

Biennial of the Mediterranean

Associazione per la Logistica Sostenibile

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Workshop :
**Suggestions for a Sustainable Development in the
Mediterranean Area**

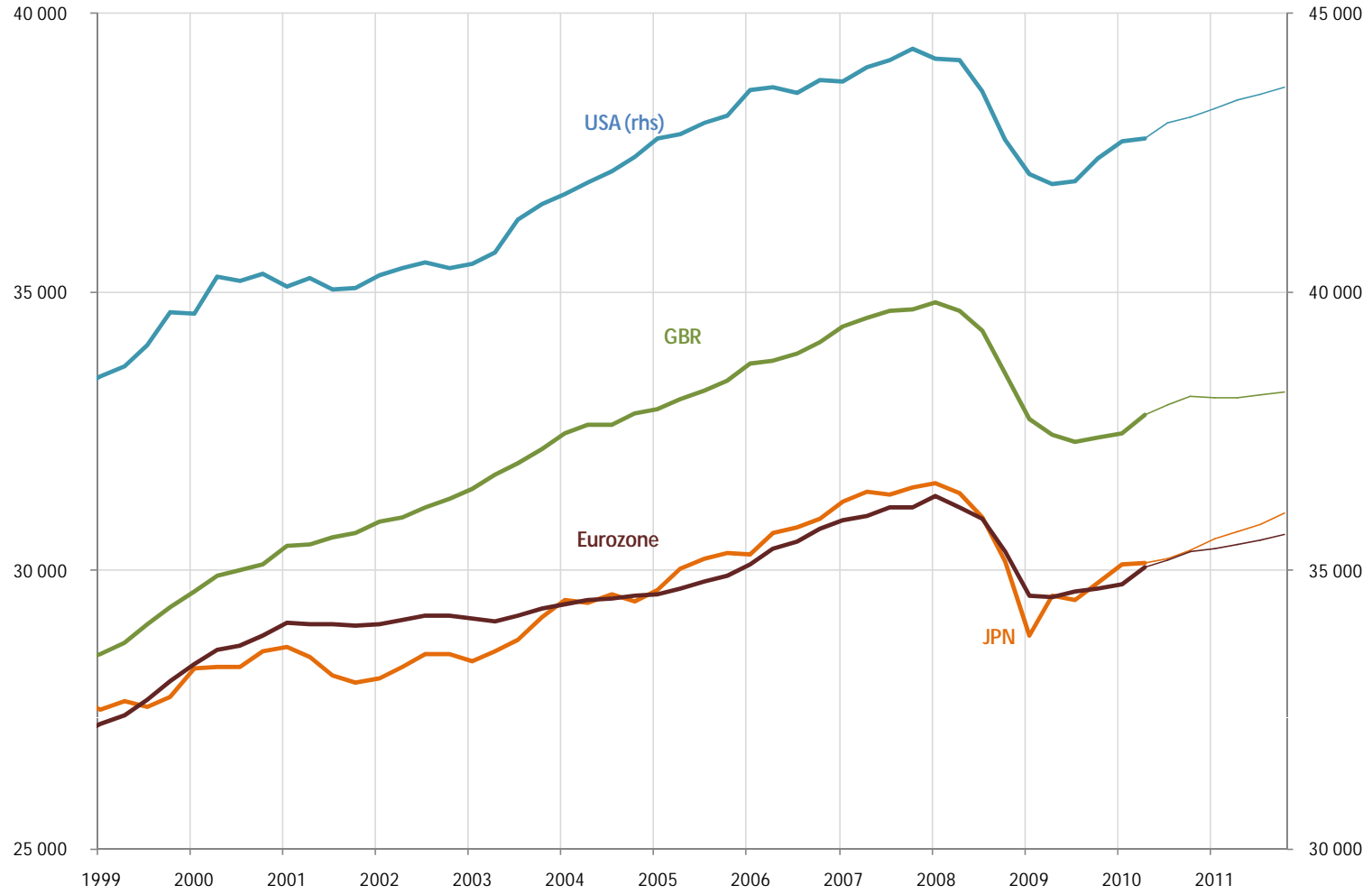
I. A strong fall

It's not the end of the crisis

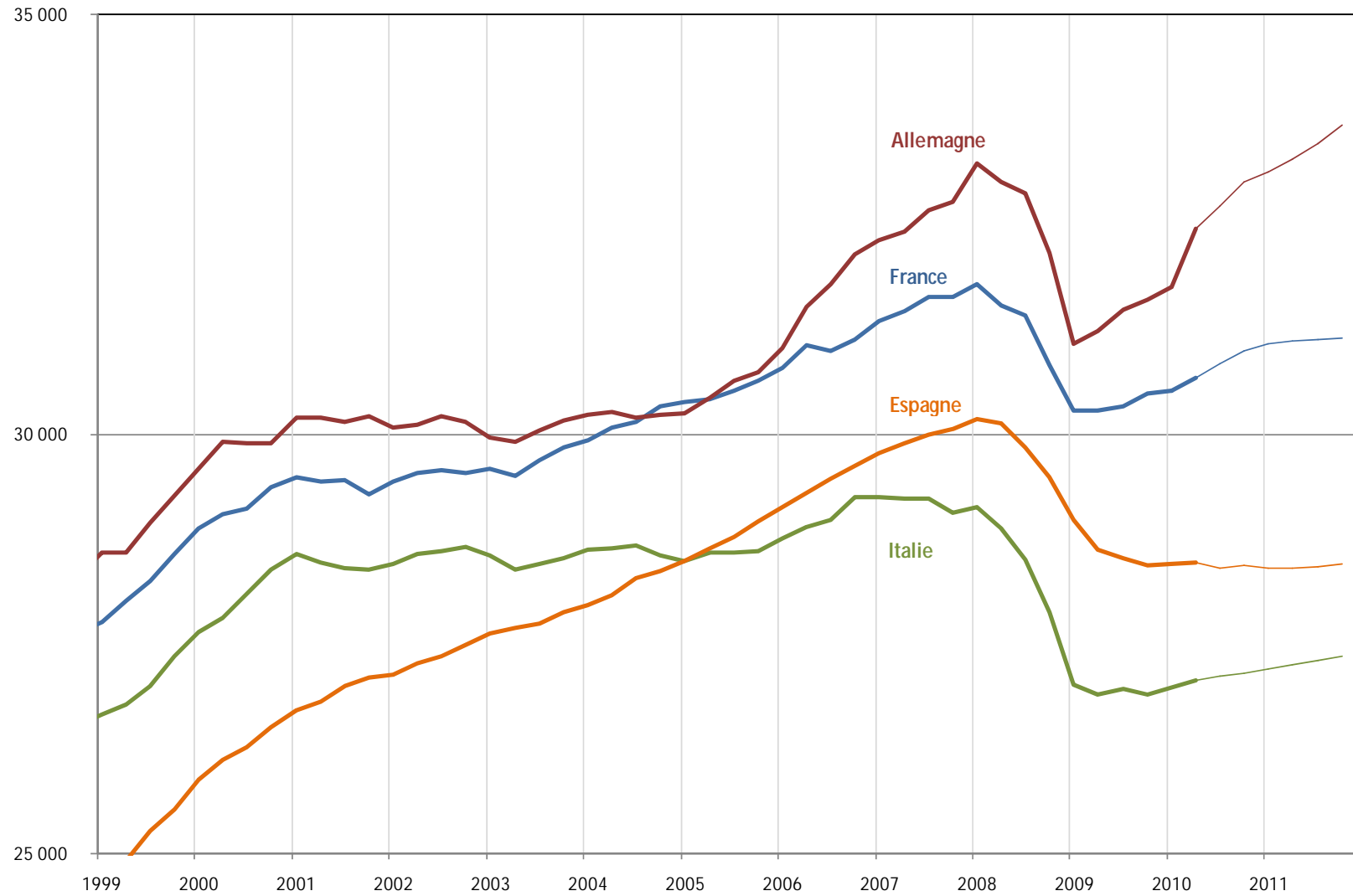
Change between 2010q2 & 2008q1	FRA	DEU	ITA	JPN	USA	GBR	SPAIN
GDP per capita (%)	-3.5	-2.3	-7.1	-4.5	-3.2	-5.8	-6.0
GDP (%)	-2.2	-2.7	-5.6	-4.3	-1.1	-4.5	-4.6
Unemployment (point)	+2.1	-0.6	+2.2	+1.4	+4.9	+2.6	+10.8

