

Bruxelles, 20<sup>th</sup> April 2015

# The Macro Solution: Indispensible Macroeconomic Reforms

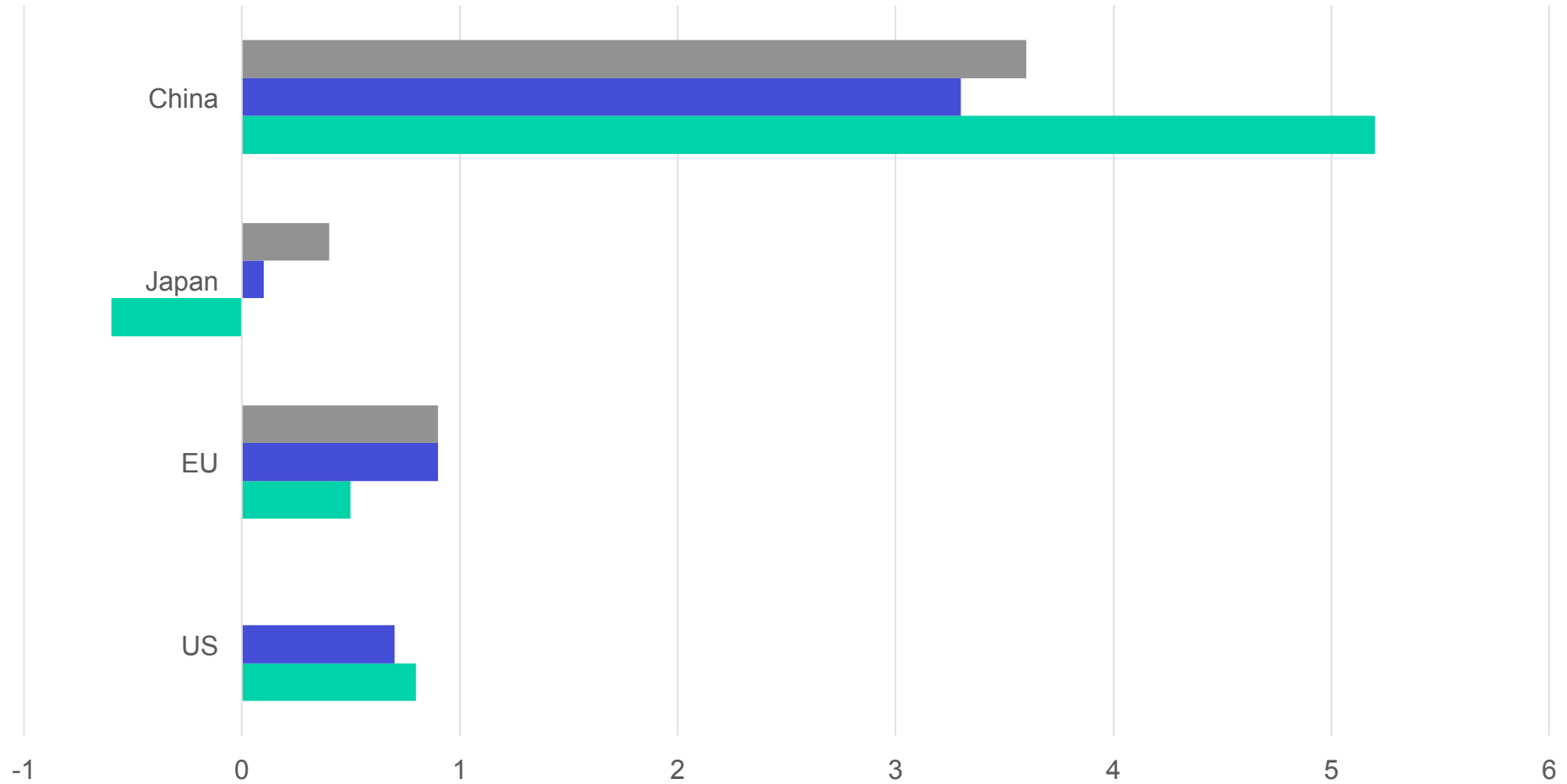
Fredrik Erixon  
February 16, 2017

# Short-term outlook - dismal

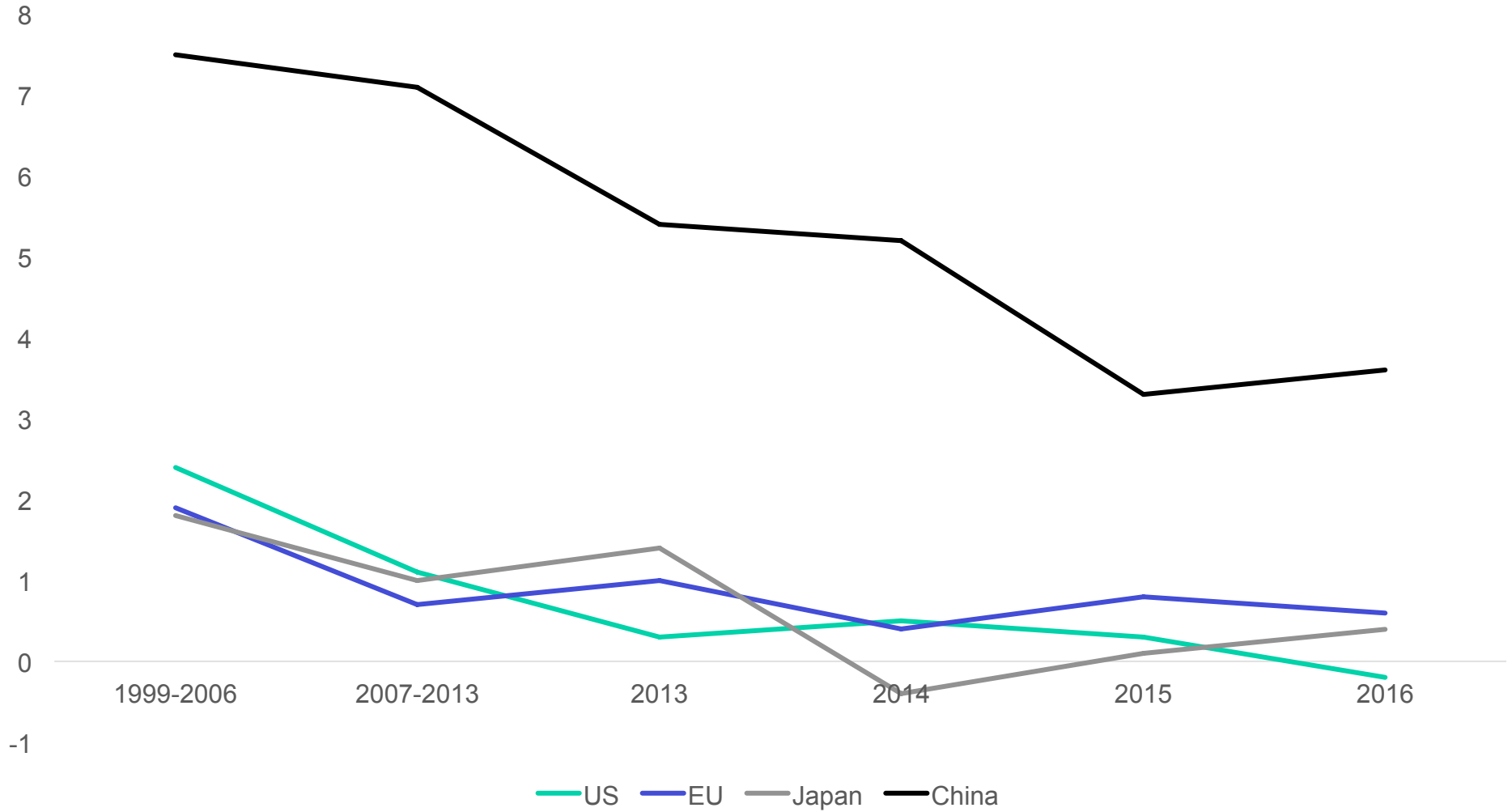
- Global growth clearly beyond trend – 3.1% in 2016 and 3.4% in 2017
- Far smaller in the US, EU and Japan
- Continued structural growth slow-down in China
- Why – new normal, secular stagnation, or will it get better beyond the corner?
- Medium and long-term outlook poor – long trend of supply-side stagnation in major economies

