



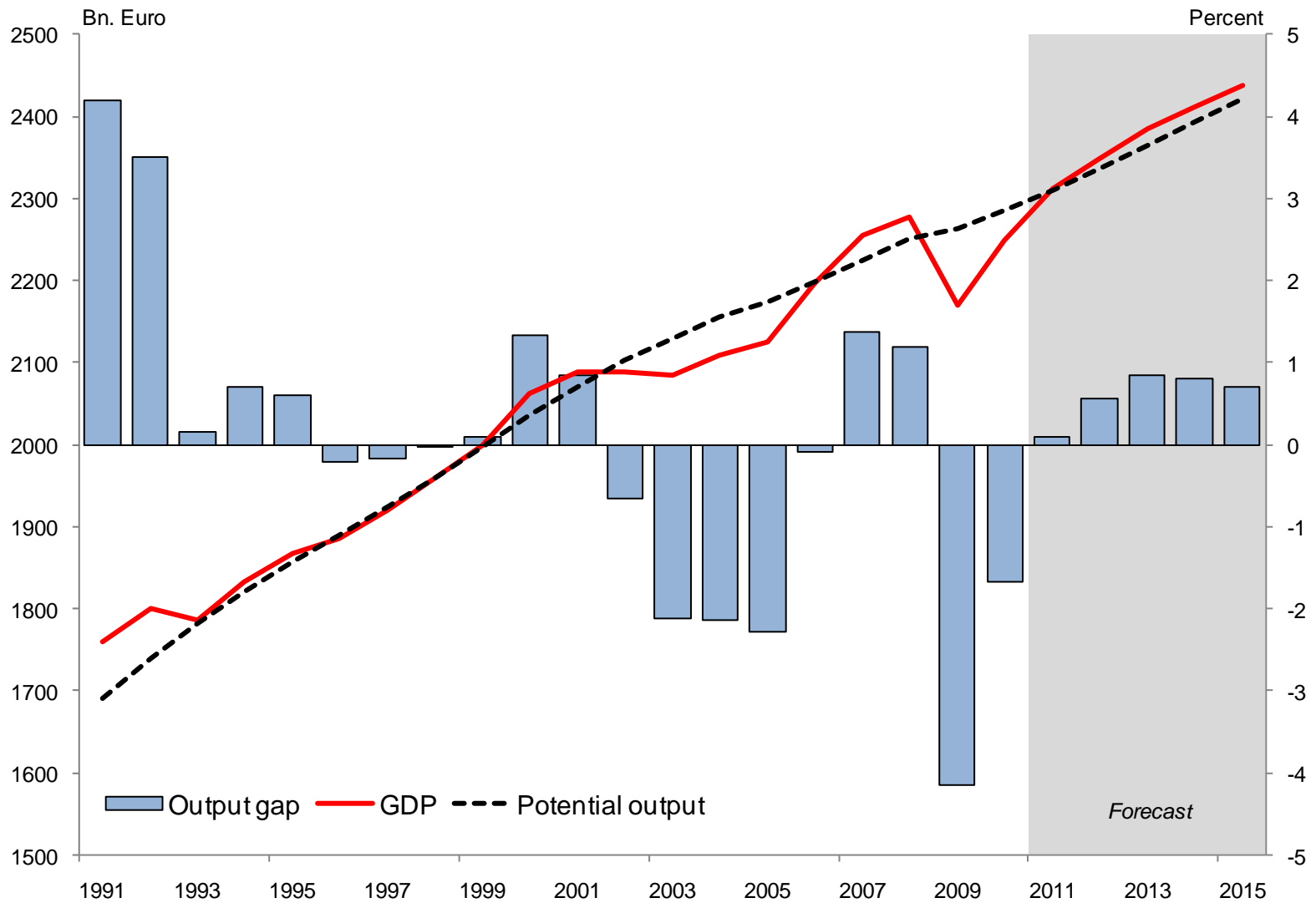
Club du CEPII | Paris, 27 April 2011
Réunion "France-Allemagne: l'impossible convergence?"

Perspectives allemandes: digérer la crise, profiter des réformes sociales et affronter les défis fiscaux

Stefan Kooths
Forecasting Center

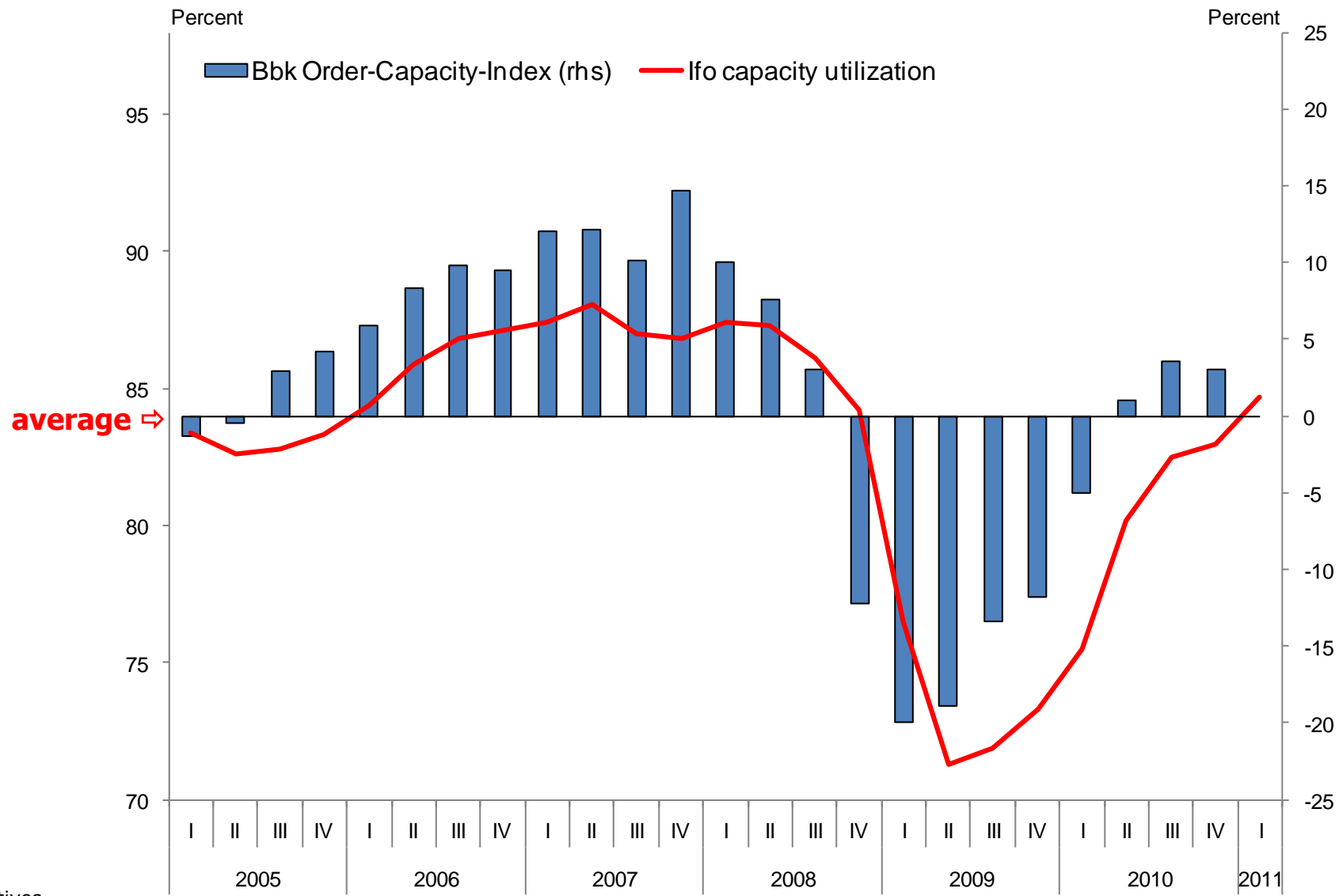


The (modest) boom starts ... now!