End of free fall, hard landing

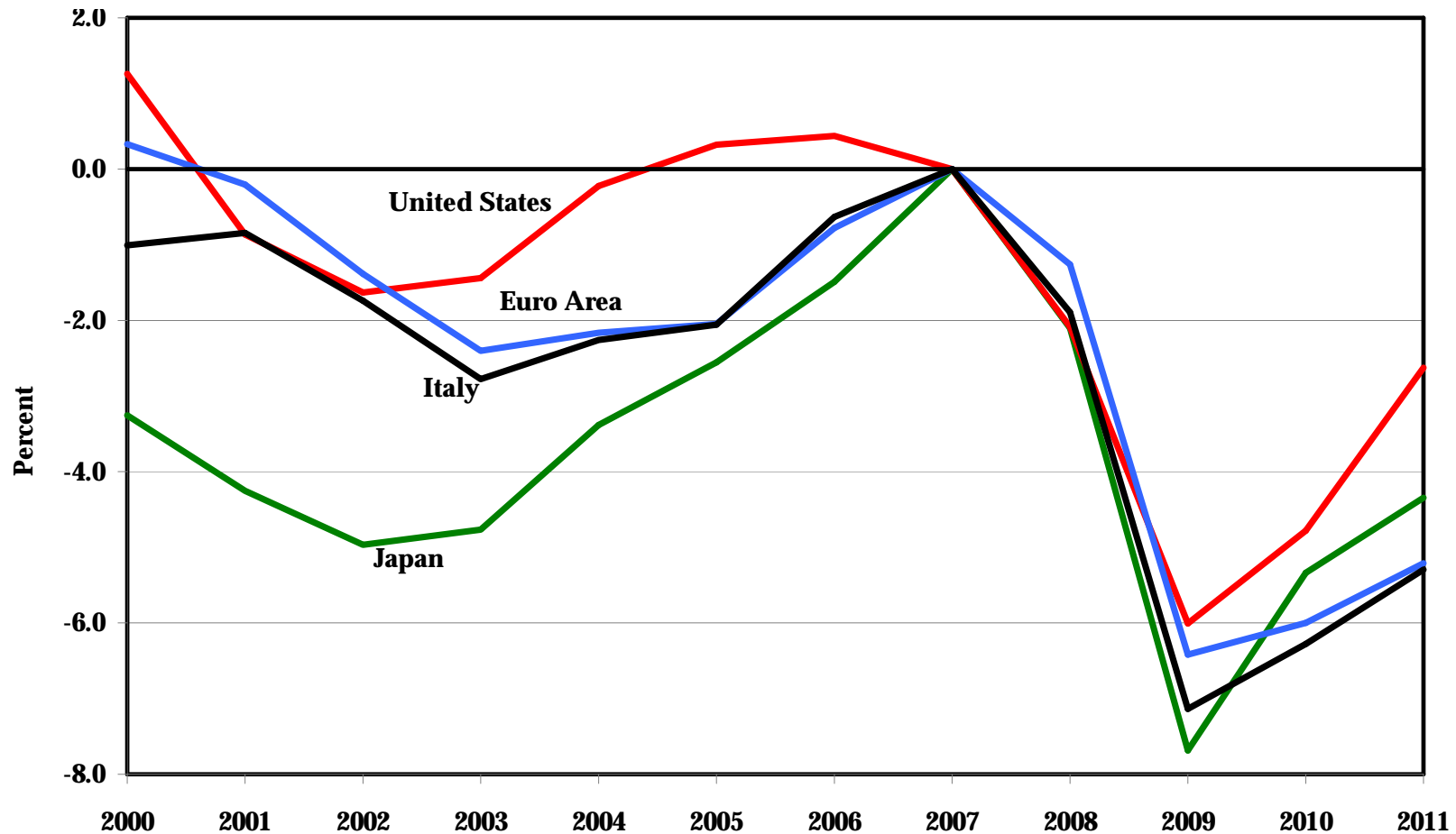
GDP per head, 2005 \$, ppp from World Bank, OFCE forecast



In Europe, variance increases



Annual OECD output gap (Output gap in 2007=0), 2000-2009 plus OECD projections for 2010 & 2011



Source: OECD Economic Outlook.

The global recovery will remain moderate

OECD area, unless noted otherwise

	Average 1998-2007	2008	2009	2010 ^a	2011	2012	2010	2011	2012
								Q4 / Q4	
	Per cent								
Real GDP growth¹	2.7	0.3	-3.4	2.8	2.3	2.8	2.7	2.4	3.0
United States	3.0	0.0	-2.6	2.7	2.2	3.1	2.3	2.6	3.4
Euro area	2.3	0.3	-4.1	1.7	1.7	2.0	2.1	1.7	2.1
Japan	1.2	-1.2	-5.2	3.7	1.7	1.3	3.3	1.3	1.6
Output gap²	0.3	0.0	-4.7	-3.5	-2.9	-2.1			
Unemployment rate³	6.4	6.0	8.1	8.3	8.1	7.5	8.3	7.9	7.3
Inflation⁴	2.8	3.2	0.6	1.8	1.5	1.4	1.7	1.4	1.4
Fiscal balance⁵	-2.0	-3.3	-7.9	-7.6	-6.1	-4.7			
<i>Memorandum Items</i>									
World real trade growth	6.8	3.1	-11.1	12.3	8.3	8.1	11.9	7.8	8.3
World real GDP growth⁶	3.8	2.6	-1.0	4.6	4.2	4.6	4.5	4.4	4.8

1. Year-on-year increase; last three columns show the increase over a year earlier.

2. Per cent of potential GDP.

3. Per cent of labour force.

4. Private consumption deflator. Year-on-year increase; last 3 columns show the increase over a year earlier.

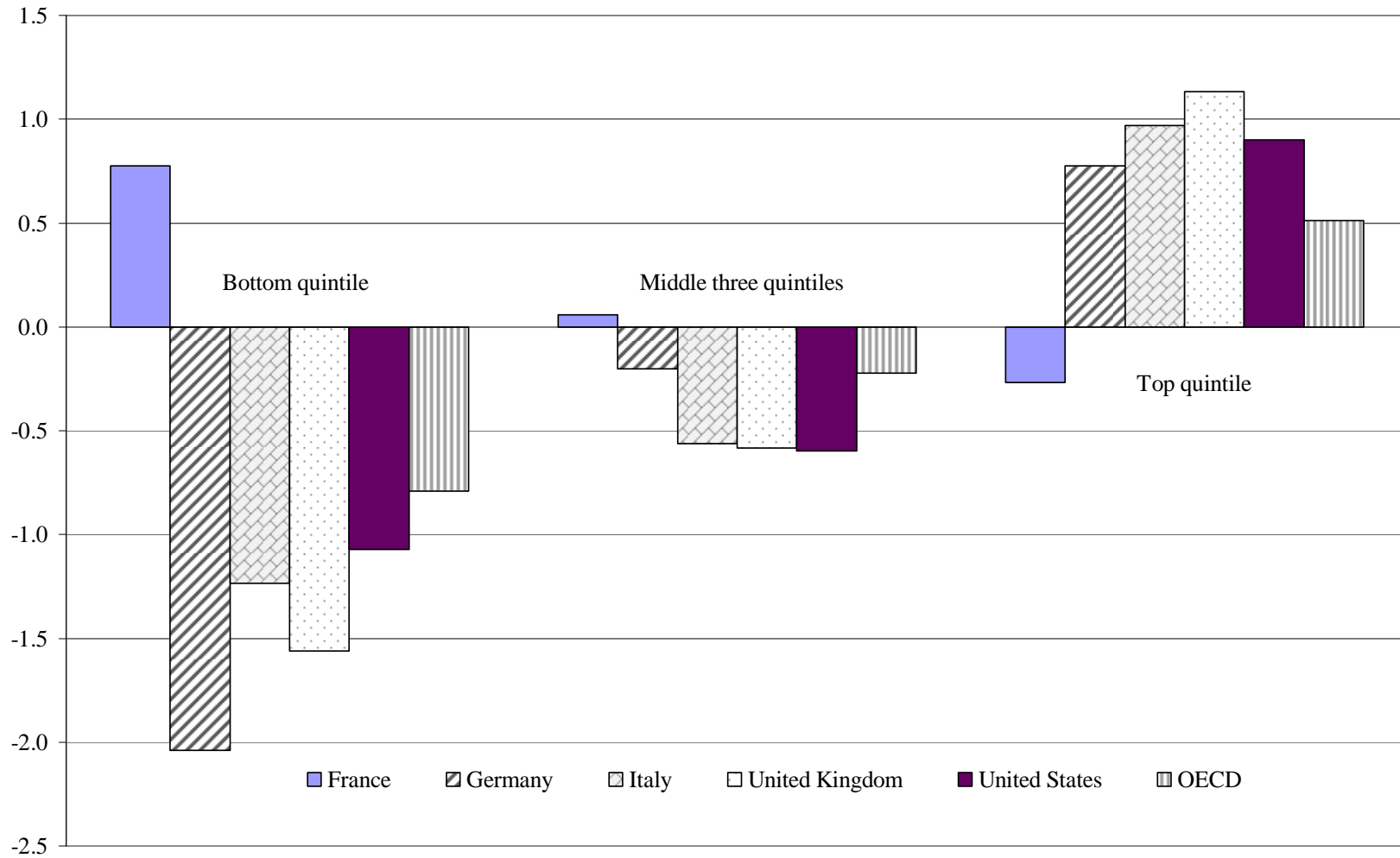
5. Per cent of GDP.