# 1. Stagnating productivity growth

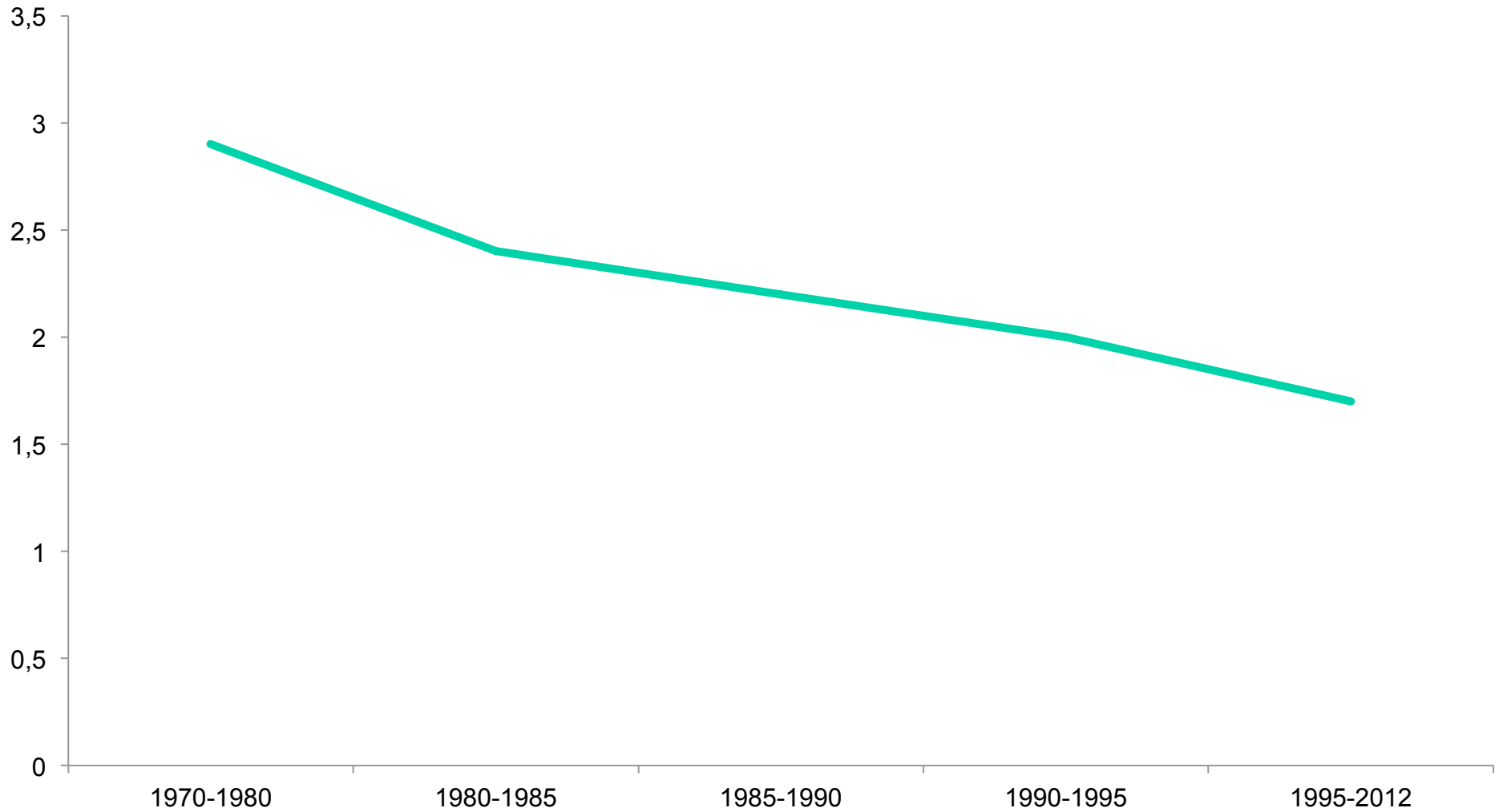
# GDP/person employed



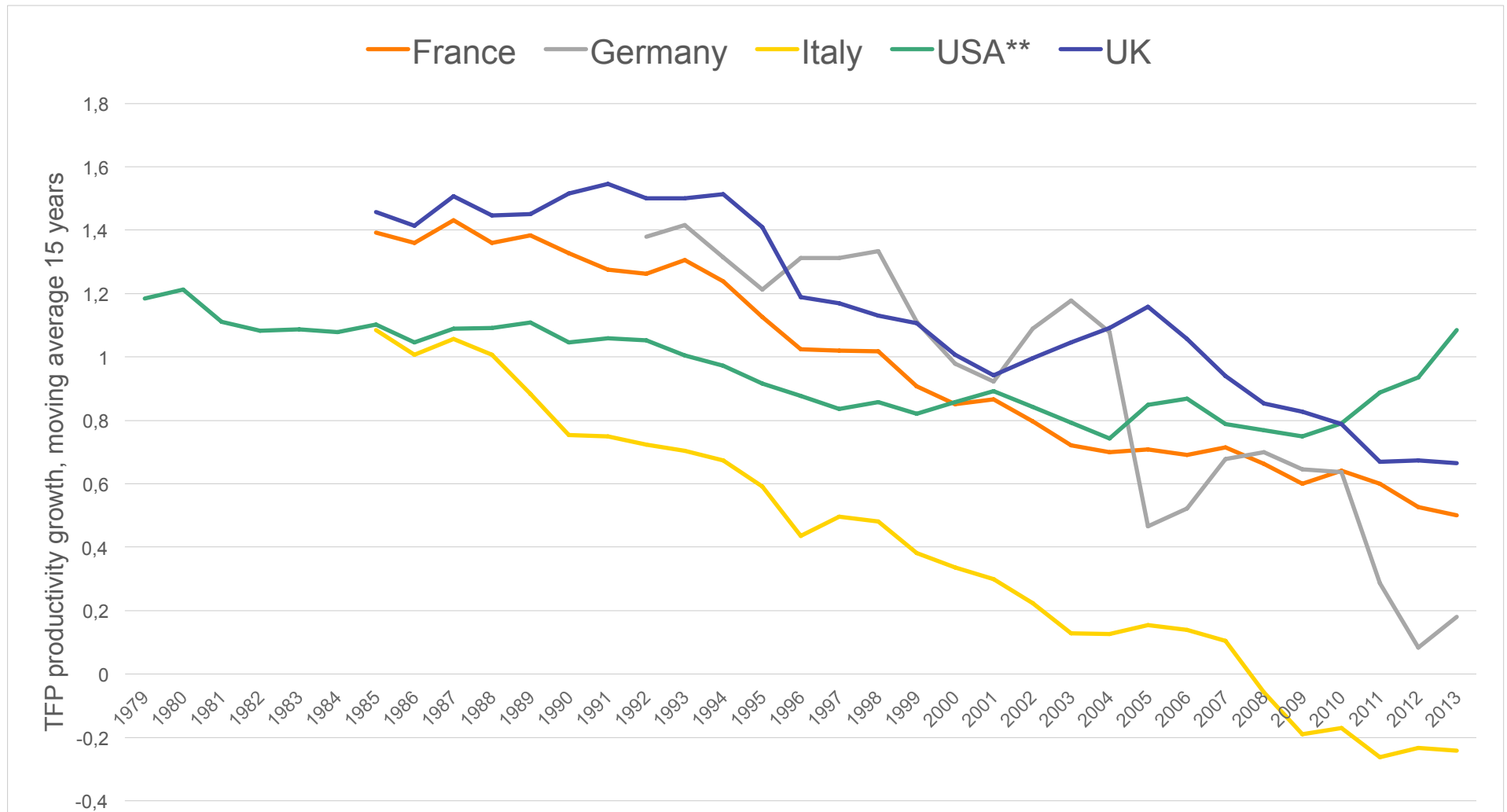