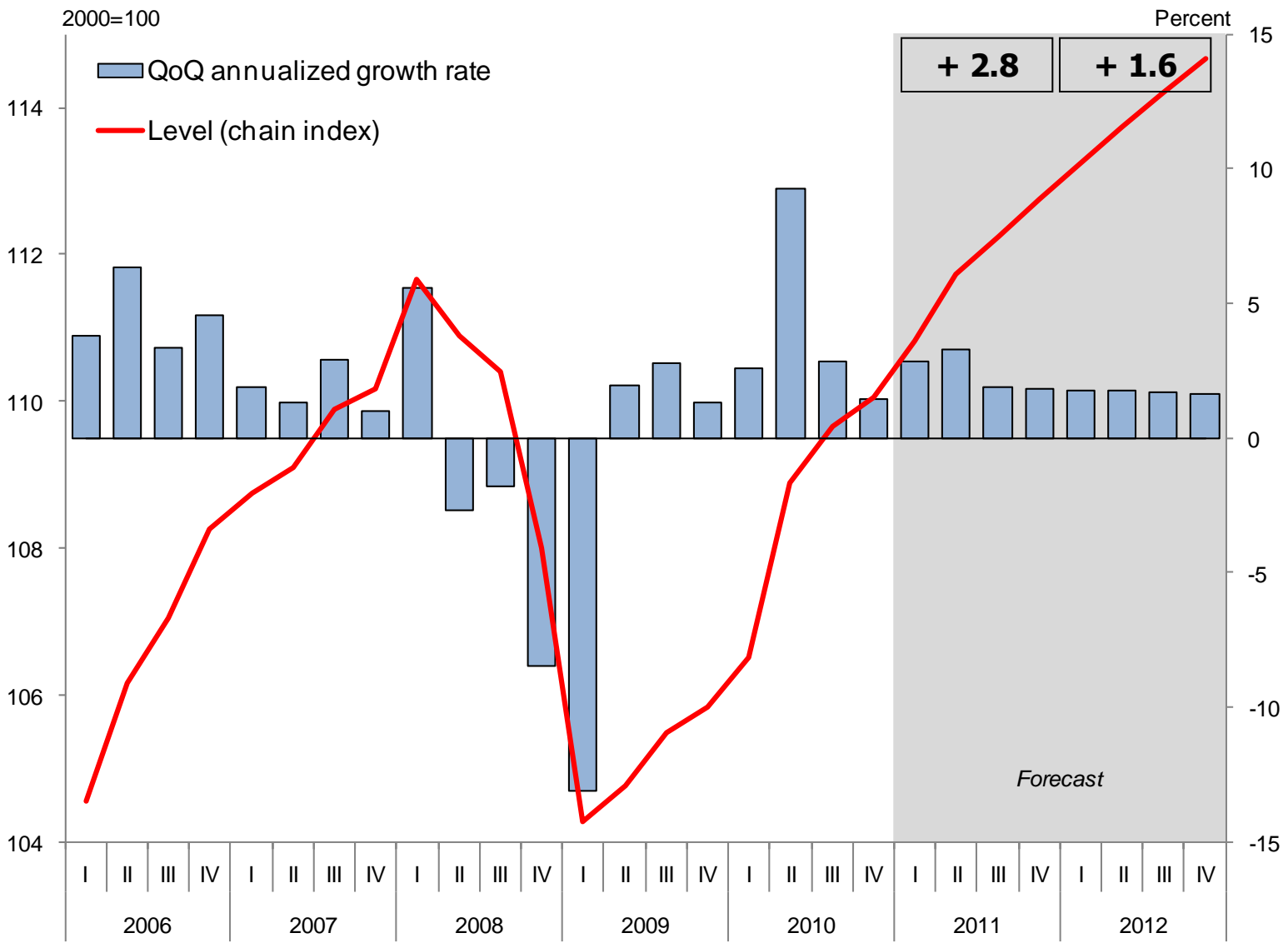


Capacity utilization passing normal levels



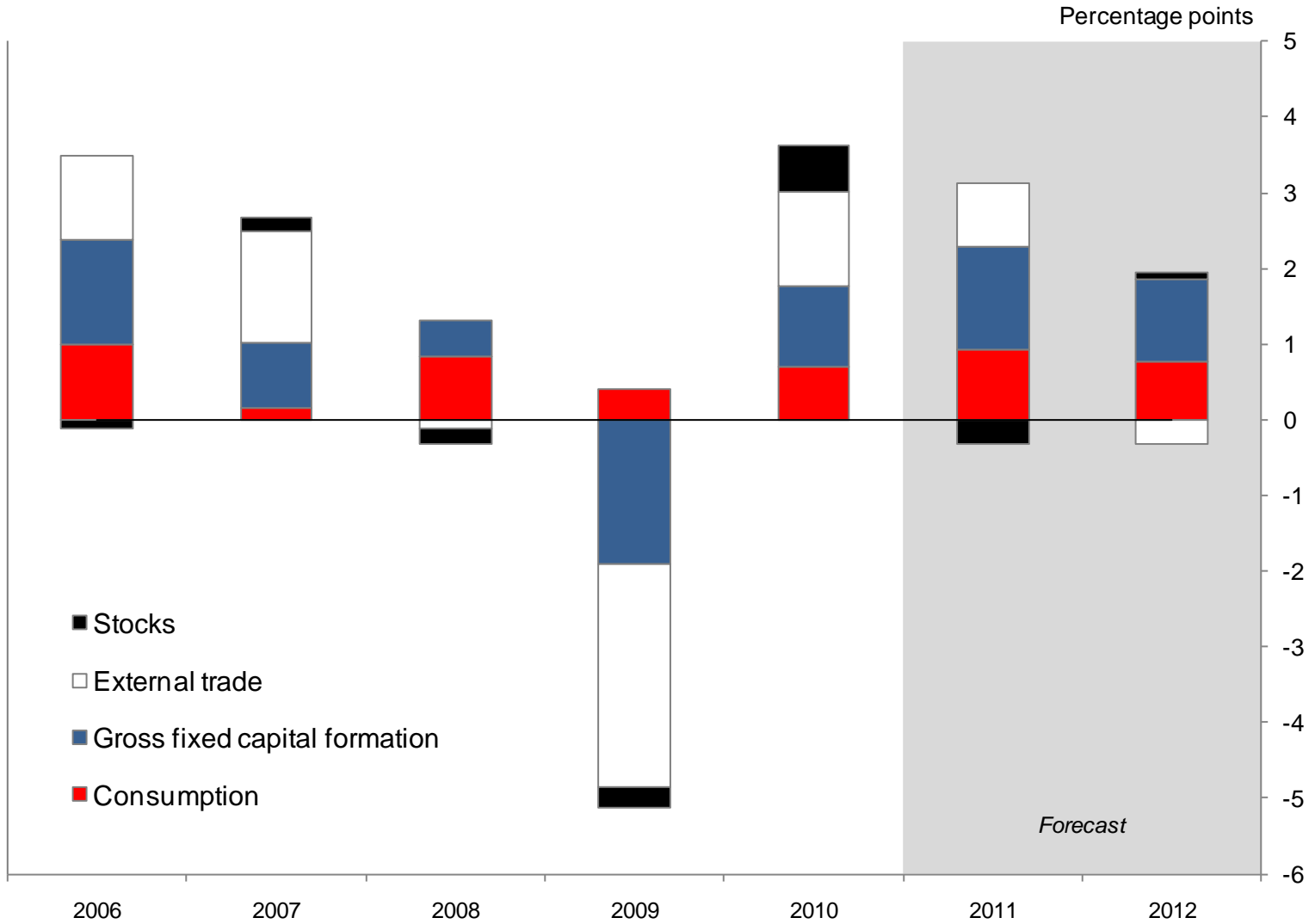


GDP: Weakening upward trend ...



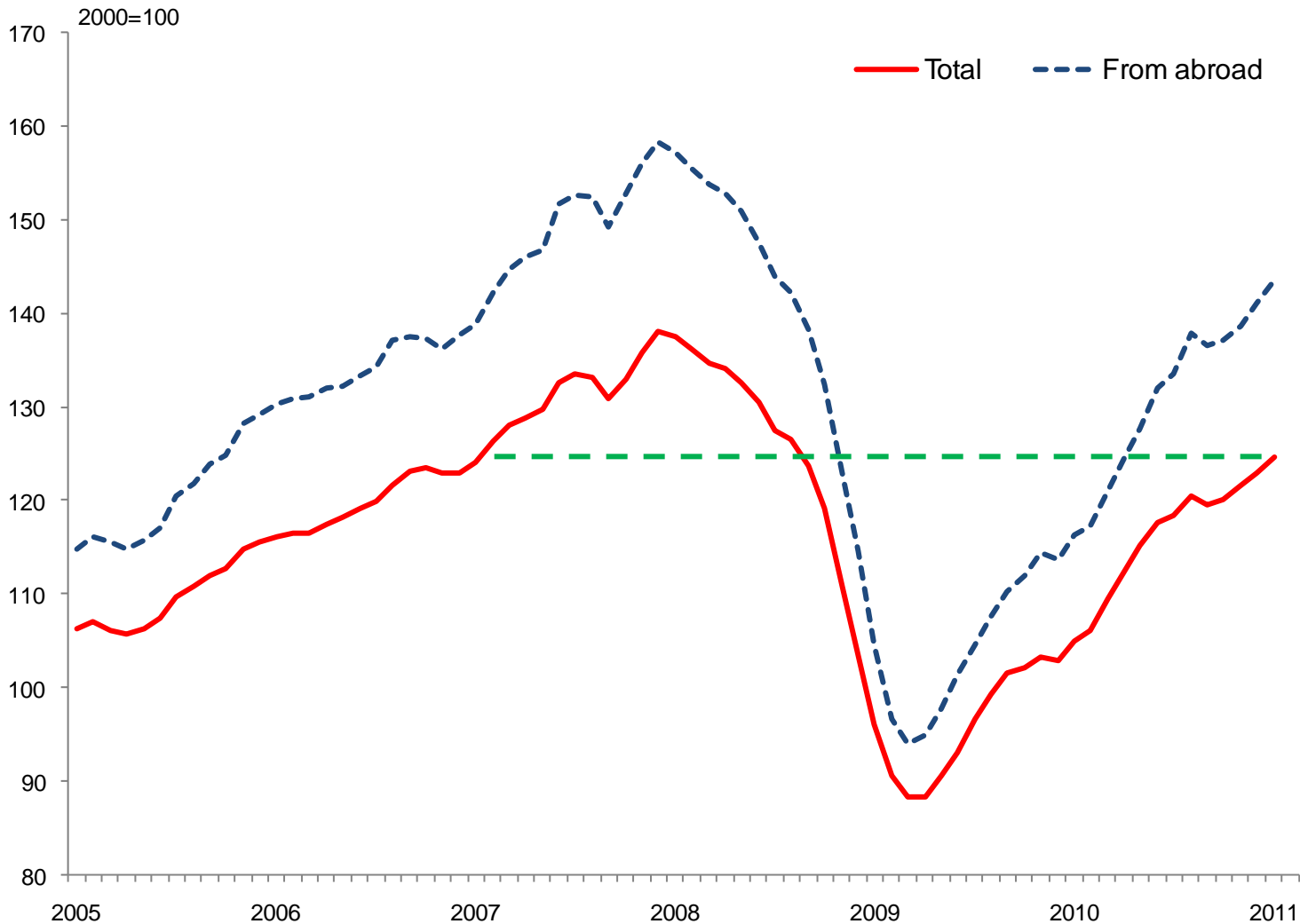


... driven by domestic demand (GDP, cont.)



