

OECD ECONOMIC OUTLOOK

ISSN 1609-7513, e-ISSN 1609-7408

N. 2, November 2016

[Consulta en línea desde MEYSS](#)

Editorial: Deploy effective fiscal initiatives and promote inclusive trade policies to escape from the low-growth trap	9
Chapter 1. General assessment of the macroeconomic situation	13
Introduction.....	14
The recovery could gain steam depending on policy choices	15
How would fiscal policy help to exit the low growth trap?	25
Distortions and risks in financial markets	34
More determined and comprehensive policy efforts are needed	45
Bibliography.....	51
Annex 1.A1. Policy and other assumptions underlying the projections	54
Annex 1.A2. Indicators of potential financial vulnerabilities	56
Chapter 2. Using the fiscal levers to escape the low-growth trap	63
Introduction.....	64
Very low interest rates in advanced economies have increased fiscal space	66
A fiscal initiative can help boost long-term growth and inclusiveness	74
The composition of spending and taxes should be made more supportive of inclusive growth.....	84
Most advanced countries should make use of the expanded fiscal space and all can make the tax and spending mix more growth and equity friendly ...	87
Bibliography.....	90
Annex 2.A1. Selected approaches to estimate fiscal space	93
Annex 2.A2. Brief comparison of the models used in the public investment simulations	99
Chapter 3. Developments in individual OECD and selected non-member economies	101
Argentina.....	102
Australia.....	105
Austria	108
Belgium	111
Brazil.....	114
Canada	118
Chile	123
China	126
Colombia	130
Costa Rica.....	133
Czech Republic	136
Denmark	139
Estonia.....	142
Euro area	145
Finland.....	150
France	153
Germany	157
Greece	162
Hungary.....	165
Iceland.....	168
India.....	171
Indonesia.....	175
Ireland.....	178
Israel	181
Italy	184
Japan	188
Korea	193
Latvia.....	196
Lithuania	199
Luxembourg.....	202
Mexico.....	205
Netherlands	208
New Zealand	211
Norway	214
Poland.....	217
Portugal.....	220

Russia	223	Spain	236	United Kingdom	248
Slovak Republic	227	Sweden	239	United States	253
Slovenia	230	Switzerland	242		
South Africa	233	Turkey	245		

Statistical Annex	259
--------------------------------	-----

Boxes

1.1. The short-term impact of fiscal stimulus in the United States	18
1.2. Growth and inflation projections in the major economies	21
1.3. The impact of changes in global trade costs	23
1.4. The impact of low interest rates and low economic growth on pensions	42
2.1. Debt-financed public investment with no long-term effect on the debt-to-GDP ratio	75
2.2. Expanding fiscal space under the EU Stability and Growth Pact	89

Tables

1.1. The global recovery could gain some steam	17
2.1. Country-specific conditions and the impact of public investment stimulus ..	84
2.2. Effects of public spending reforms on growth and equity	84
2.3. Growth and equity effects of decreases in selected tax and contributions. ...	85
2.4. Planned versus recommended fiscal stances for 2017-18	87

Figures

1.1. Global GDP growth is set to rise	15
1.2. Economic policy uncertainty remains elevated in a number of economies ...	16
1.3. Fiscal stimulus is helping to support GDP growth	17
1.4. GDP growth projections for the major economies	21
1.5. Global trade is very weak relative to historic norms	23
1.6. Long-term GDP growth expectations have declined over the past five years..	26
1.7. Growth expectations have fallen in countries with past growth shortfalls ...	27
1.8. A widening labour productivity gap between global frontier firms and other firms.	28
1.9. The post-crisis recovery has been weak and unbalanced in the advanced economies	29
1.10. Differences in consumption growth largely reflect differences in income growth	30
1.11. Employment rates differ widely across the OECD economies.	30
1.12. Weak wage growth and subdued employment are holding back household incomes	31
1.13. Household saving has risen in countries with higher income inequality since the onset of the crisis	32
1.14. Household saving has risen in many countries with strong improvements in household financial balance sheets	33
1.15. The largest gains in financial balance sheets have occurred in countries with a relatively concentrated wealth distribution.	33
1.16. The association between house prices and household saving has weakened in recent years	34
1.17. Sovereign bond yields have declined in tandem with expected overnight interest rates.	35

1.18. Negative-yield sovereign bonds are dominant in Europe and Japan	36
1.19. Corporate bond yield spreads have declined	36
1.20. Equity prices point to a disconnect between real prospects and financial yields	37
1.21. Growth in real estate prices has been strong in some advanced economies ..	38
1.22. Investors have been pessimistic about the health of the banking sector in many advanced economies	40
1.23. Funding gaps of defined benefit pension funds have widened	41
1.24. Credit growth has remained robust despite its recent weakening in a few EMEs.	44
1.25. Several central banks have become dominant holders of domestic government bonds	46
1.26. Shortening insolvency procedures increases recovery rates	47
1.27. The fiscal stance has started to be loosened only recently	49
1.28. Implementation of structural reform packages has been uneven	50
2.1. Fiscal stance and public debt levels in OECD countries	66
2.2. OECD Potential output growth has slowed markedly	67
2.3. Fall in government interest payments	68
2.4. Nominal long-term interest rates in EMEs	68
2.5. Different approaches to measuring fiscal space	69
2.6. Lower interest rates increase fiscal space	71
2.7. Fiscal limit cumulative distribution functions	72
2.8. Fiscal space gains from healthcare reforms	73
2.9. Factors that can influence the growth impact of a fiscal initiative	74
2.10. Number of years during which a permanent investment increase can be funded with temporary deficits	75
2.11. Ex post evaluation of regulation	78
2.12. The short-term effect of a sustained increase in public investment of 0.5% of GDP	78
2.13. Long-term output gains of a permanent increase in public investment of 0.5% of GDP	79
2.14. Long-term output gains of different assumptions on the rate of return on public investment	80
2.15. Additional output gains from structural reforms after one year	81
2.16. Effects of hysteresis on long-term output gains	82
2.17. Gains from collective action in the OECD countries	83
2.18. Changes in the share of productive spending between 2007 and 2013	86
2.19. Net public investment in large euro area countries	87