6. Moving nominal GDP weights, using purchasing power parities.

Source: OECD Economic Outlook 88 database.

II. Underlying long run causes

Average yearly growth of income minus growth of total average income. Mid-1980s to mid-2000s



Number of tax brackets and marginal income tax rates

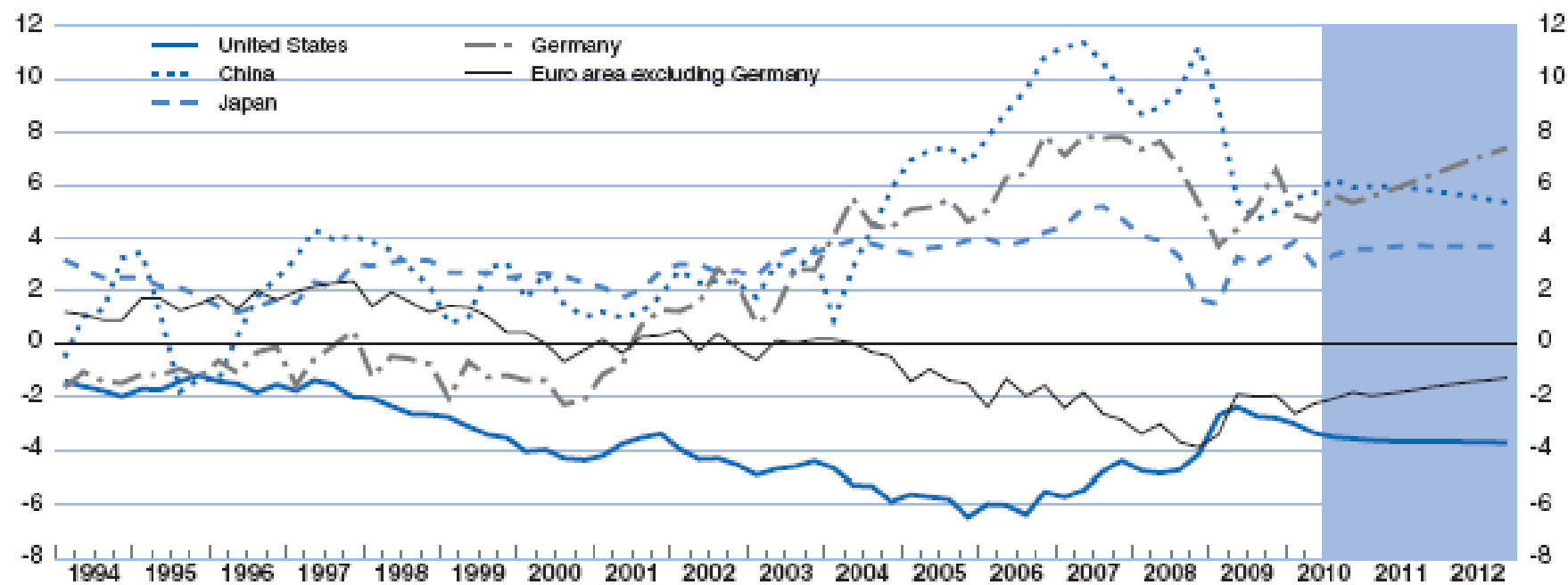
		1981	1991	2001	2008
France	Number of Brackets	12	12	6	4
	Minimum Rate	60%	56.8%	52.75%	40%
Germany	Number of Brackets	2	2	2	2
	Minimum rate	56%	53%	48.5%	45%
Italy	Number of Brackets	32	7	5	5
	Minimum Rate	72%	50%	45%	43%
US	Number of Brackets	16	2	5	5
	Minimum Rate	70%	31%	39.1%	35%

Central government rates*

Source : OECD Tax Database. Calculations of the authors

Global imbalances will remain pronounced

Current account balance, in per cent of GDP



Source : OECD Economic Outlook 88 Database. 2010

III. « En route » towards deflation

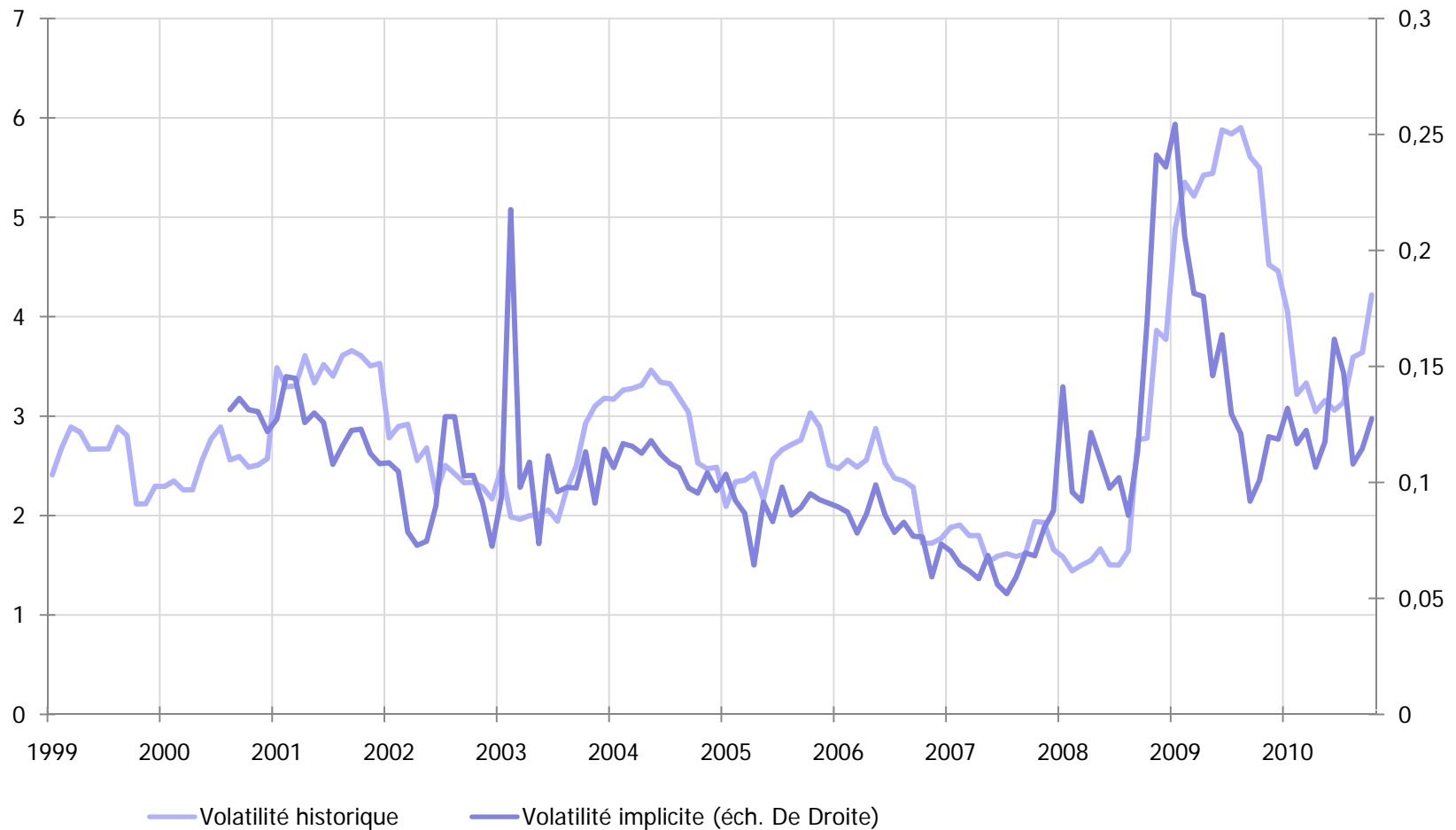
Growth perspectives are positive, but...

	Weight on total	PGDP in volume		
		2009	2010	2011
Germany	4,4	-4.7	3.4	2.5
France	3,2	-2.5	1.7	1.6
Italy	2,8	-5.1	1.1	1.2
Spain	2,1	-3.7	-0.2	0.4
Netherlands	1,0	-3.9	1.9	1.8
Belgium	0,6	-2.7	2.0	1.8
Austria	0,6	-8.1	2.2	2.1
Finland	0,5	-3.8	1.4	1.6
Portugal	0,4	-2.6	1.5	0.7
Greece	0,3	-2.0	-3.6	-2.4
Irland	0,3	-7.6	-0.5	1.1
Euro zone	16.4	-4.0	1.7	1.7
Great Britain	3.4	-5.0	1.7	1.4
UE (27)	23.3	-4.1	1.7	1.7

Growth perspectives are positive, but...