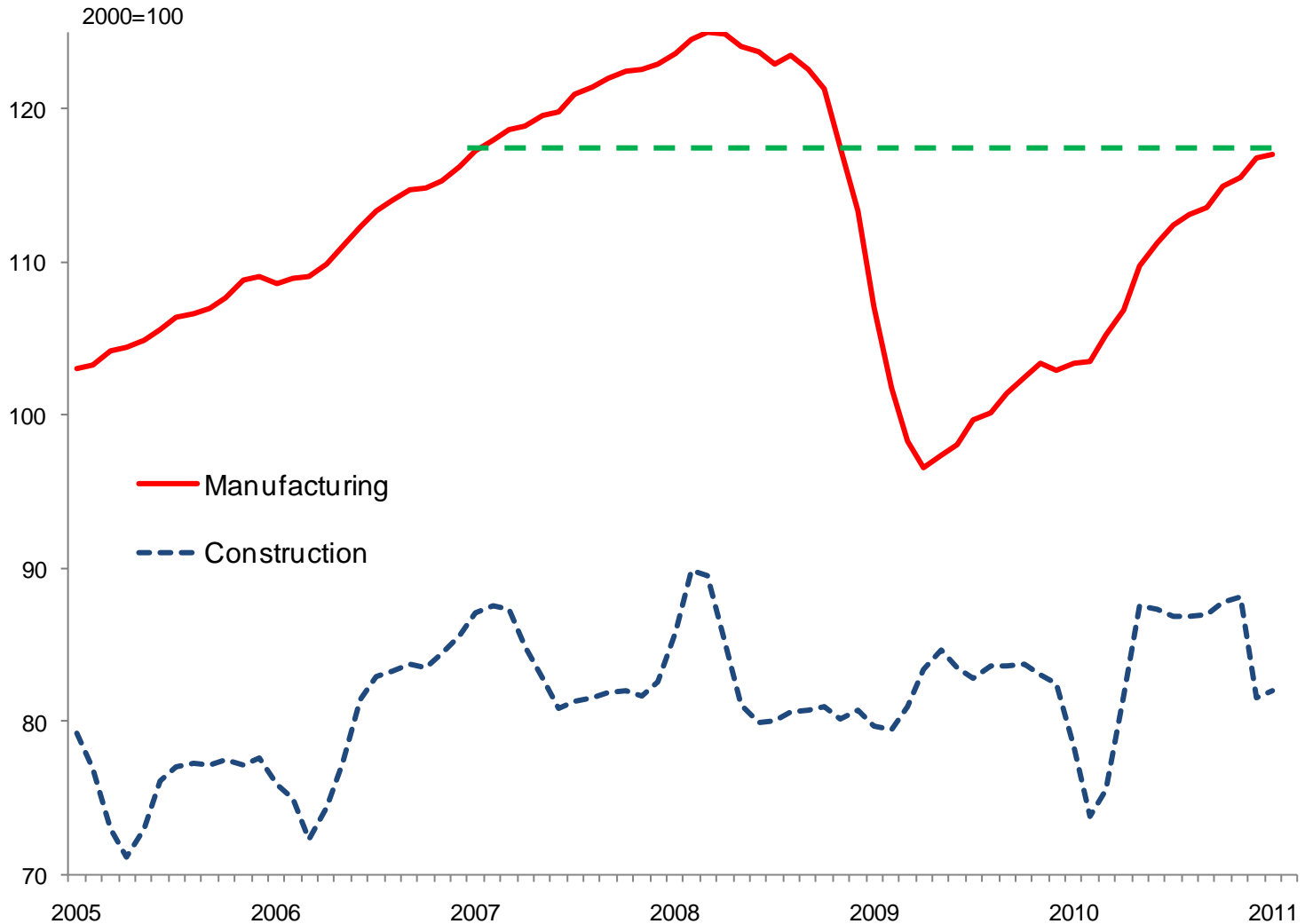


Orders received by industry: Robust, slightly flattening upward trend



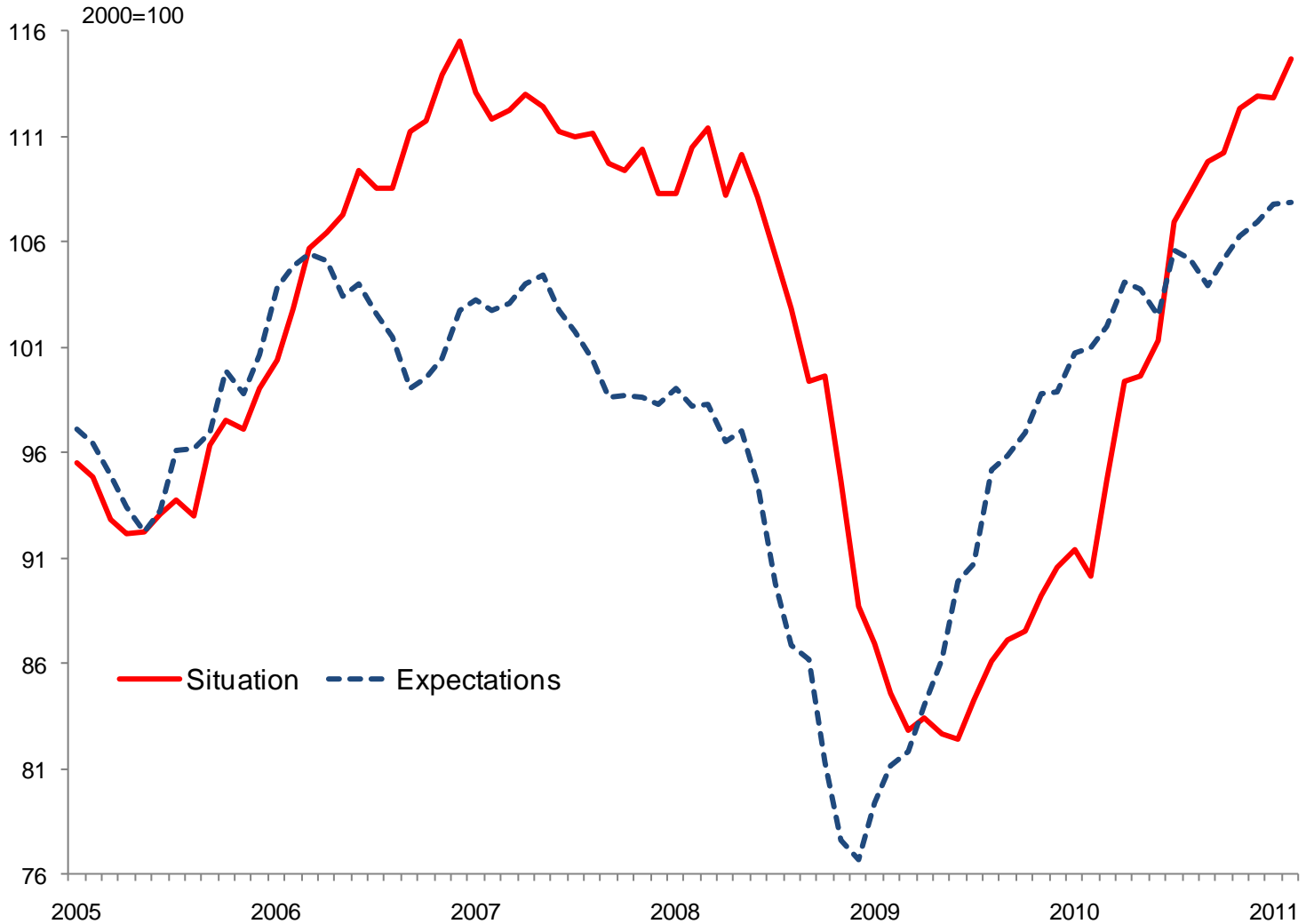
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Production: Robust catching-up process