# Labour Productivity Growth



# G7 Labour Productivity Growth



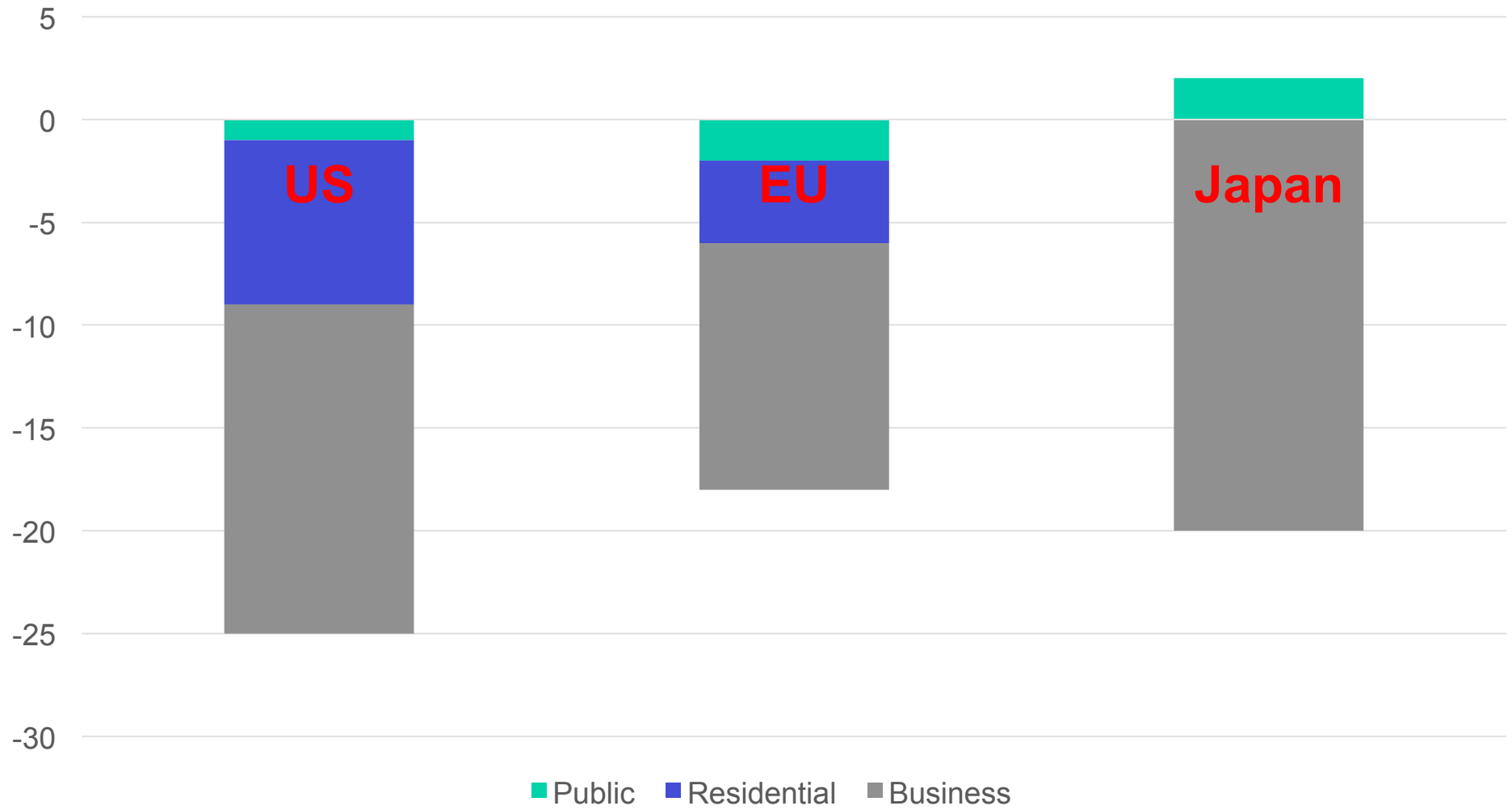