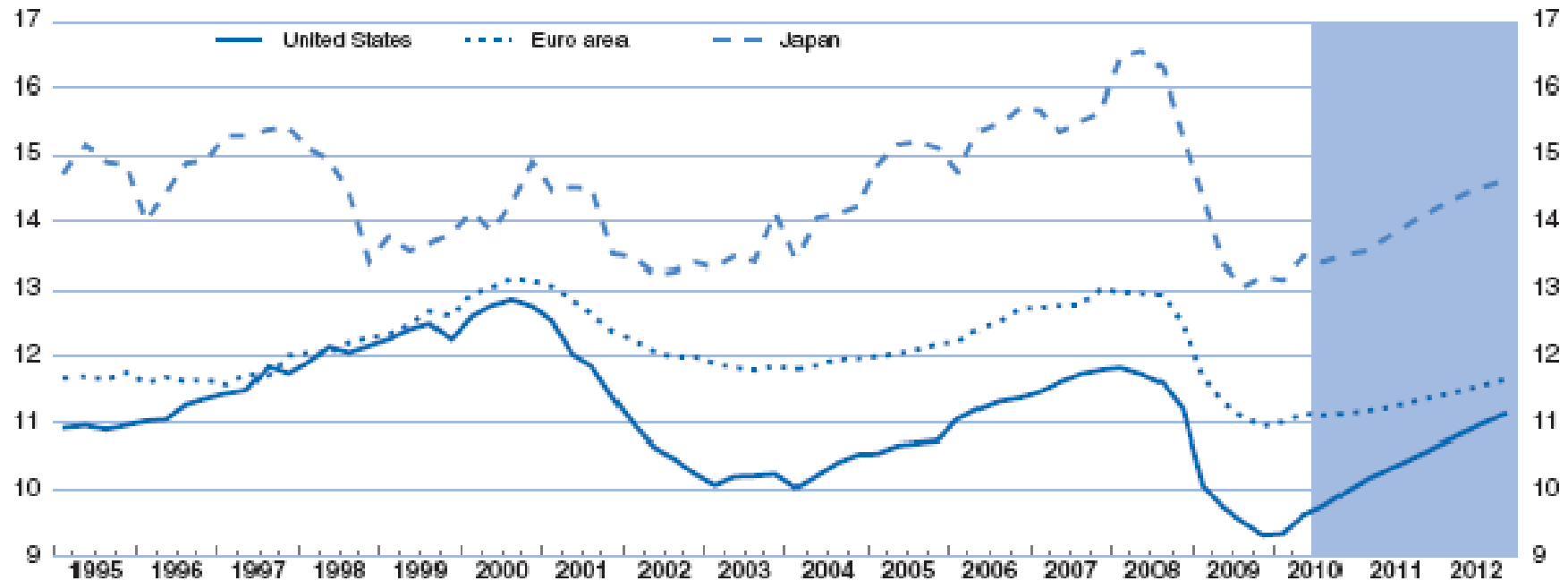
	Weight on total	GDP in volume		
		2009	2010	2011
USA	21.8	-2.6	2.6	1.7
Japan	6.7	-5.2	3.1	1.8
Industrial countries	56.3	-3.5	2.2	1.7
Russia	3.2	-7.9	4.5	4.6
China	11.0	9.1	10.0	9.2
Other asiatic countries	13.2	2.8	8.1	6.7
Latin America	7.9	-2.3	6.2	3.7
Africa	3.4	2.6	5.0	5.5
Middle East	2,5	2.0	4.1	5.1
World	100	-1.0	4.5	3.7

Exchange rate volatility



Has business investment started to pick up?