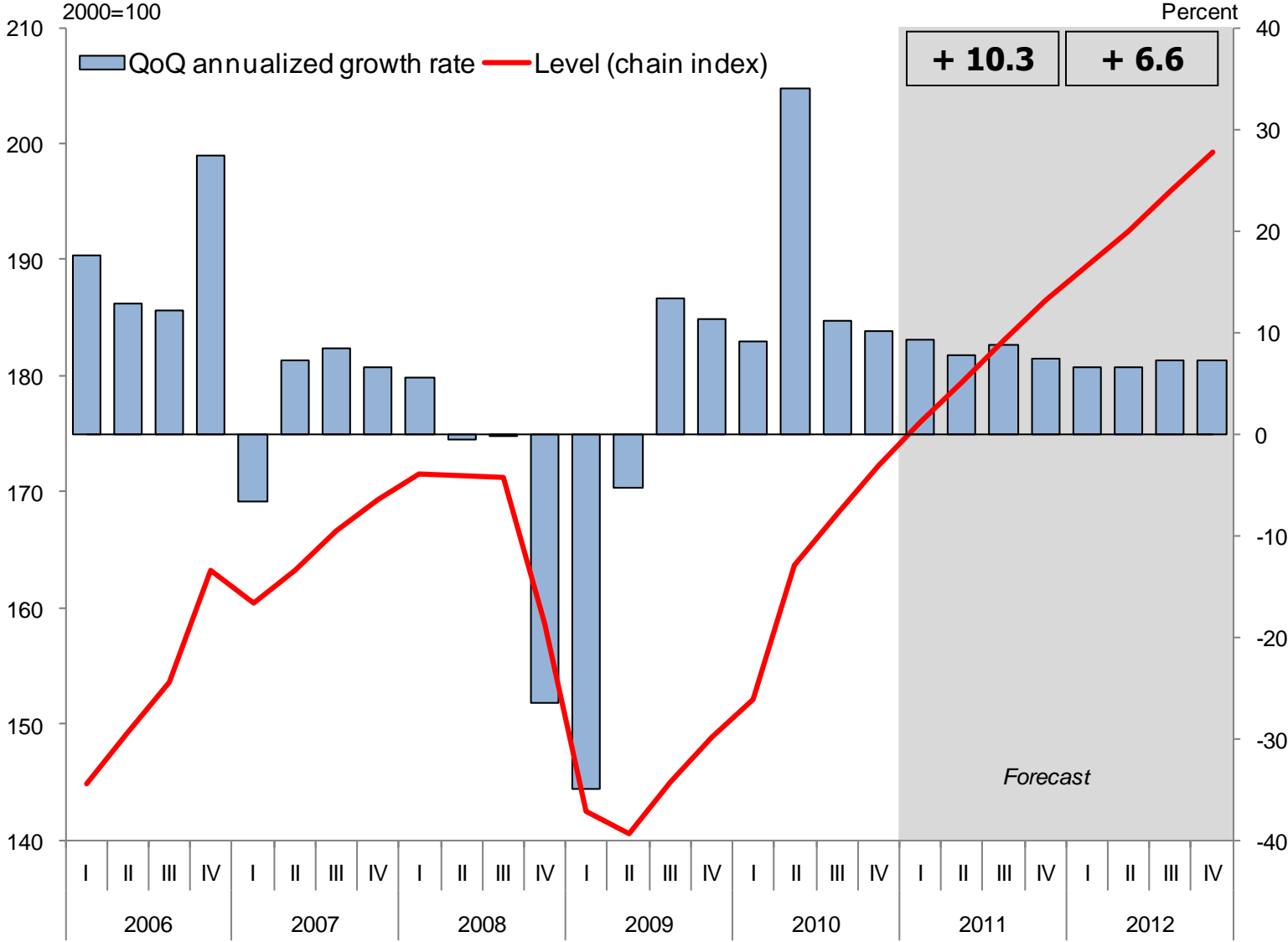


Business climate: A mental boom



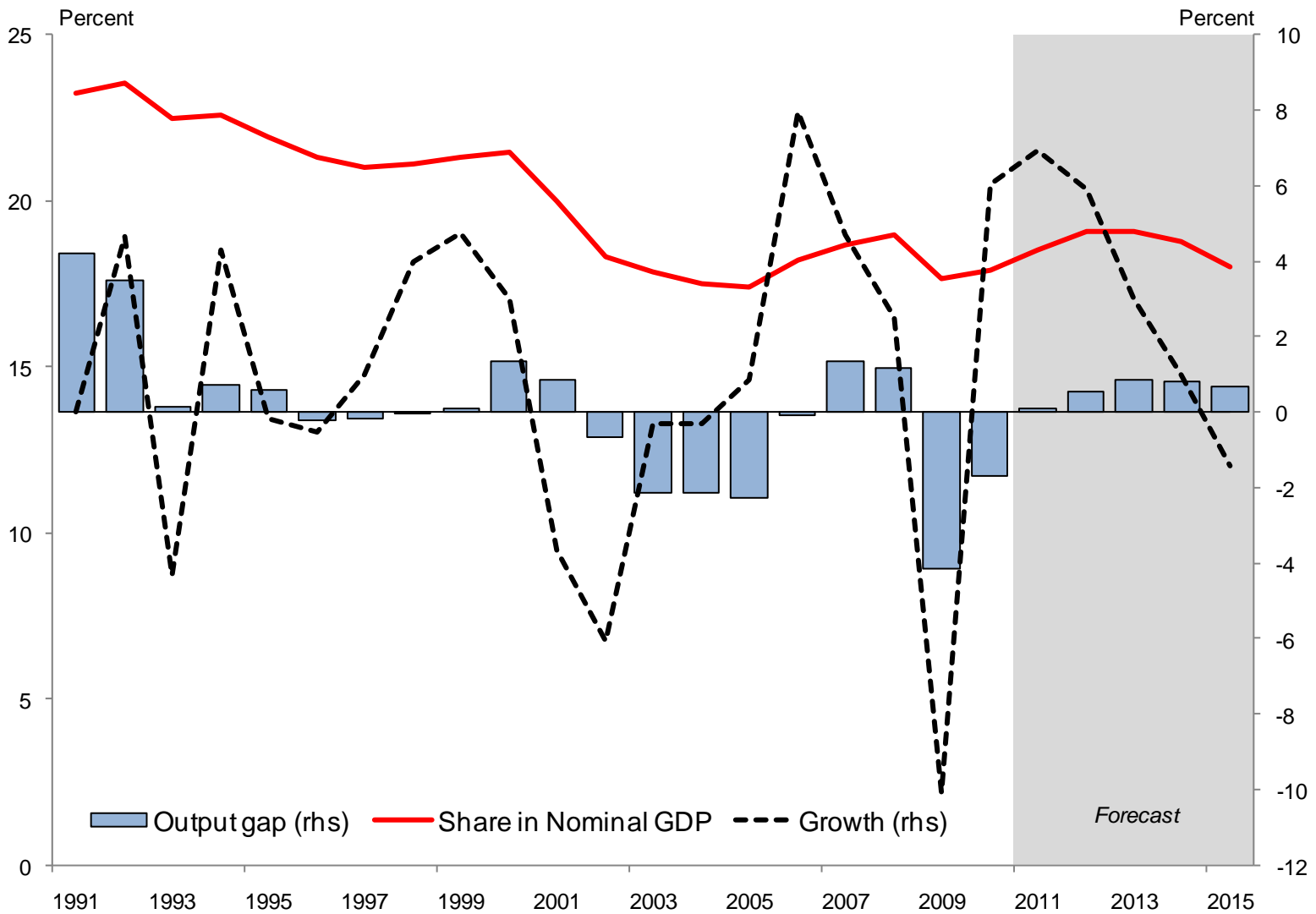


Export dynamics lose some momentum



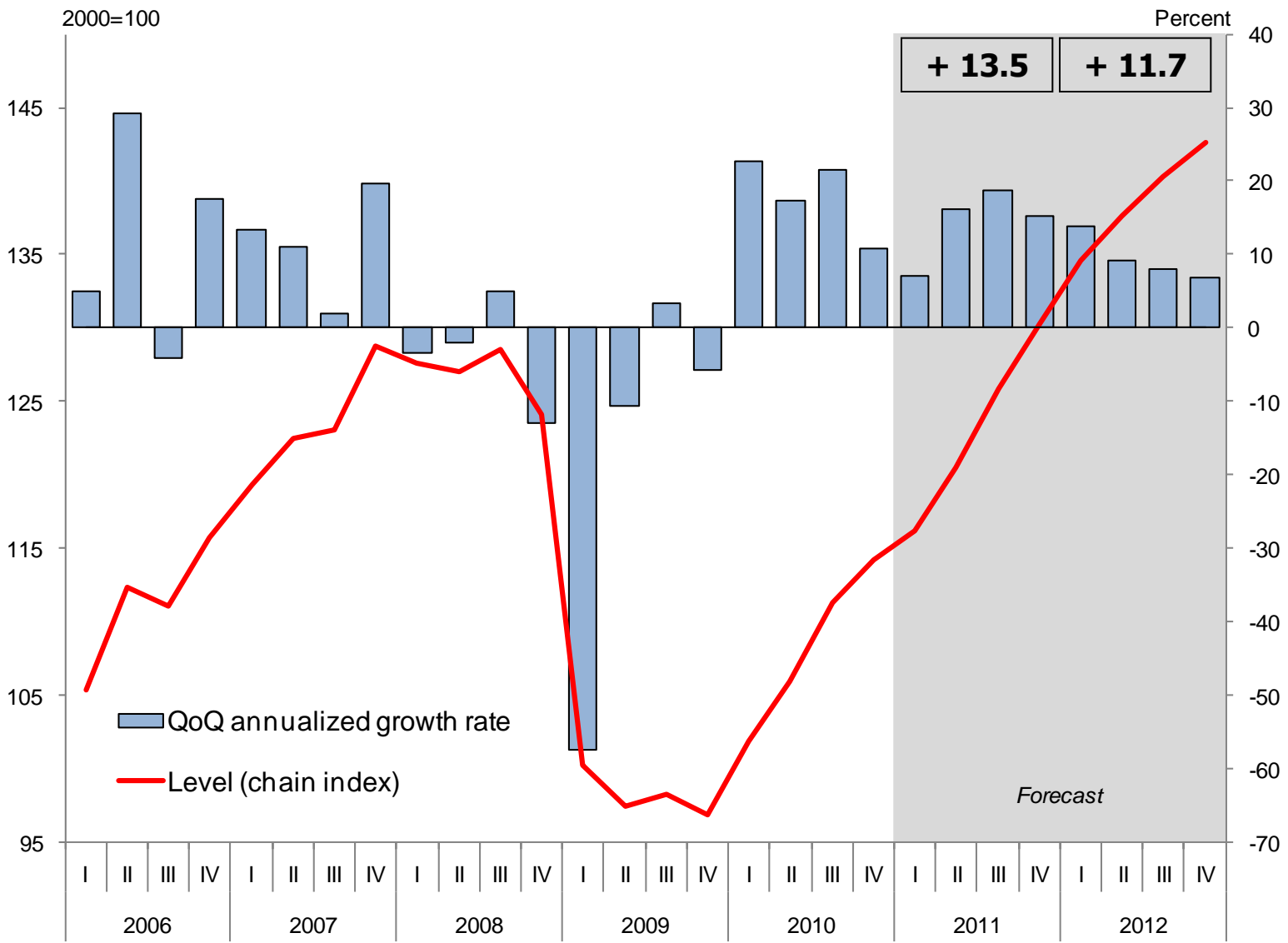


Investment cycle (fixed capital formation)