# Western Total Factor Productivity growth



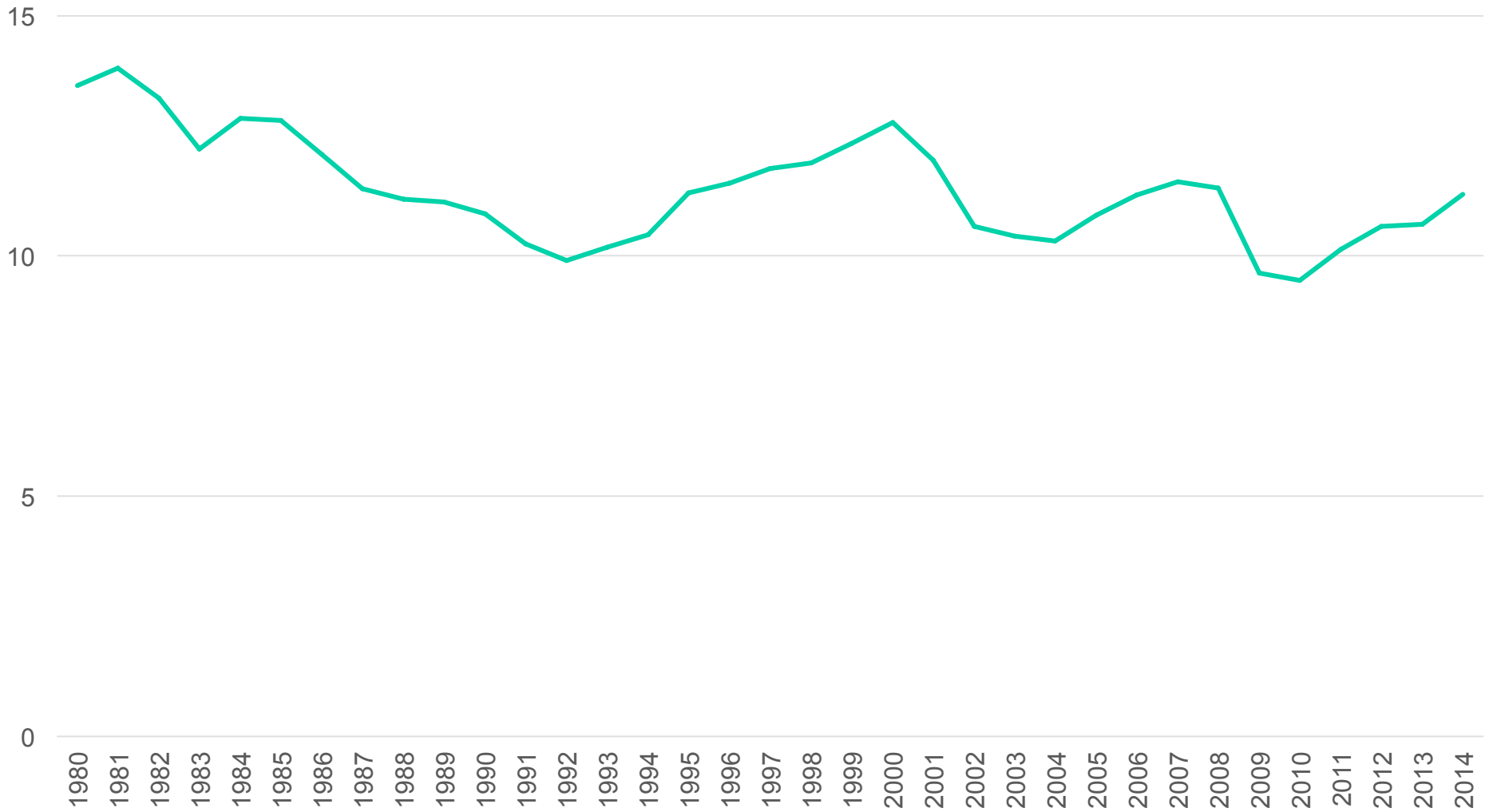
## 2. Investments – or how big firms spend their money