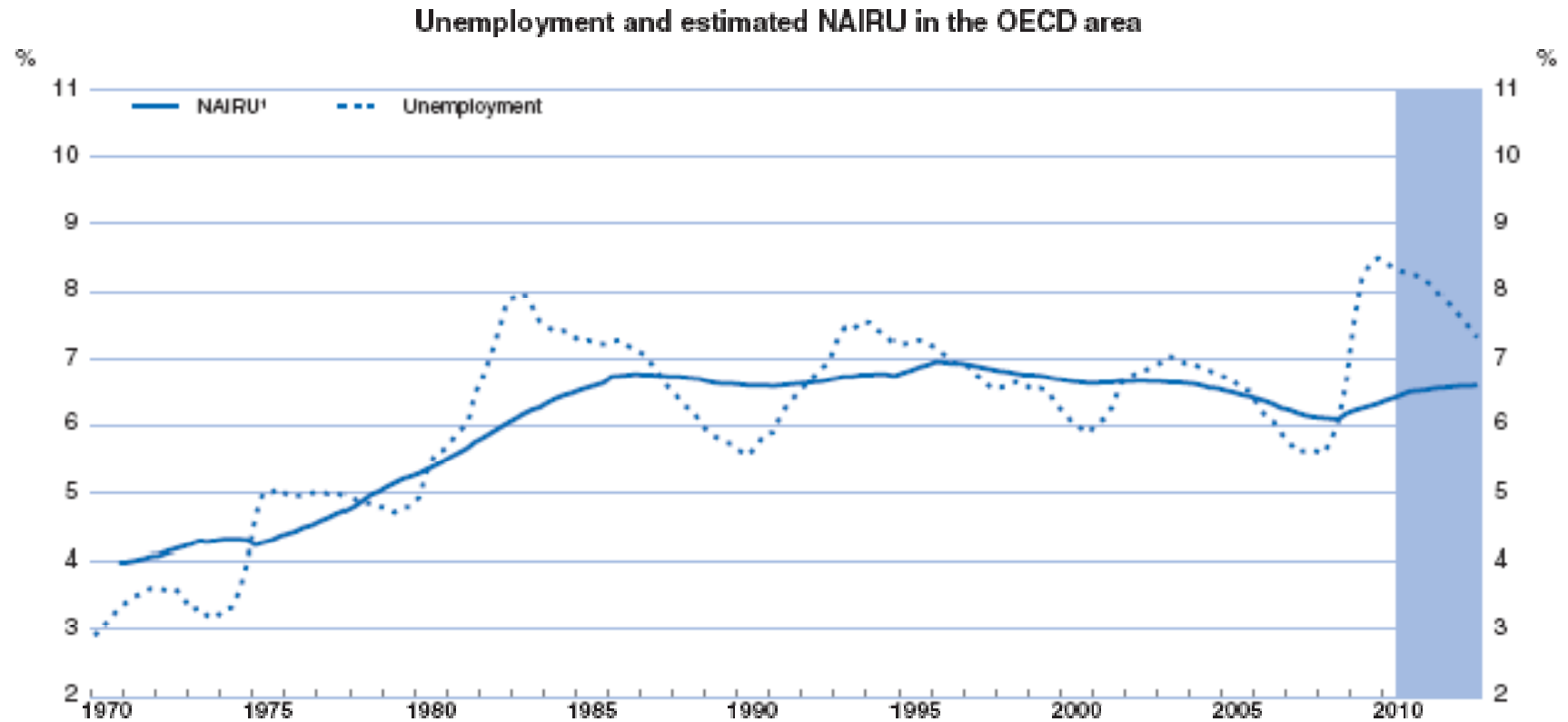
Percentage of nominal GDP



Source : OECD Economic Outlook 88 Database. 2010

Unemployment rates remain high

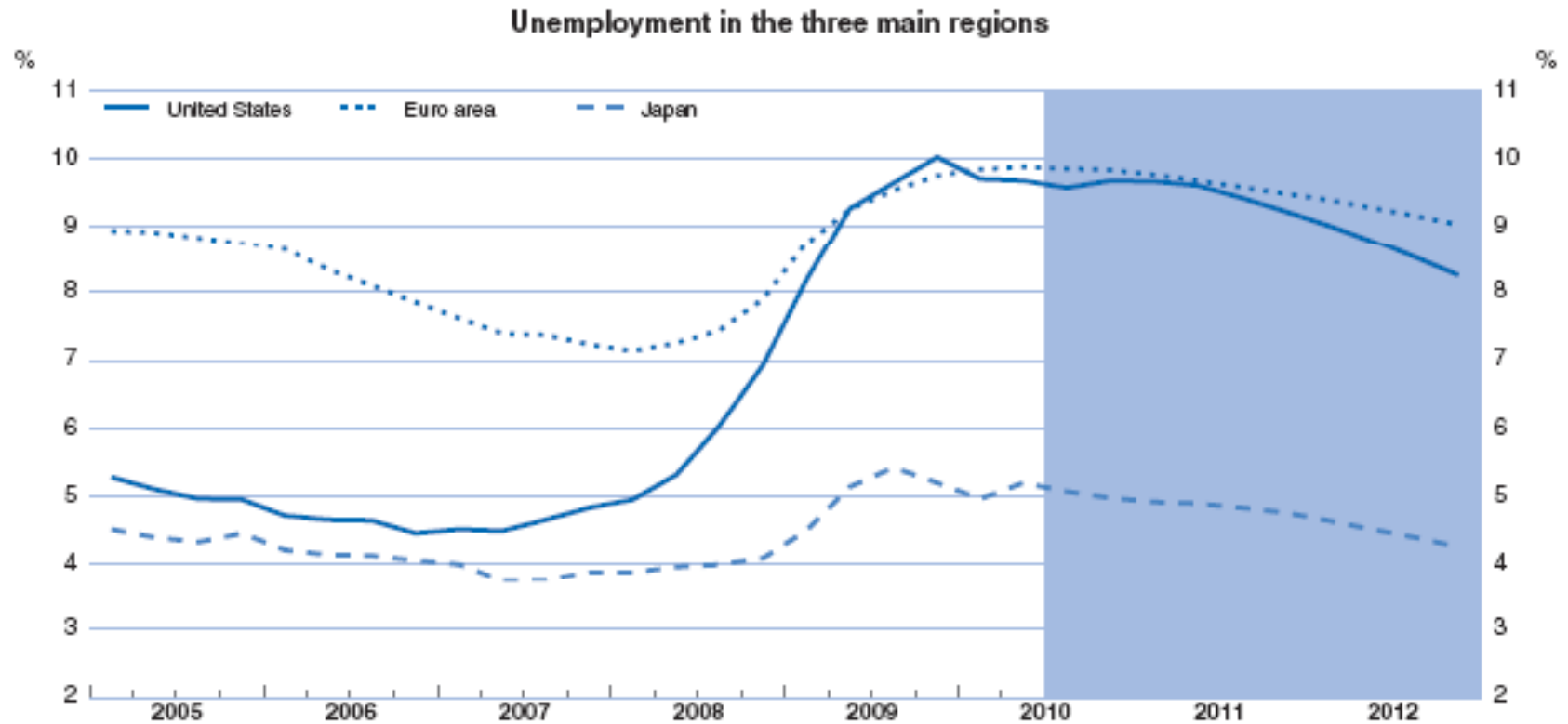
Percentage of labor force



Source : OECD Economic Outlook 88 Database. 2010

Unemployment rates remain high

Percentage of labor force

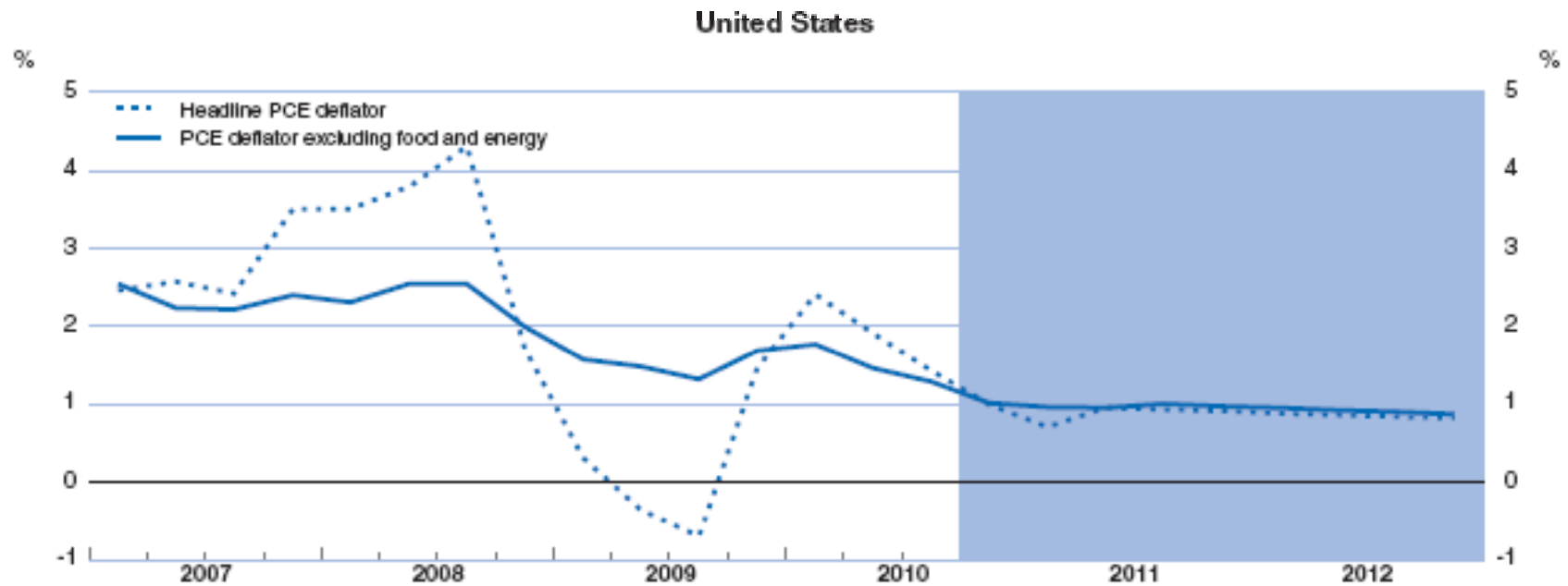


1. NAIRU is based on OECD Secretariat estimates.

Source: OECD Economic Outlook 88 database.