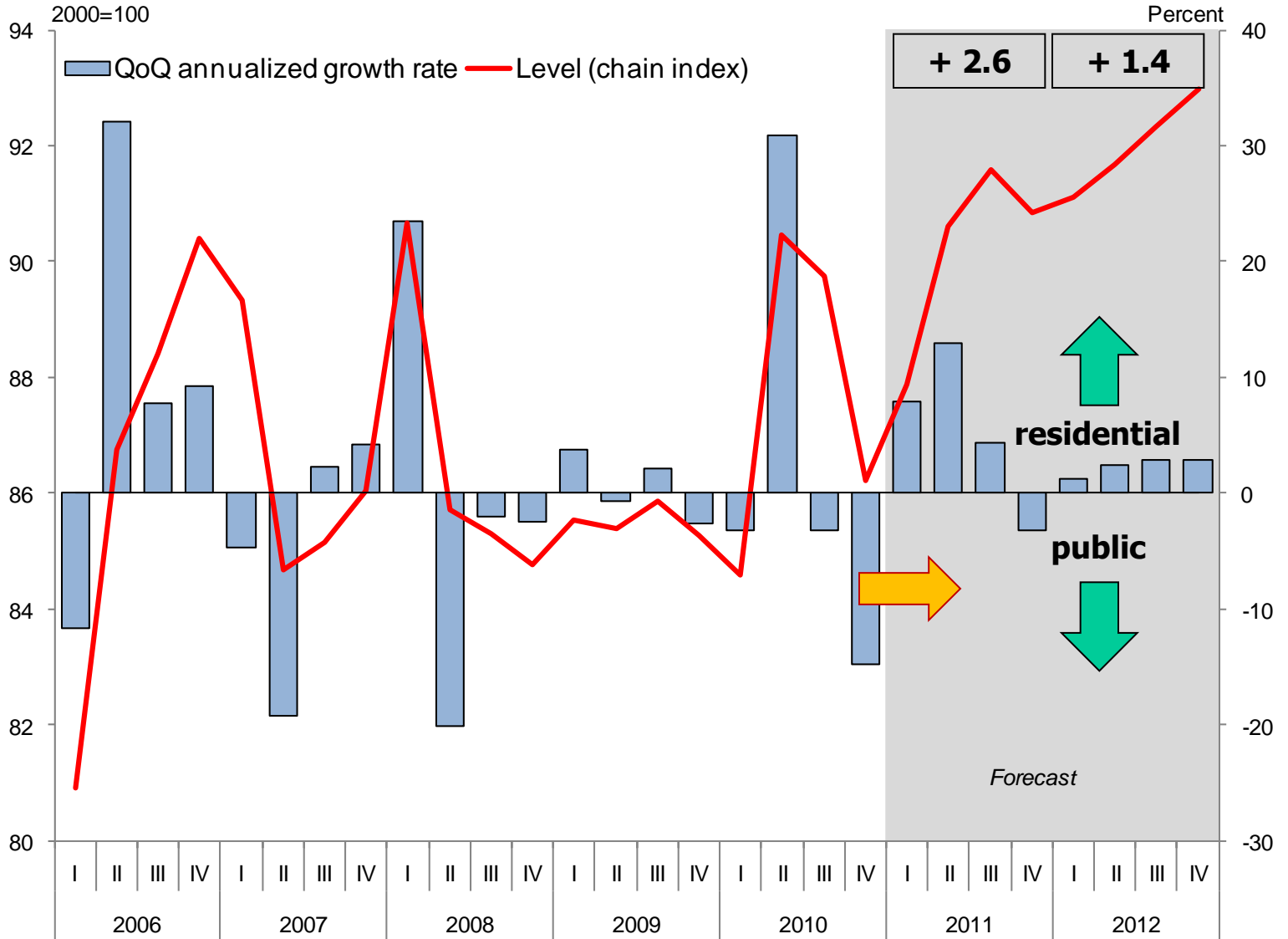




M&E investment: Heading for the cyclic peak

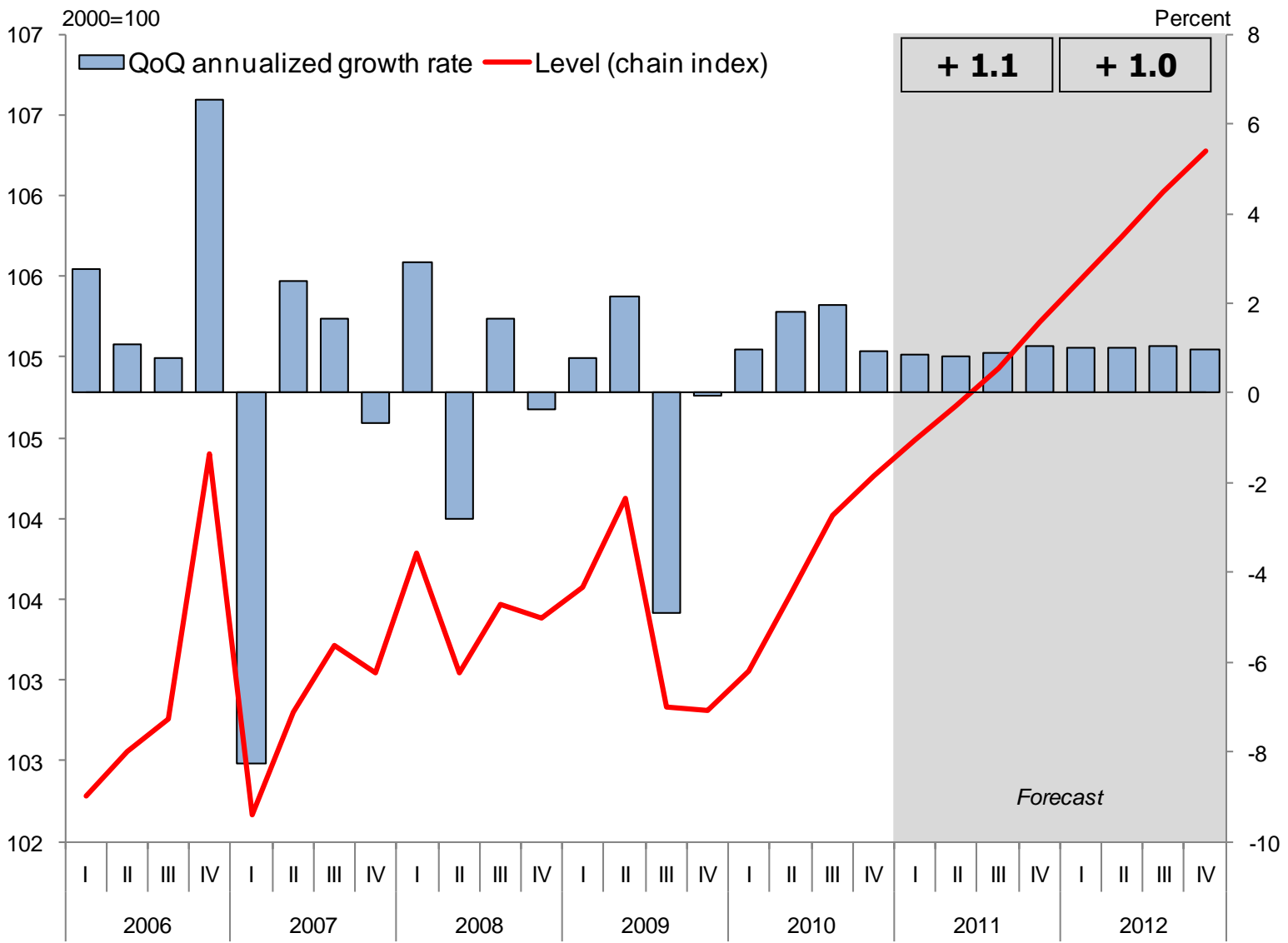


Constructions: Fiscal stimulus packages fade out, monetary stimuli particularly strong

