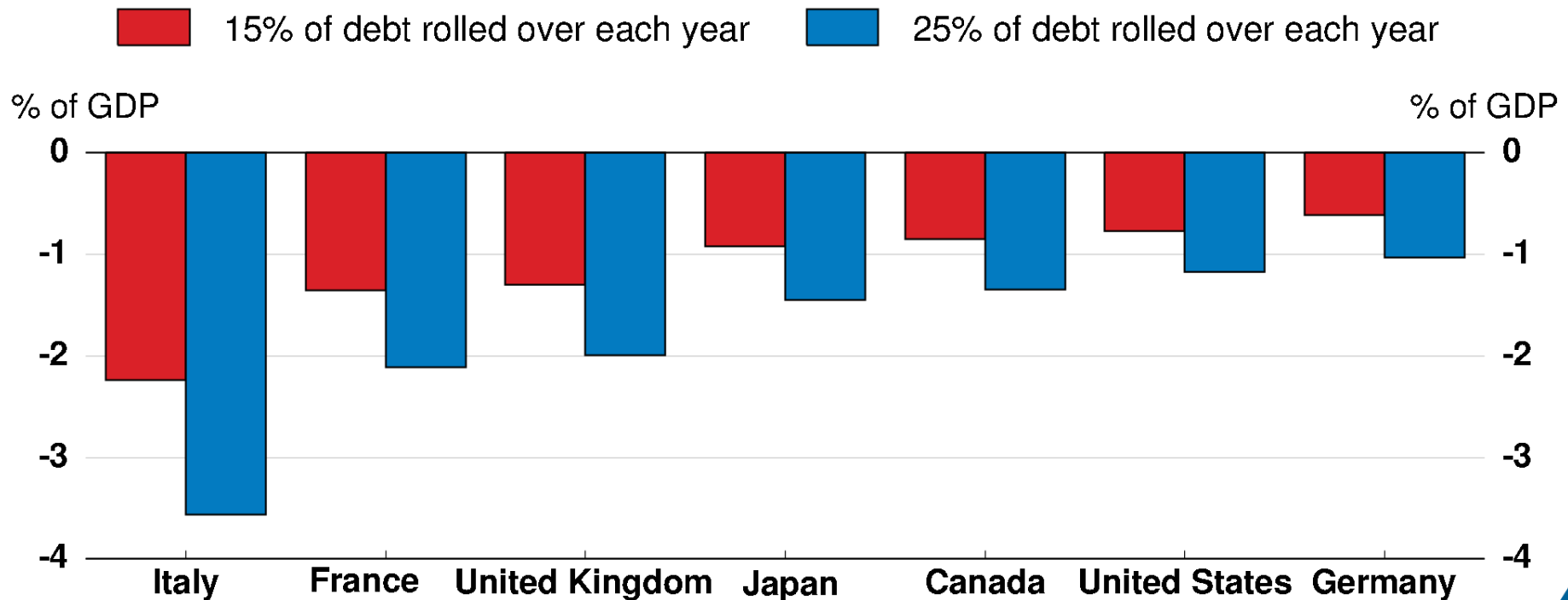
Source: Andrews, D., C. Criscuolo and P. Gal (2016), "The Global Productivity Slowdown, Technology Divergence and Public Policy: a Firm Level Perspective", forthcoming; Orbis data of Bureau van Dijk.

Source: Nicoletti, G. and C. Schwellnus (2016), "Decoupling of Wages and Productivity: A Framework Linking Macro Facts and Micro Mechanisms", OECD Productivity Working Papers, forthcoming; Orbis data of Bureau van Dijk.