Underlying inflation is set to remain subdued

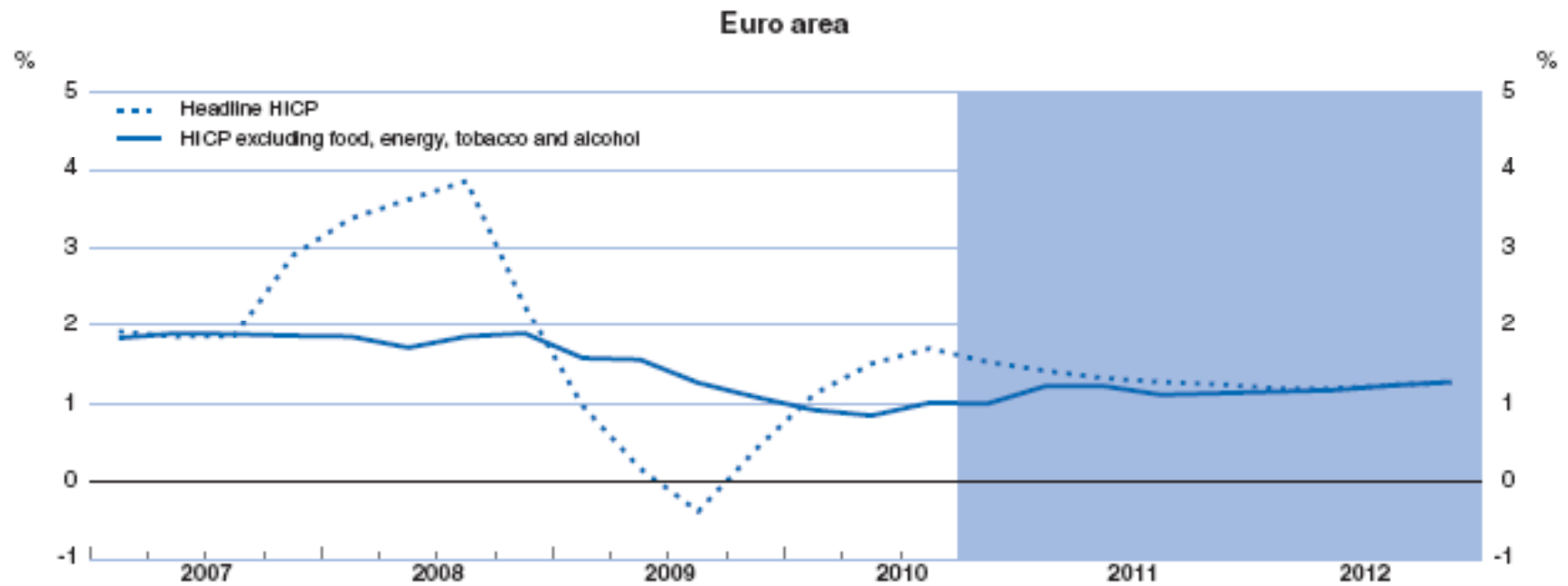
12-month percentage change



Source : OECD Economic Outlook 88 Database. 2010

Underlying inflation is set to remain subdued

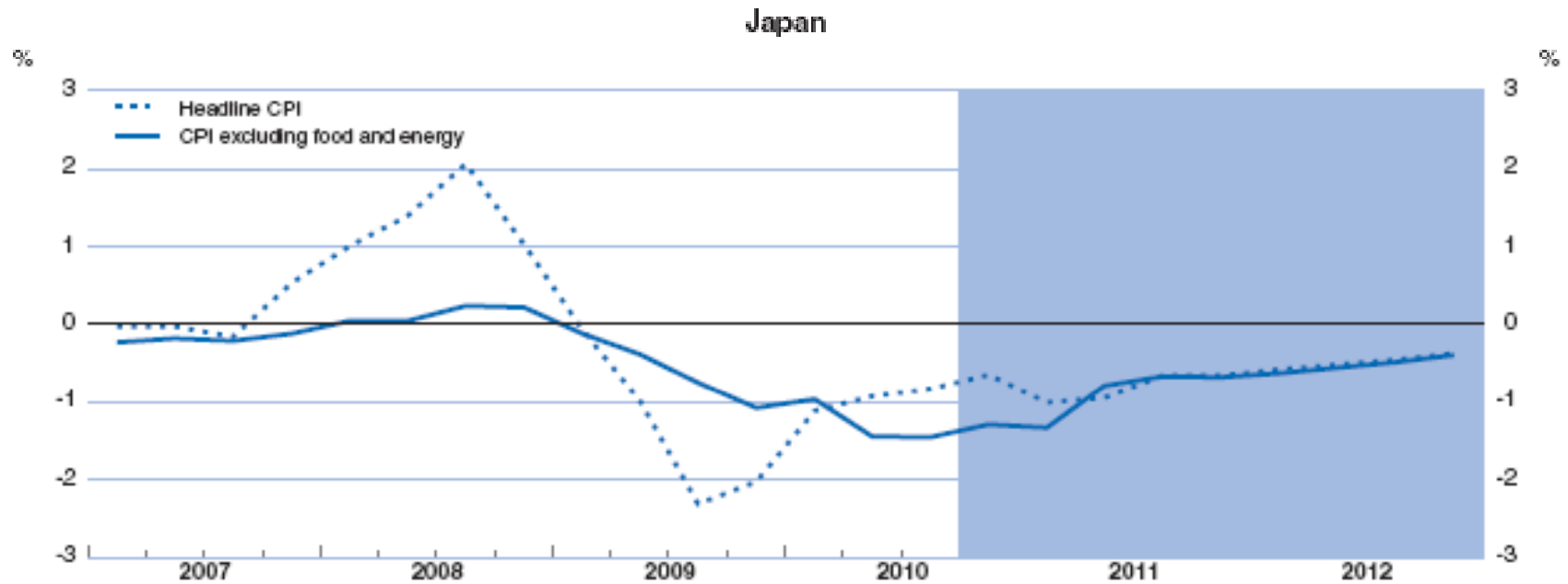
12-month percentage change



Source : OECD Economic Outlook 88 Database. 2010

Underlying inflation is set to remain subdued

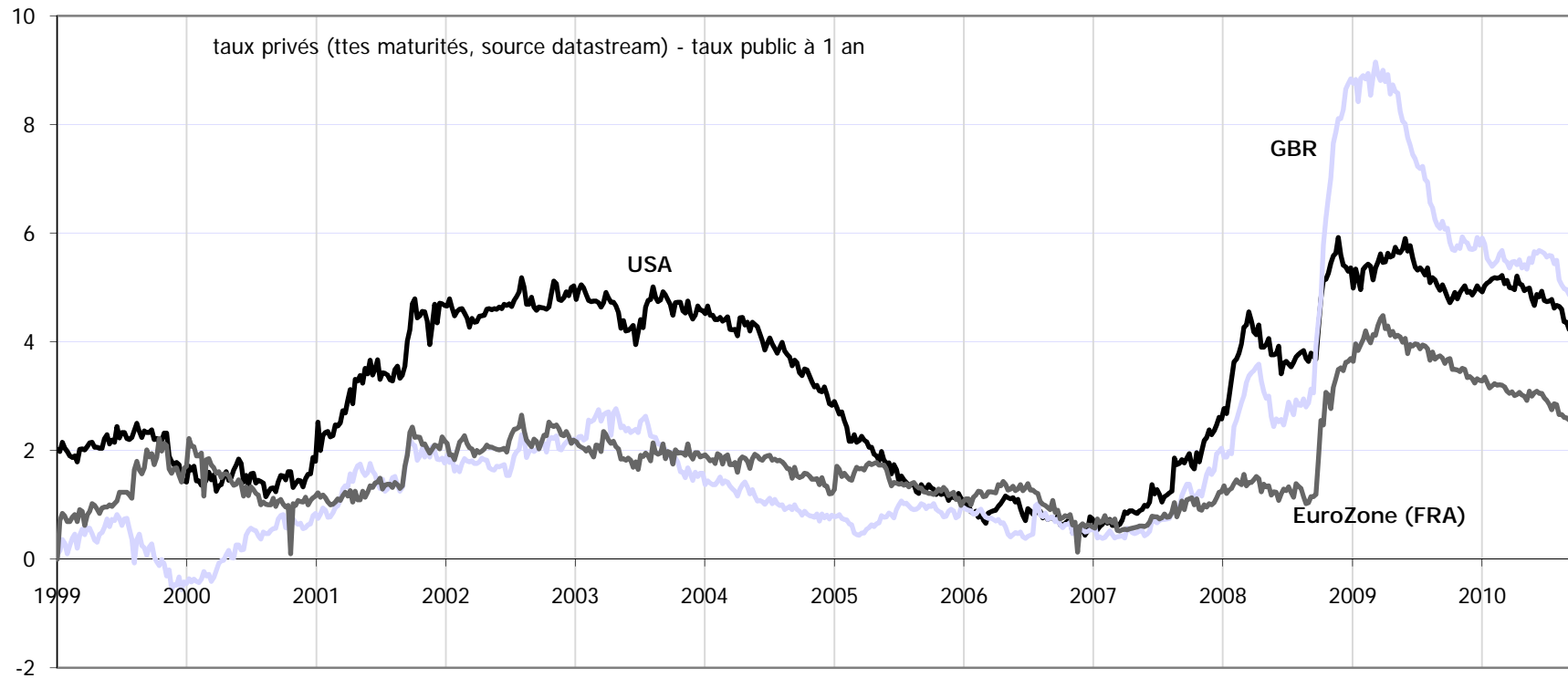
12-month percentage change



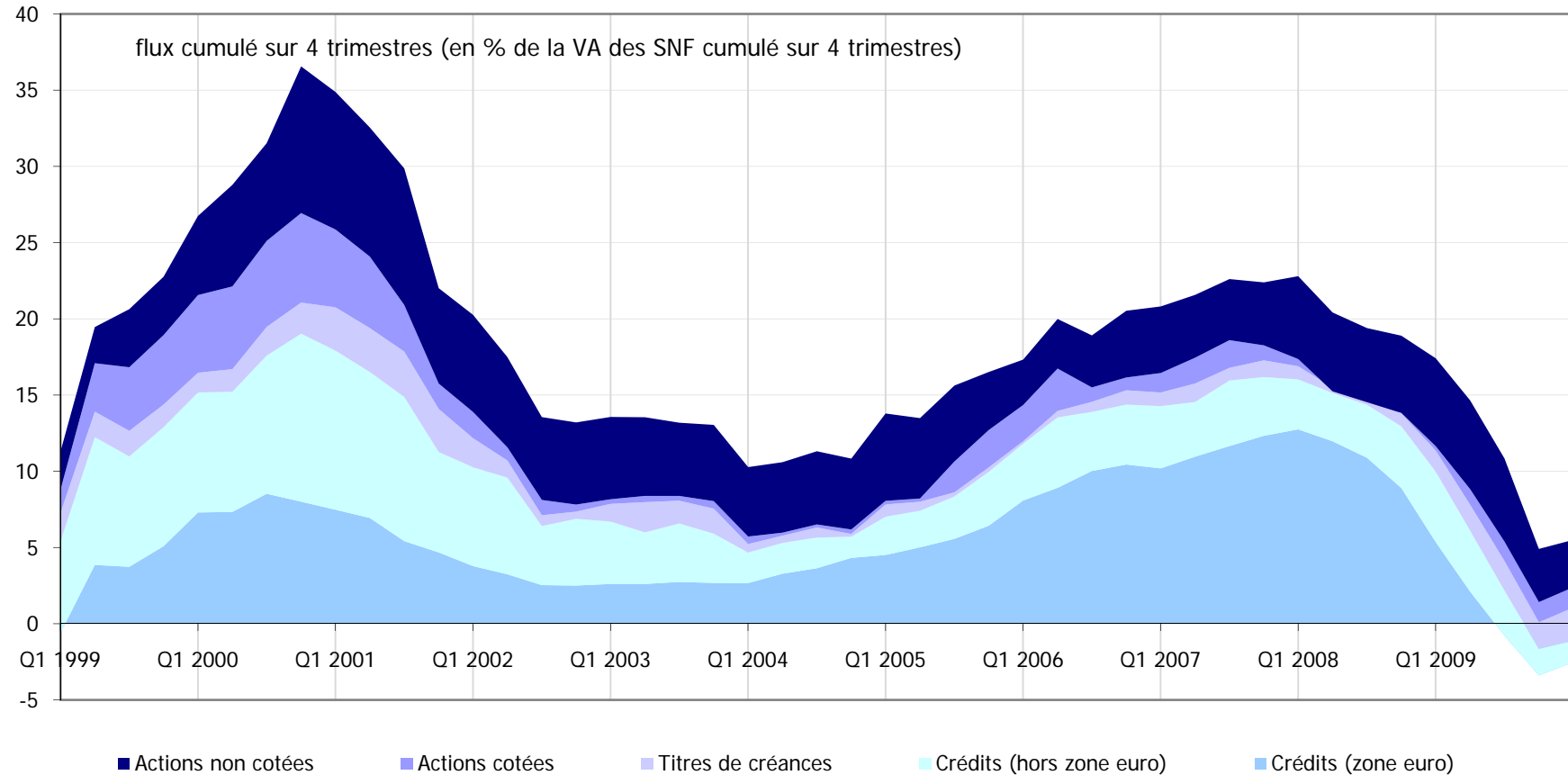
Note: PCE deflator refers to the deflator of personal consumption expenditures, HICP to the harmonised index of consumer prices and CPI to the consumer price index.