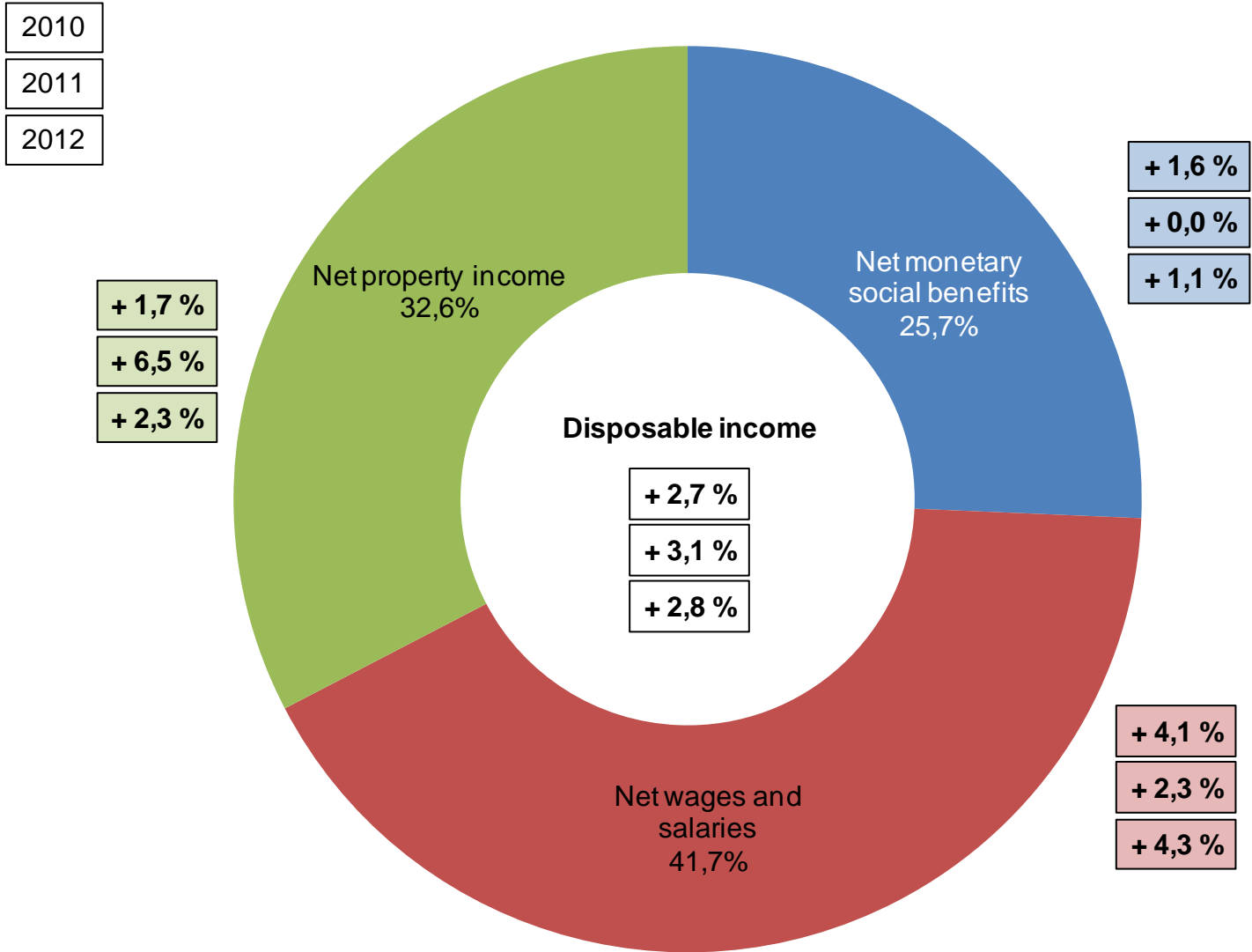




Consumer spending: Slower pace ahead



Disposable income of private households



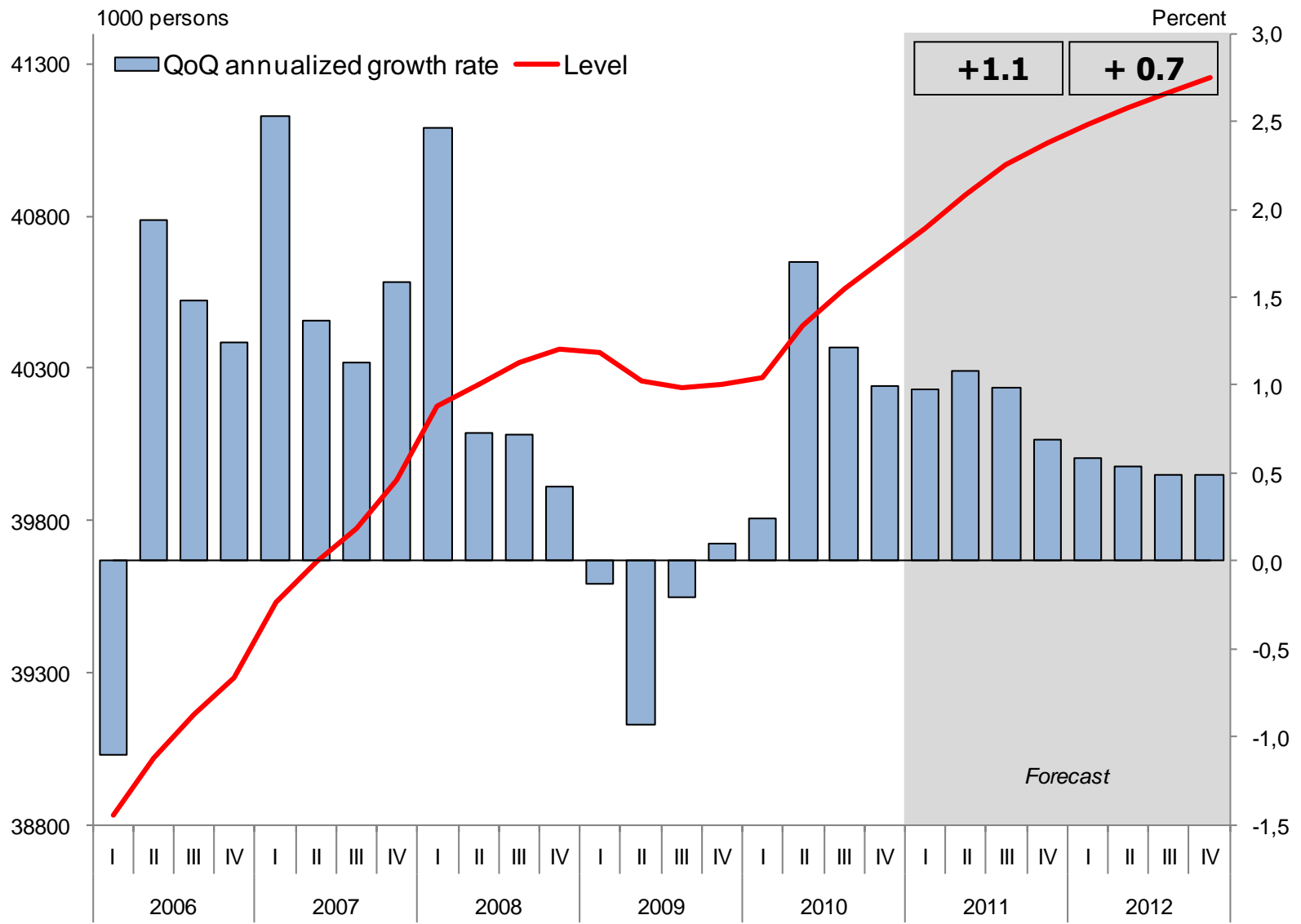
GDP and key components

Volumes, change over previous year in percent

	2010	2011	2012
GDP	3.6	2.8	1.6
Private consumption	0.4	1.1	1.0
Public consumption	2.3	1.4	1.1
M&E investment	10.9	13.5	11.7
Construction	2.9	2.6	1.4
Exports	14.1	10.3	6.6
Imports	12.6	9.5	8.1

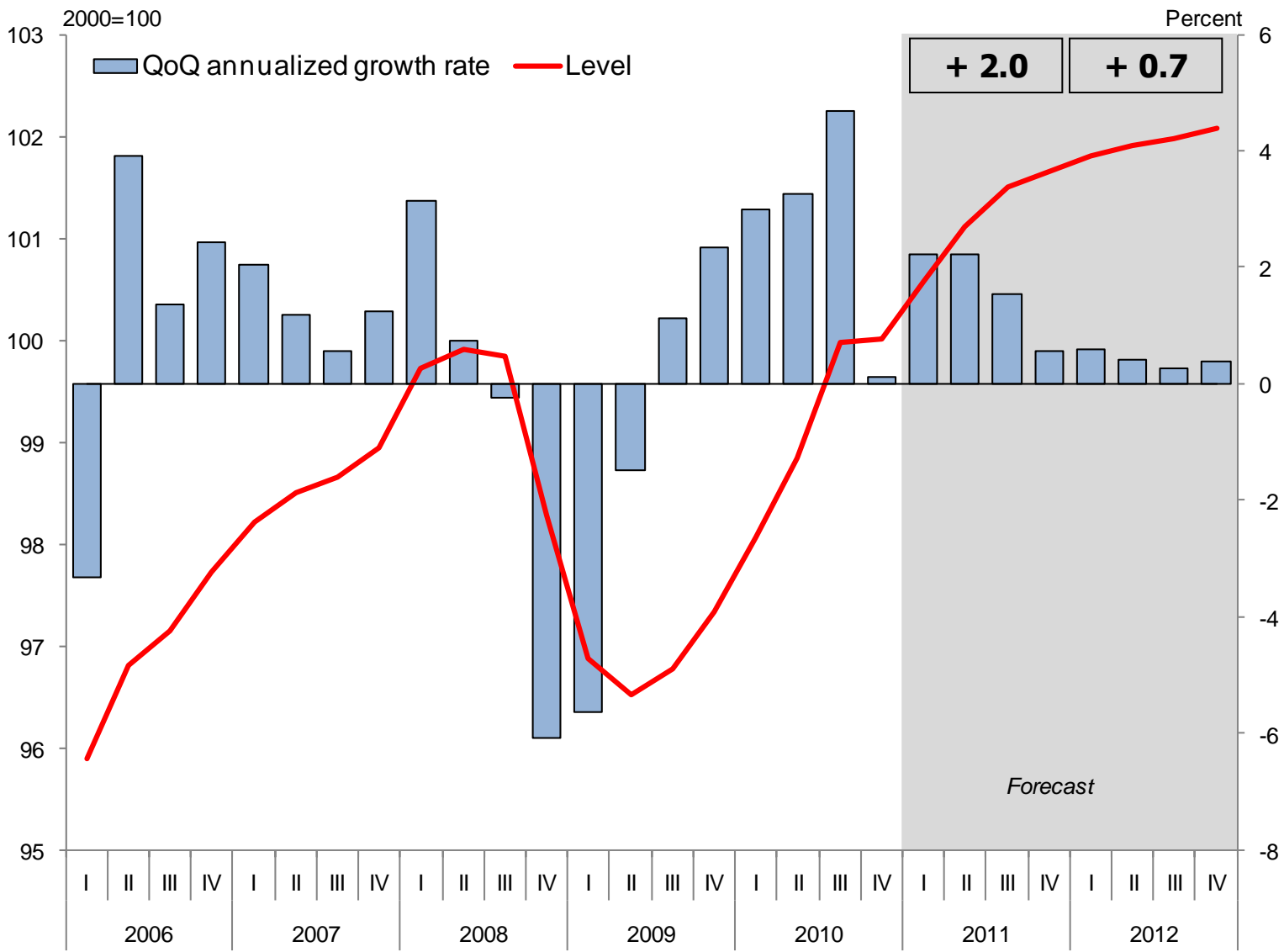


Employment at an all-time high ...



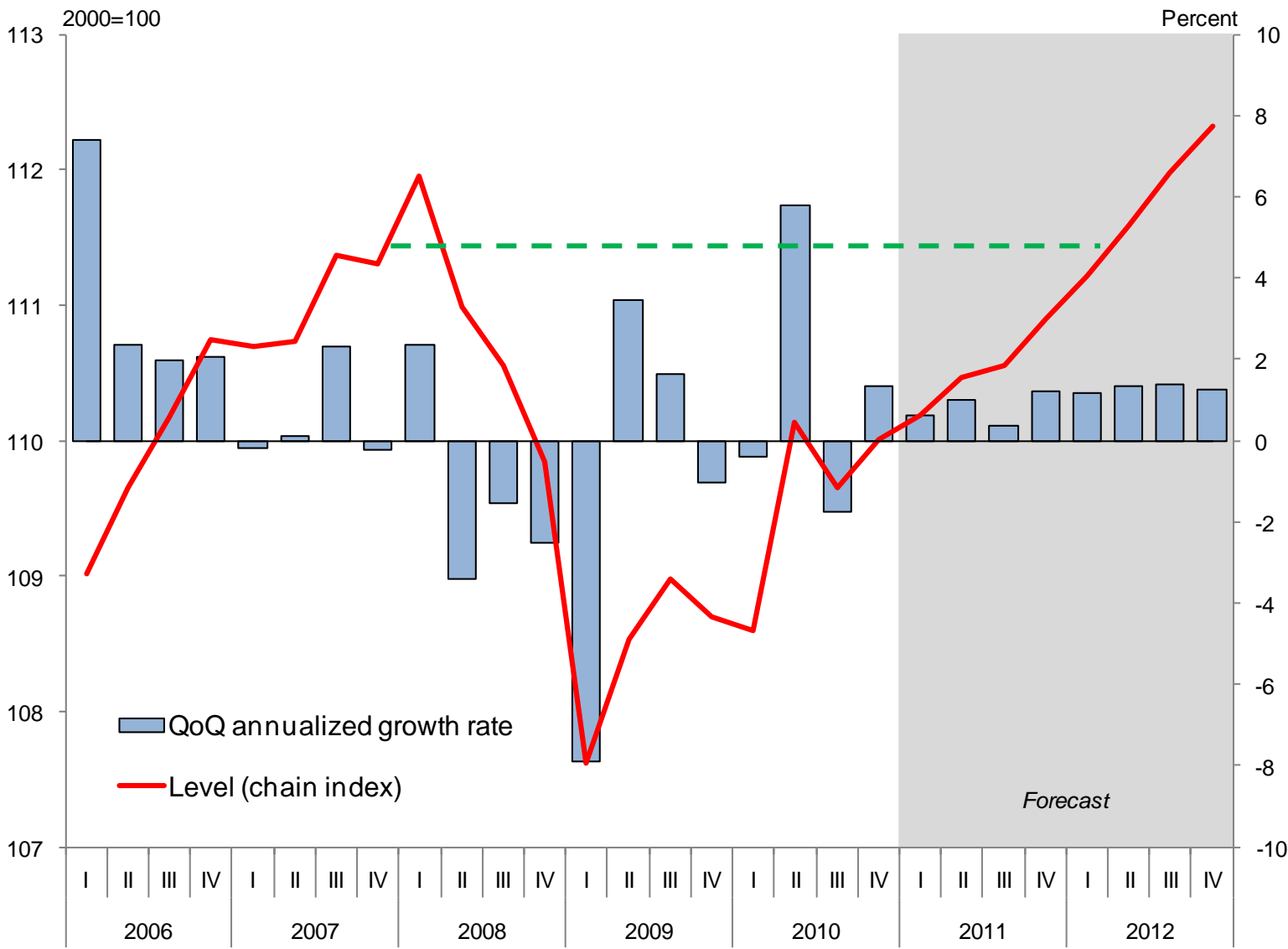


... total hours worked above pre-crisis levels ...