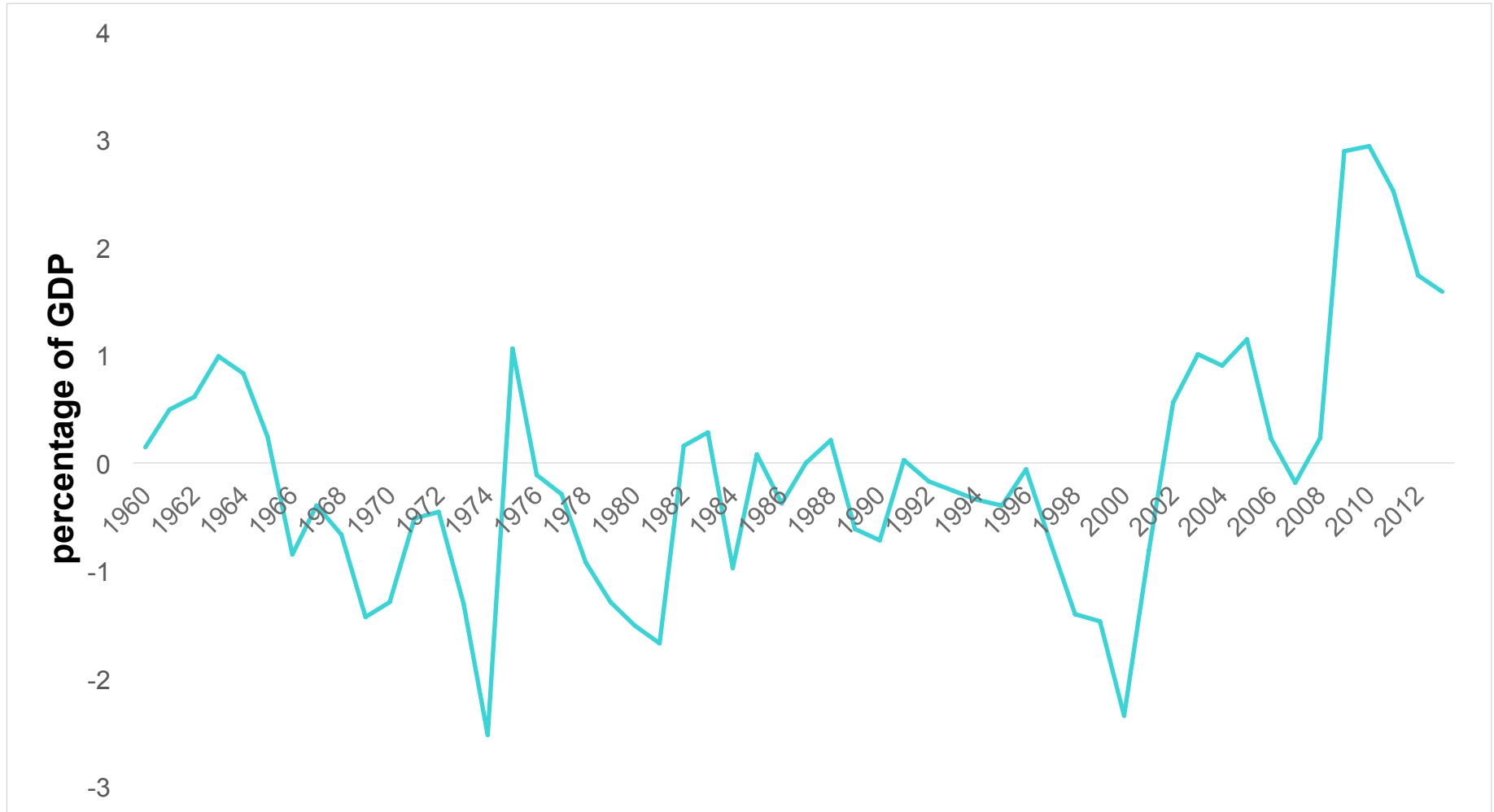
# Decomposing Investment Slump: 2008-2015