Source : OECD Economic Outlook 88 Database. 2010

The liquidity trap: Measures of risk

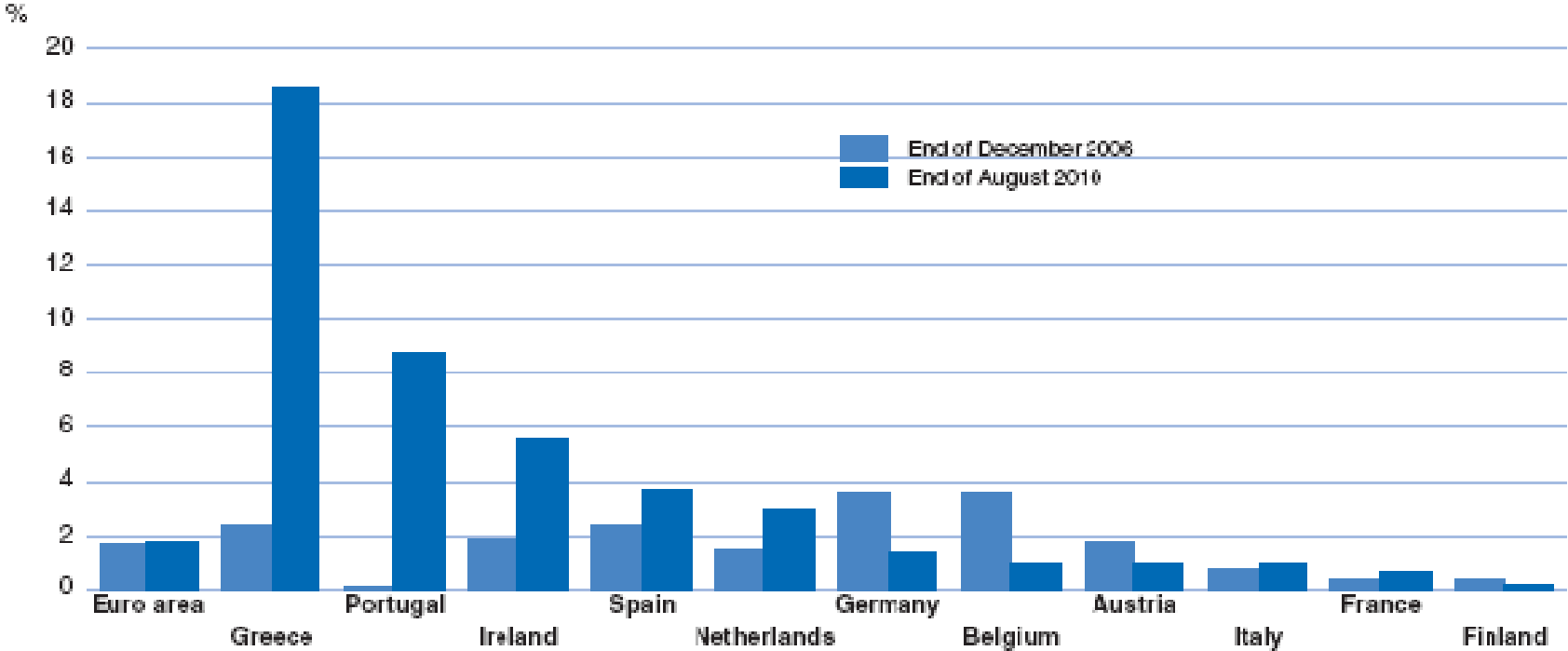


No more financing for firms



Banks in some euro area countries have become dependent on central bank facilities

Liquidity provided by the central bank as per cent of total assets of monetary and financial institutions



Source : ECB and respective national central banks.

Will fiscal positions improve in coming years?

Per cent of GDP/Potential GDP

	2008	2009	2010	2011	2012
United States					
Actual balance	-6.3	-11.3	-10.5	-8.8	-6.8
Underlying balance ²	-5.9	-8.8	-8.6	-7.6	-6.0
Underlying primary balance ²	-4.2	-7.4	-7.0	-5.8	-3.9
Gross financial liabilities	71.1	84.4	92.8	98.5	101.4
Japan					
Actual balance	-2.1	-7.1	-7.7	-7.5	-7.3
Underlying balance ²	-3.5	-5.7	-6.7	-6.4	-6.3
Underlying primary balance ²	-2.6	-4.7	-5.5	-5.3	-4.7
Gross financial liabilities	173.9	192.8	198.4	204.2	210.2
Euro area					
Actual balance	-2.0	-6.2	-6.3	-4.6	-3.5
Underlying balance ²	-2.1	-4.1	-3.9	-2.8	-2.2
Underlying primary balance ²	0.6	-1.7	-1.4	-0.3	0.5
Gross financial liabilities	76.0	86.3	91.6	94.8	96.3
OECD¹					
Actual balance	-3.3	-7.9	-7.6	-6.1	-4.7
Underlying balance ²	-3.7	-6.2	-6.1	-5.2	-4.2
Underlying primary balance ²	-2.0	-4.7	-4.4	-3.3	-2.1
Gross financial liabilities	79.1	90.6	96.9	100.7	102.8

Note: Actual balances and liabilities are in per cent of nominal GDP. Underlying balances are in per cent of potential GDP. The underlying primary balance is the underlying balance excluding the impact of the net debt interest payments.

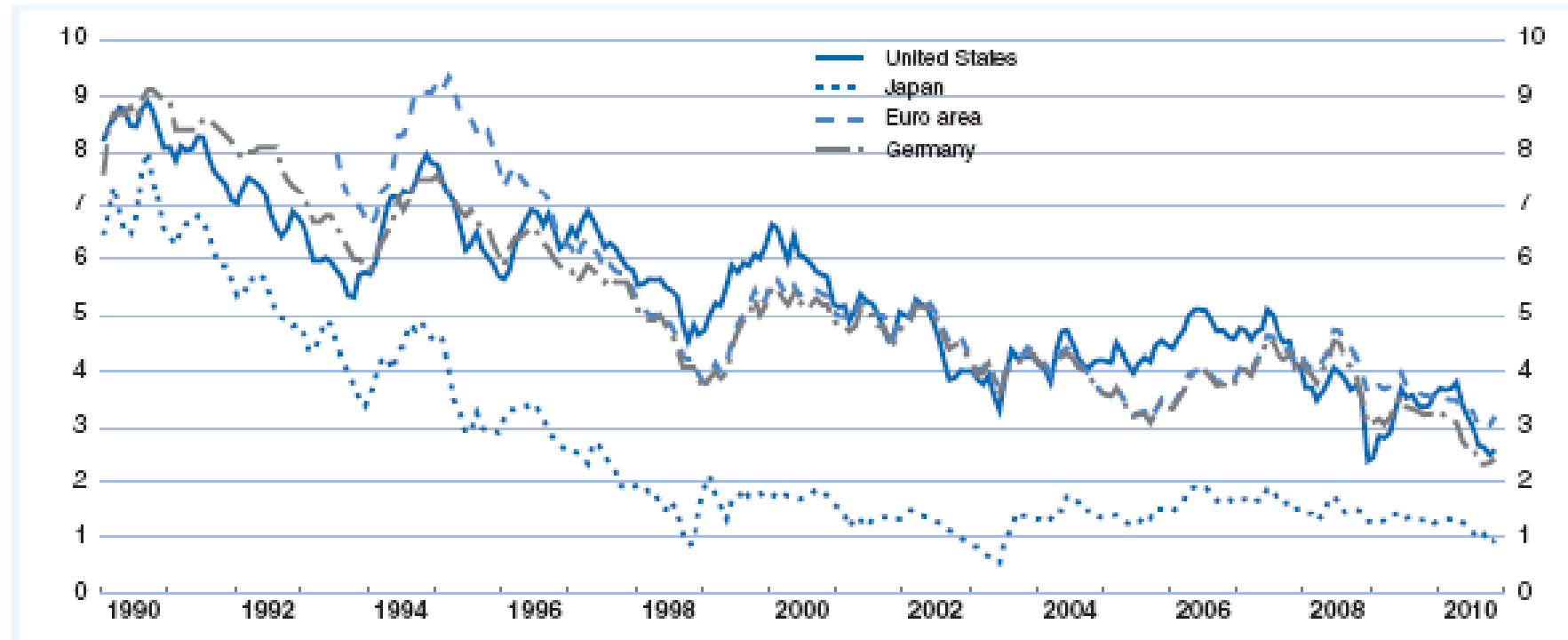
1. Total OECD excludes Mexico and Turkey.