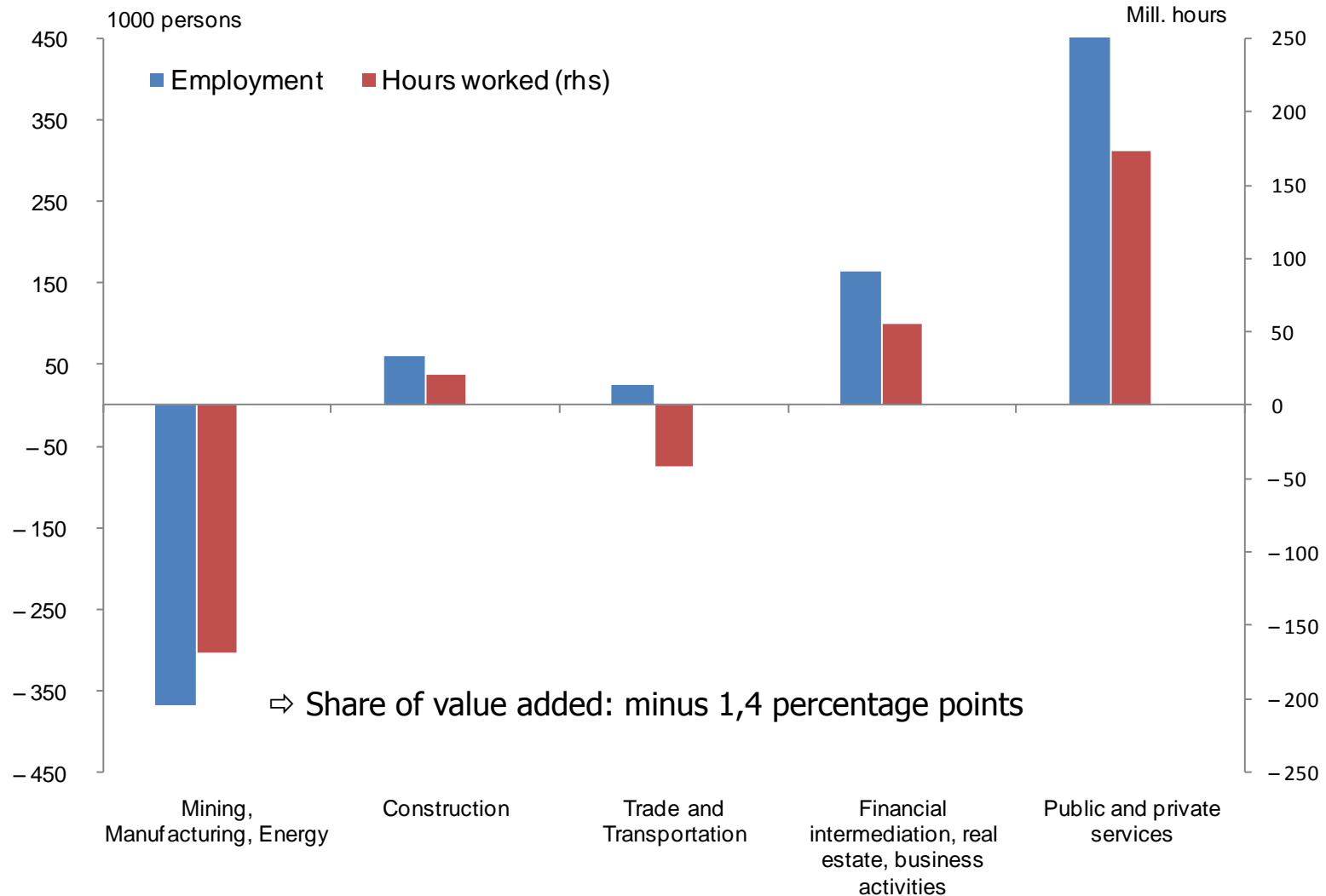


... but 4 lost years of labor productivity growth



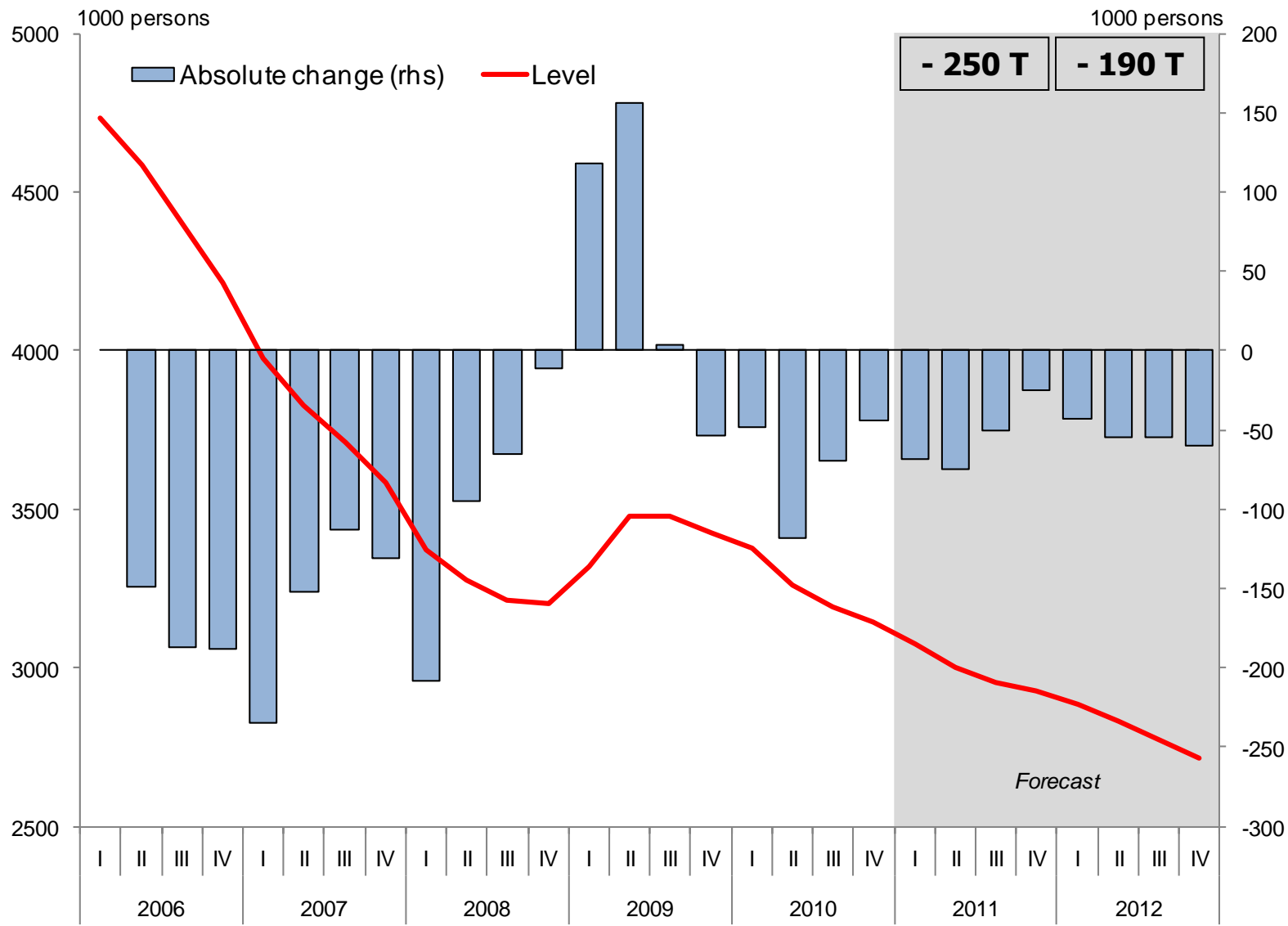


Significant shift of employment towards services



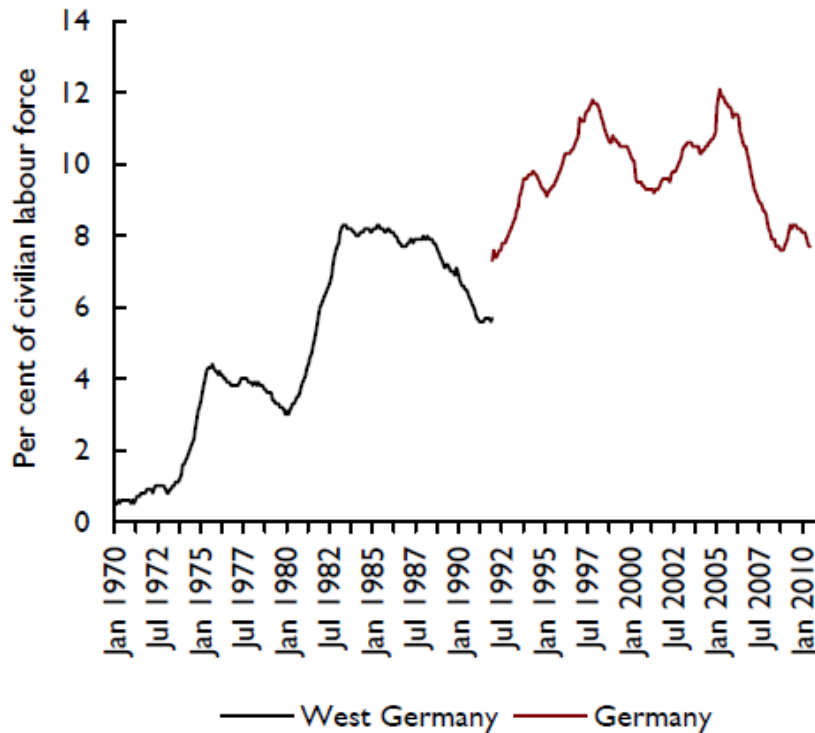


Unemployment: 3 mill. (2011), 2.8 mill (2012)