Fiscal Space Has Increased

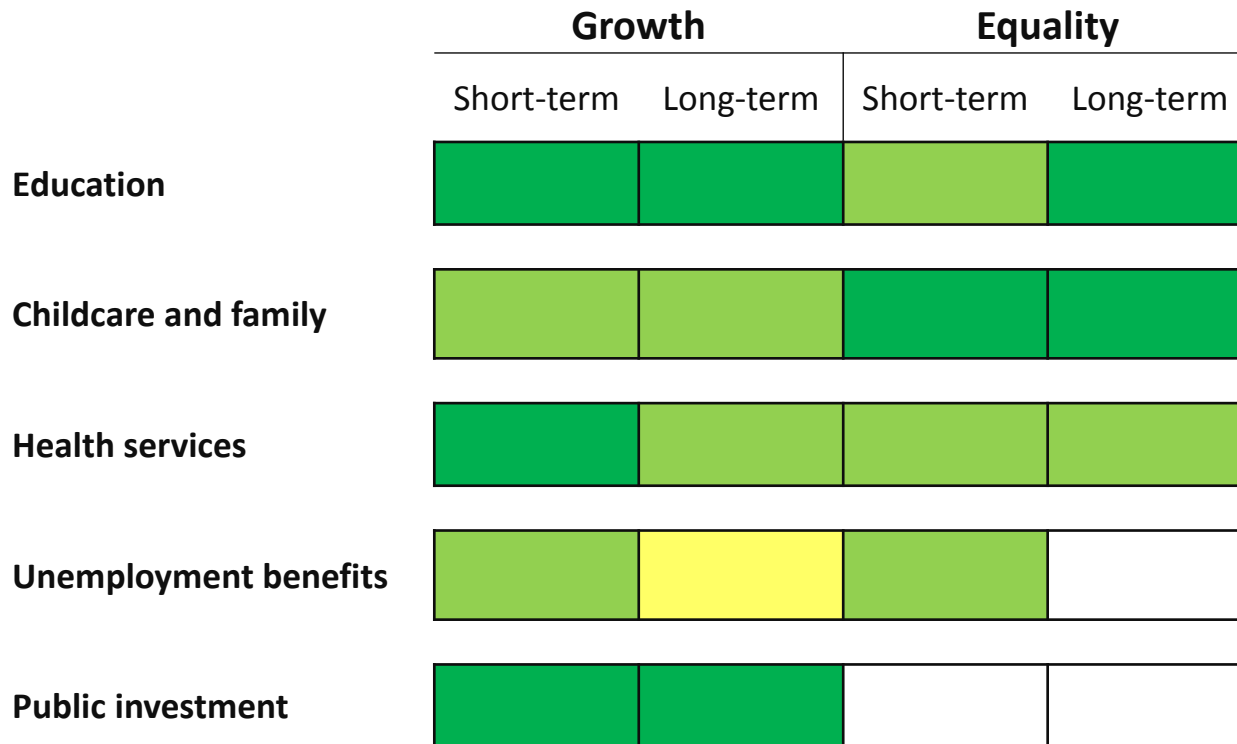
Estimated budget gains over 2015-17 due to lower interest rates