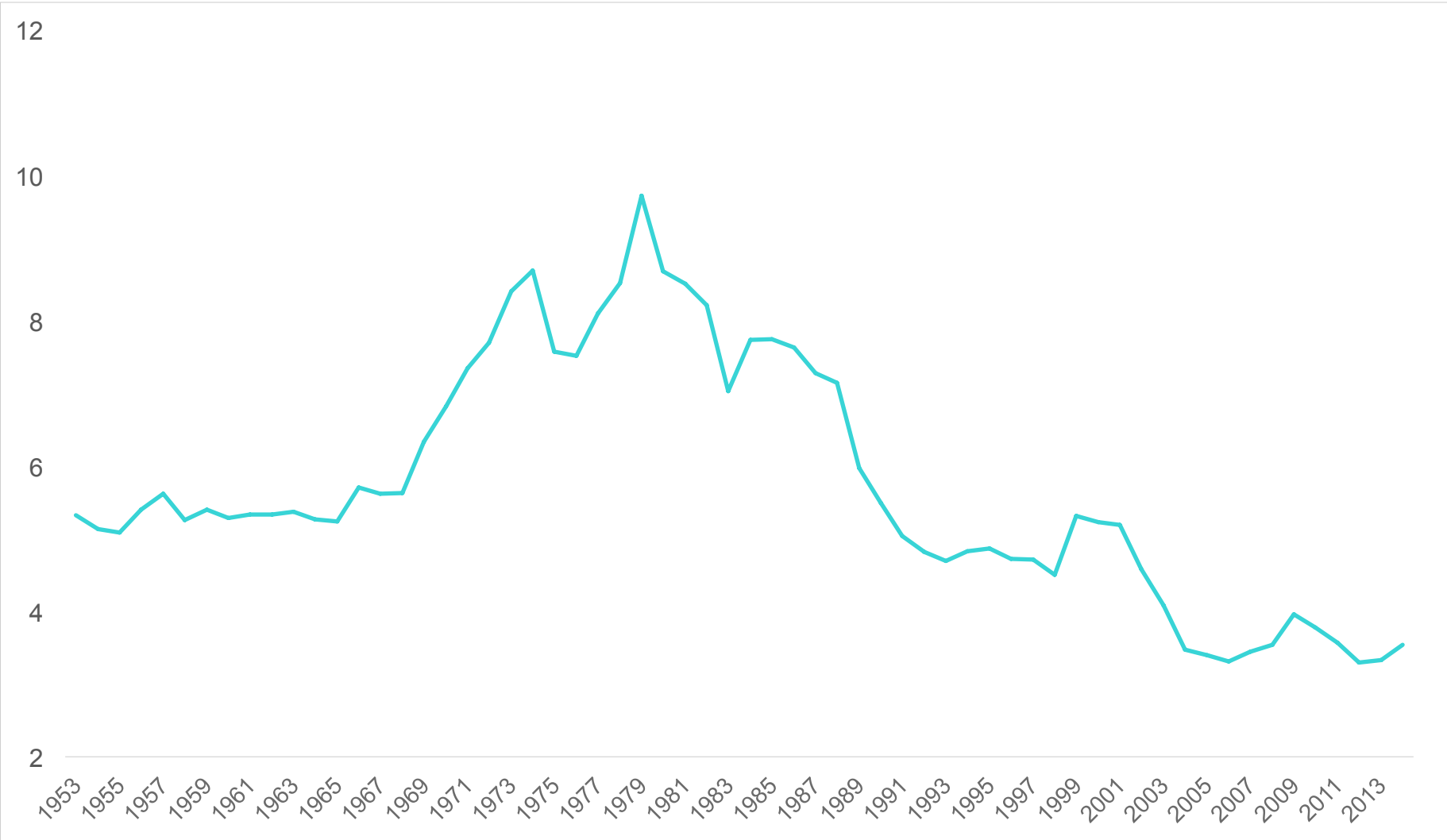
# U.S. Business Investment/GDP



# U.S. Business Net Lending and Borrowing

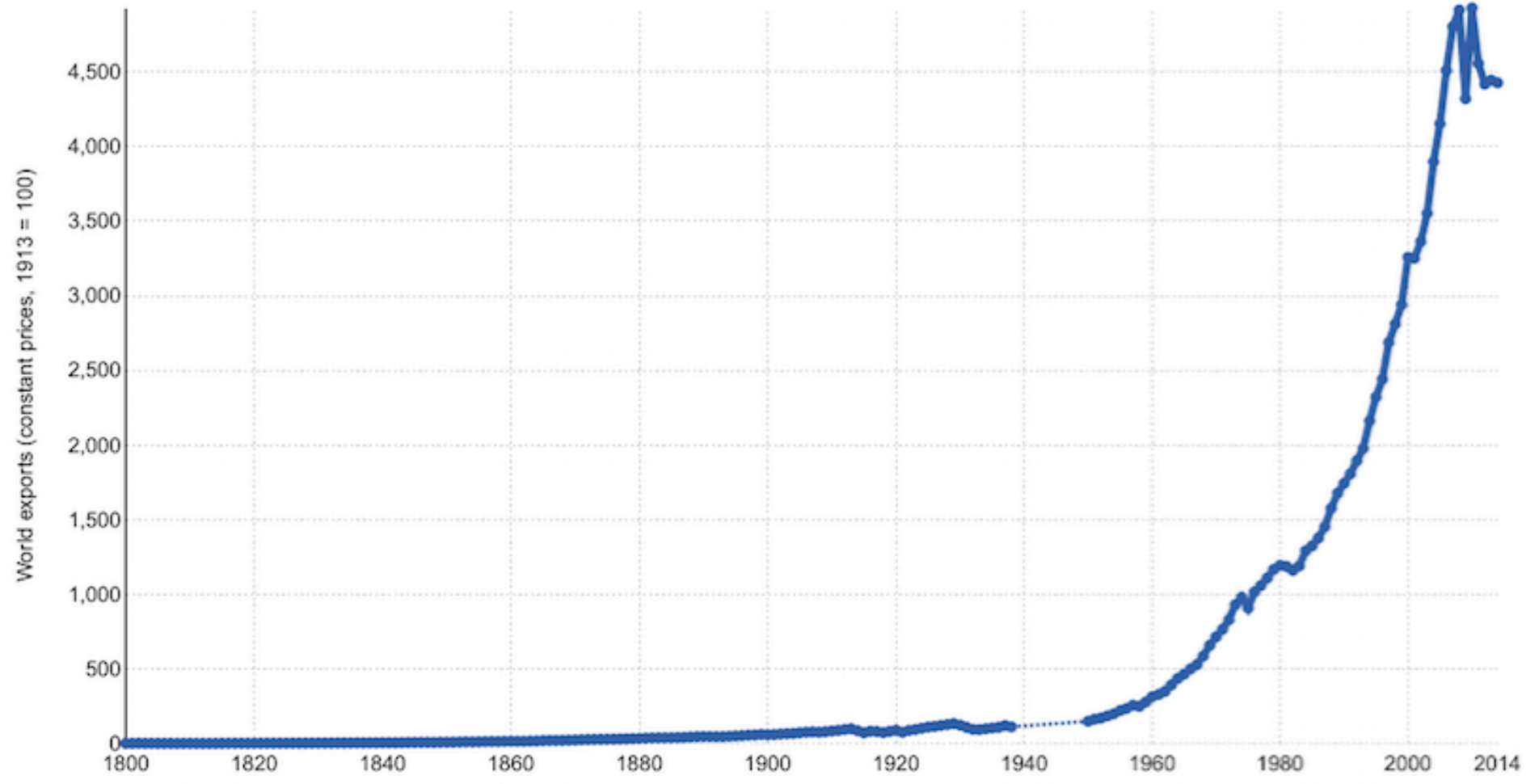


# U.S. Ratio of Investment/Cash to Shareholders

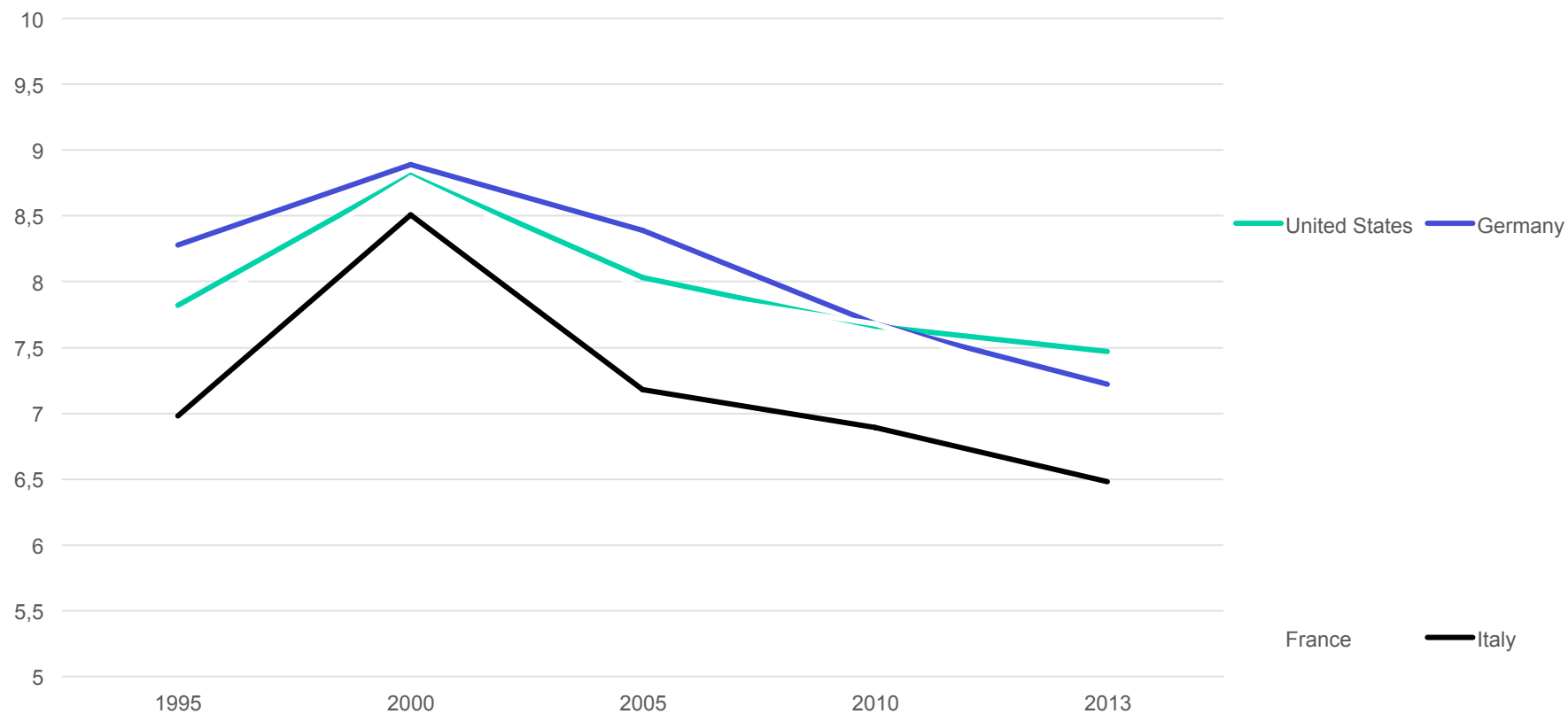