2. Fiscal balances adjusted for the cycle and for one-offs.

Source: OECD Economic Outlook 88 database.

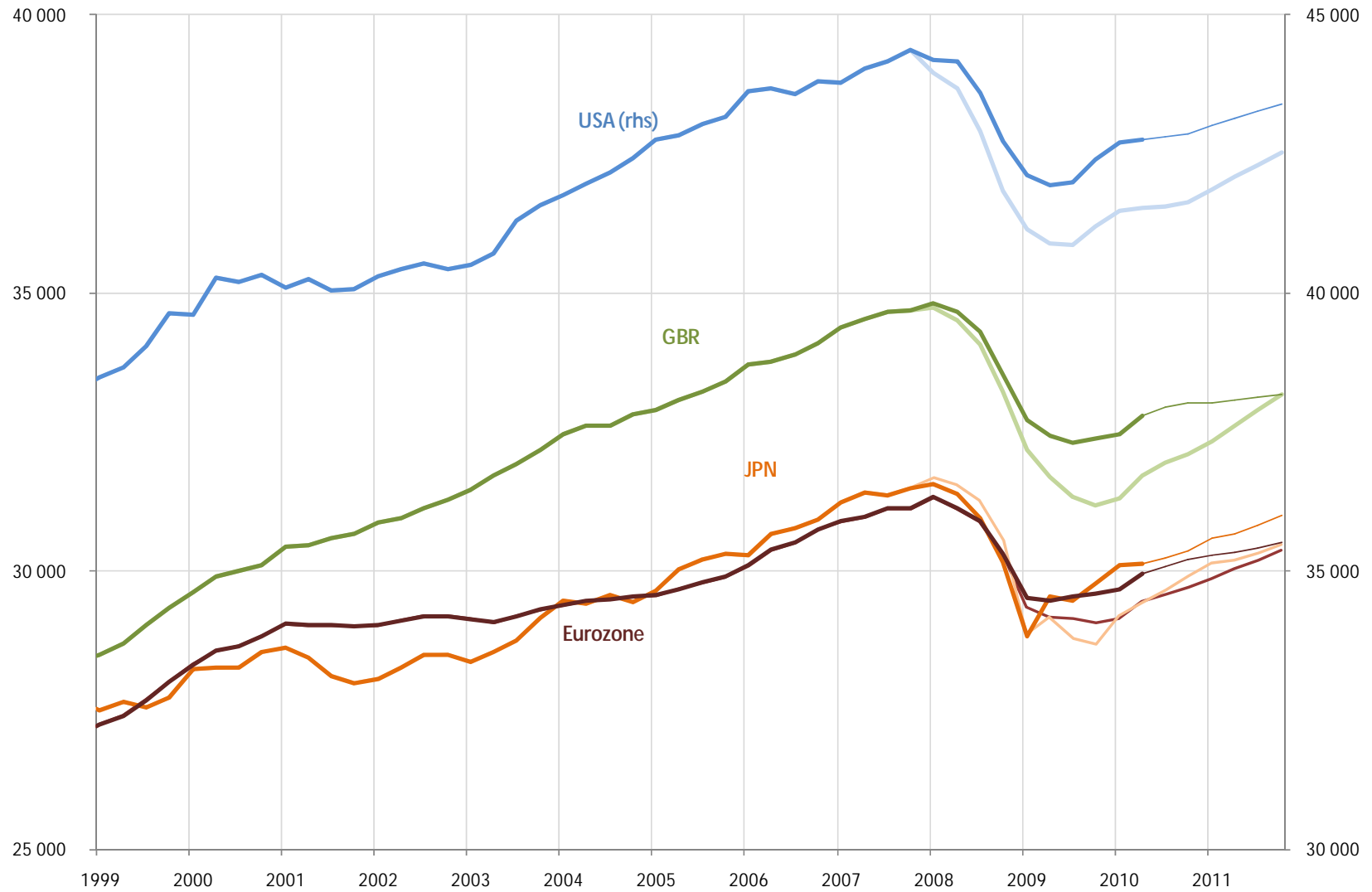
Yields on long-term government bonds

Last observation: 12 November 2010



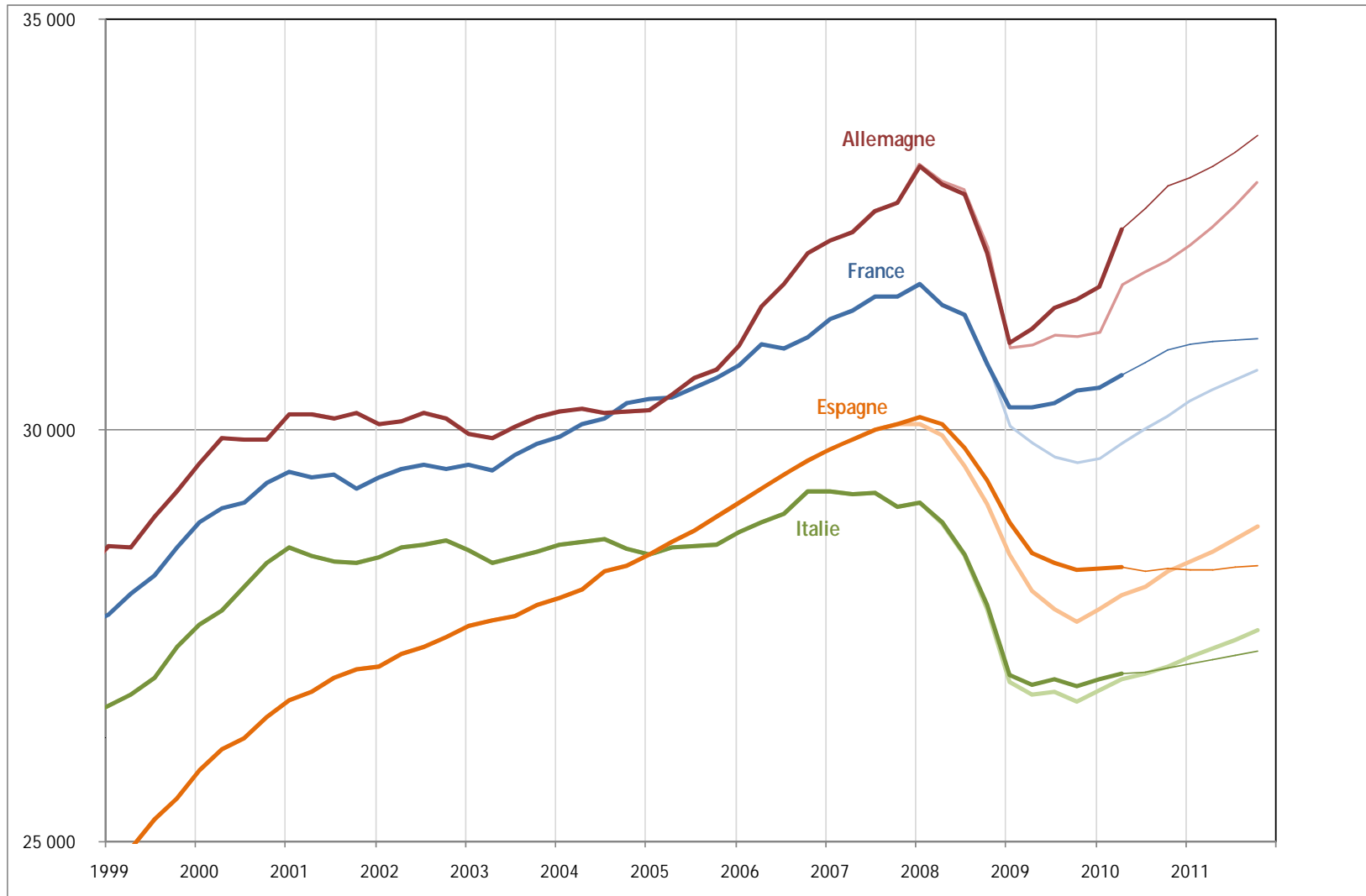
Source : Datastream.

The « insufficiency » of fiscal expansion



Fiscal impulse had a positive impact on activity in all zones. Stimulation was lower than negative shock.

The « insufficiency » of fiscal expansion : Europe



IV. The Italian Puzzle

GDP per capita dynamics (average rates of growth)

	Italy	Euro Area	USA	France	Germany	UK	Spain	Japan
1951-60	5,4	4,3	1,8	3,7	7,1	2,3	3,5	7,6
1961-70	4,9	3,7	3,0	4,4	3,5	2,2	6,3	8,9
1971-80	3,1	2,4	2,2	2,7	2,7	1,8	2,4	3,3
1981-90	2,3	1,8	2,2	1,9	1,2	2,5	2,6	3,4
1991-00	1,6	2,1	2,2	1,6	1,8	2,2	2,4	1,0
2001-09	-0,4	0,5	0,6	0,5	0,3	1,1	1,0	0,3

Source: Confindustria 2010