But choose wisely to maximise Impact on Growth and Inclusiveness

Impact of spending areas



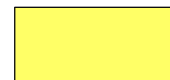
significant positive impact



small positive impact



uncertain impact



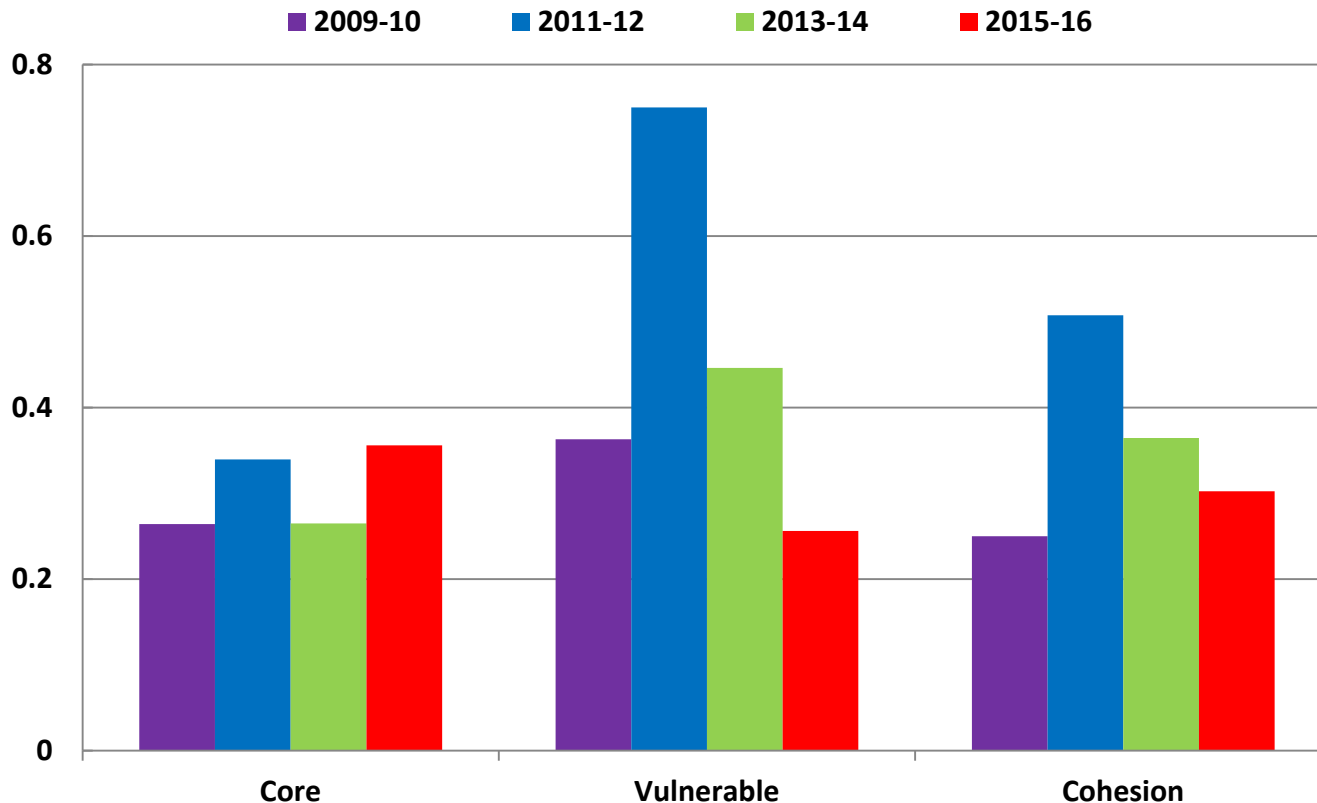
small negative impact



And complement with more ambition on structural policies

Responsiveness to OECD Going for Growth recommendations

Share of recommendations implemented

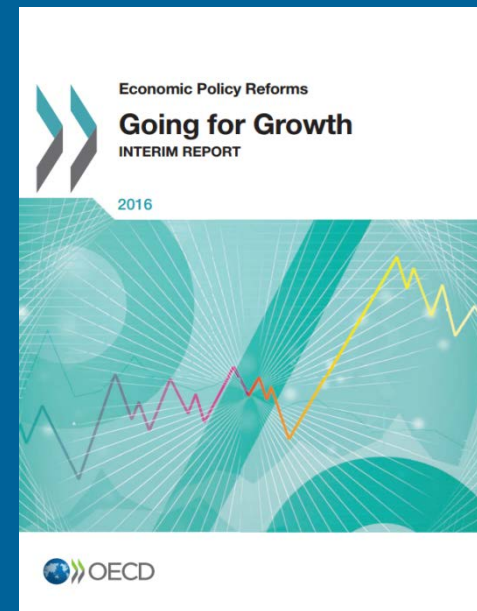
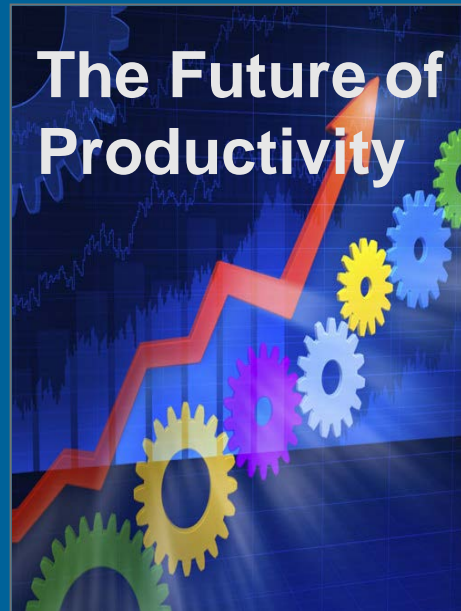


Note: 'Core' average for Austria, Belgium, Denmark, Finland, France, Germany, Luxemburg, Netherlands, Sweden, Switzerland, and the UK; 'Vulnerable' average for Greece, Ireland, Italy, Portugal and Spain; 'Cohesion' average for the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic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

Source: OECD Going for Growth 2017, forthcoming.



THANK YOU!



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