# 3. Stalling Globalisation

# The Value of Global Exports 1800-2014



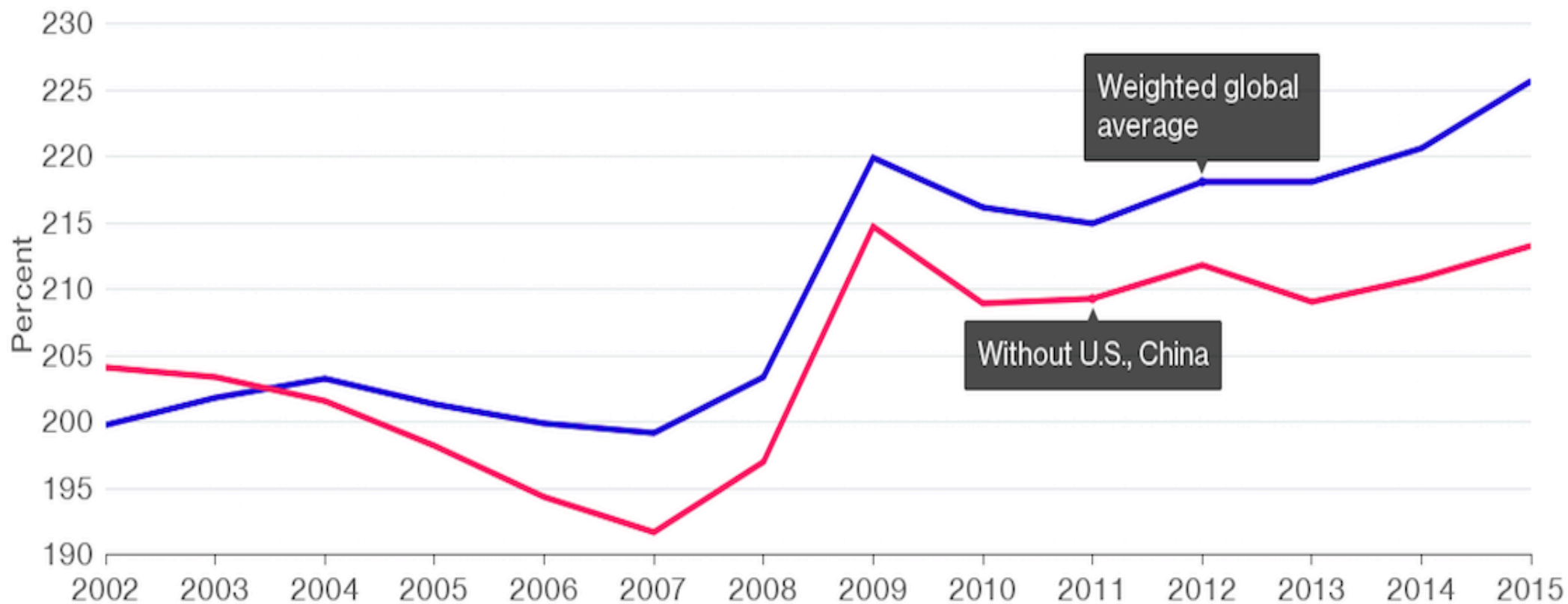
# Economic freedom to trade



## 4. Breaking the debt supercycle

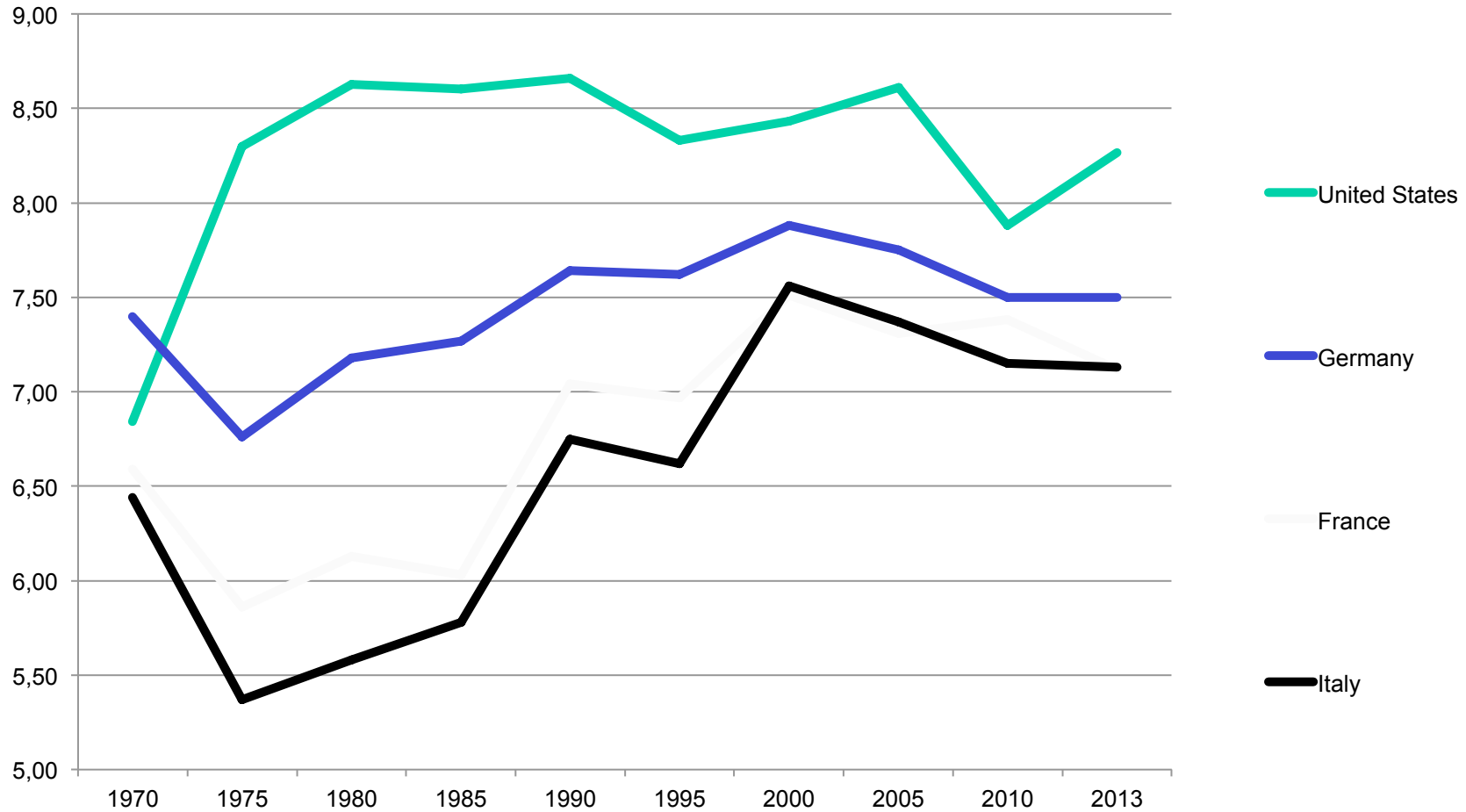


# Global Gross Debt



# 5. Getting policy right

# Economic freedom - business



# Major market distortions

1. Financial market
2. Labour market
3. Housing market

# 6. Most important of all

# Aspiration!

# Thank you!