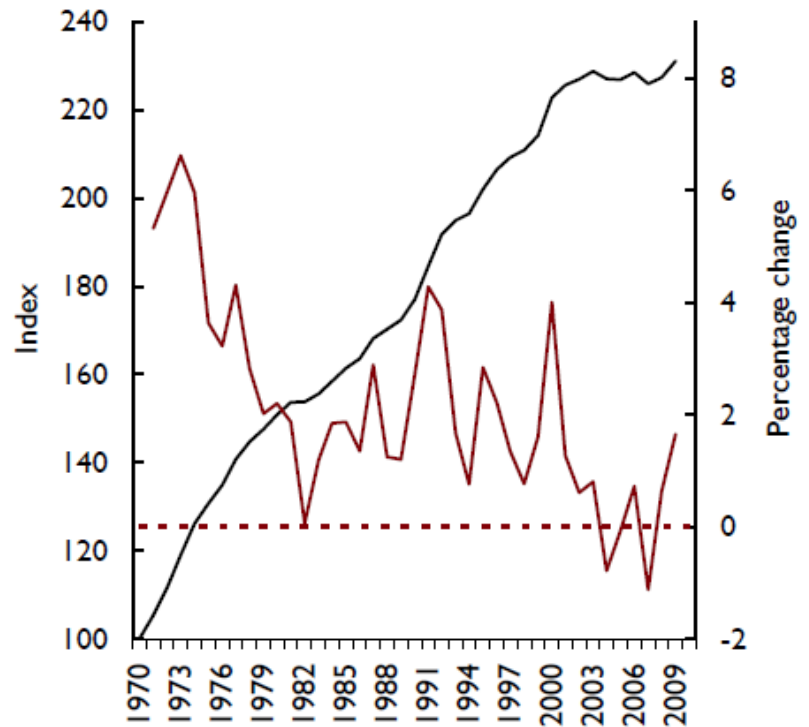


The German labor market „miracle“

Unemployment rate

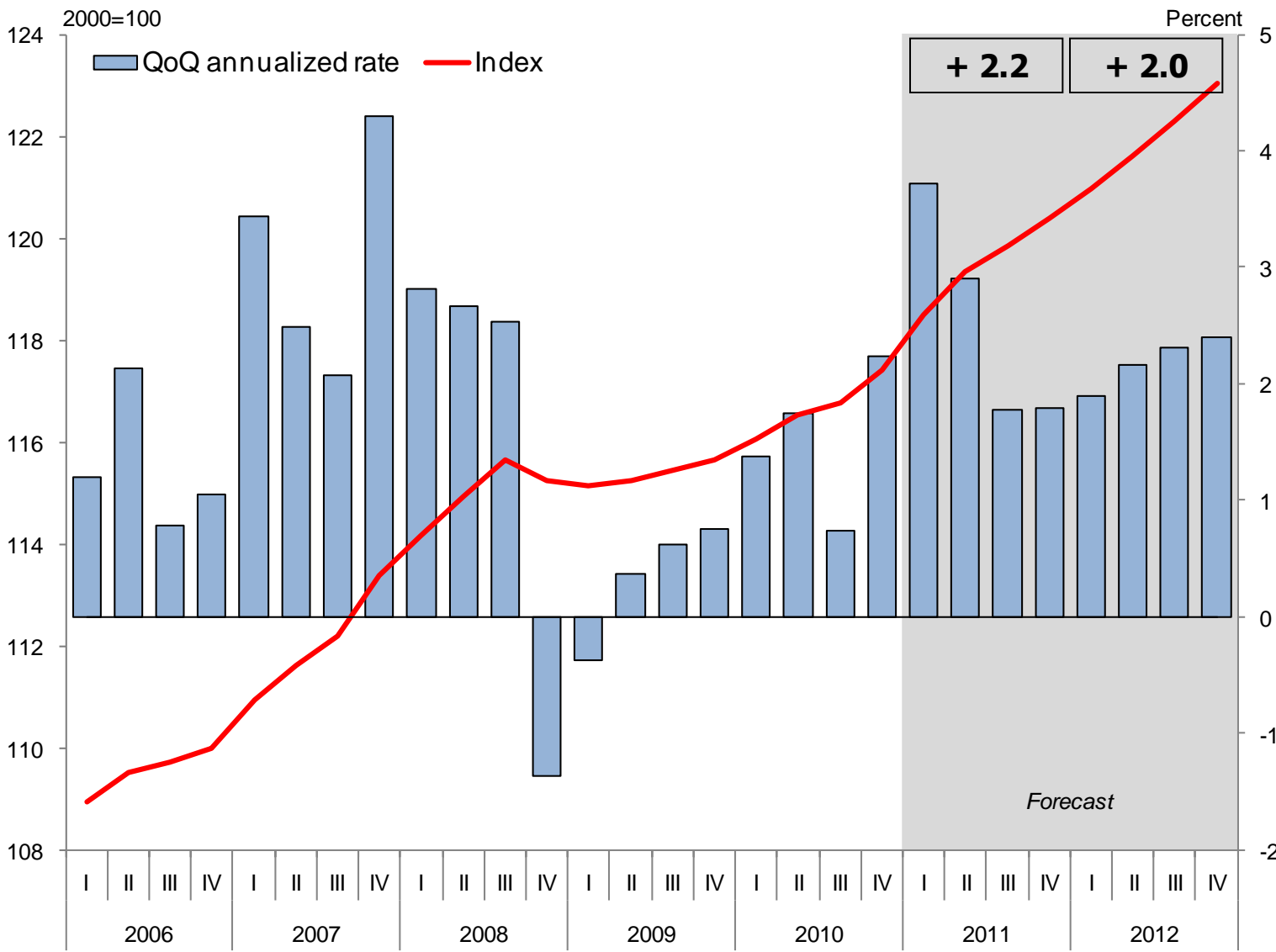


Real hourly gross wage rate

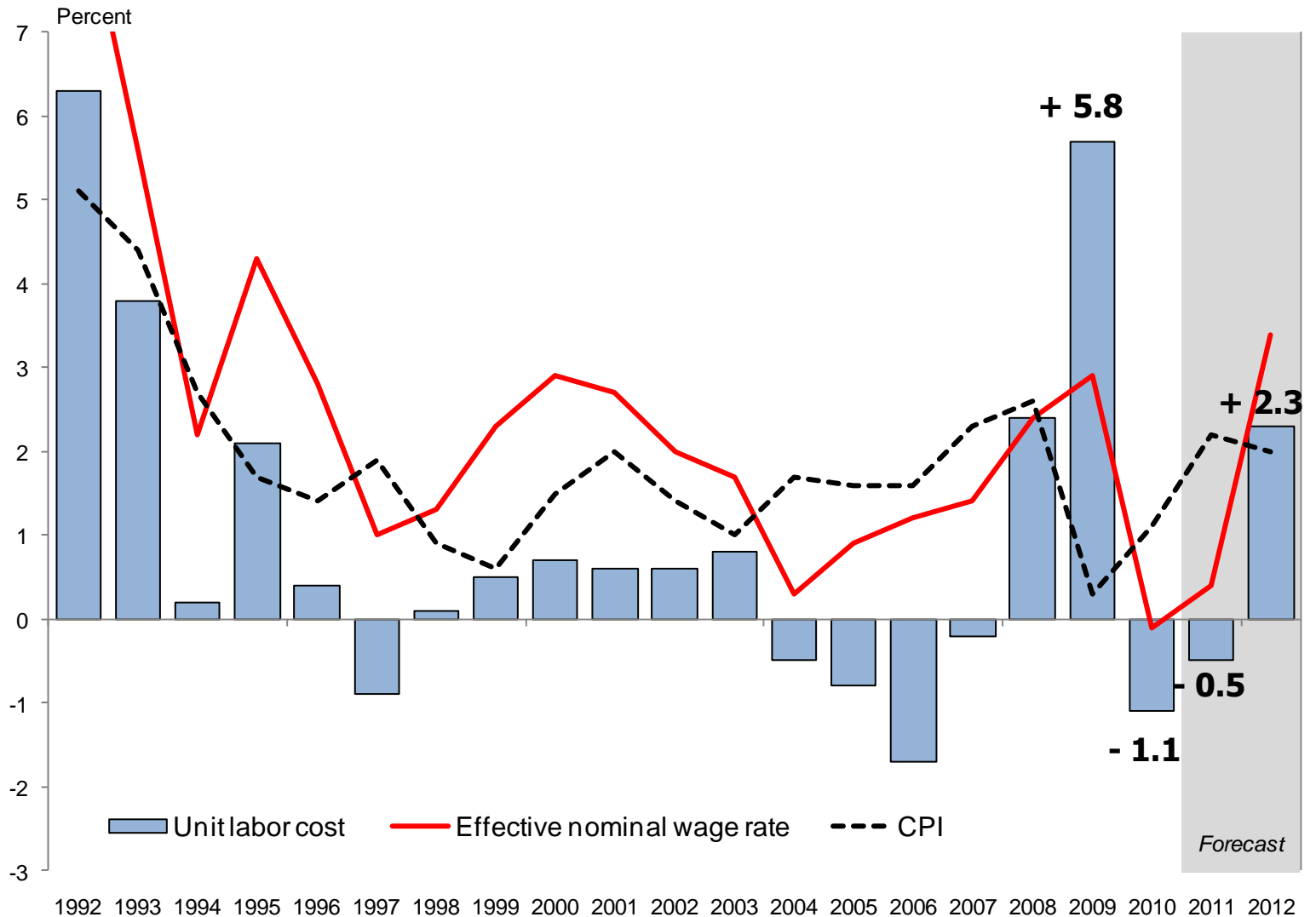




Consumer prices: Inflation is picking up

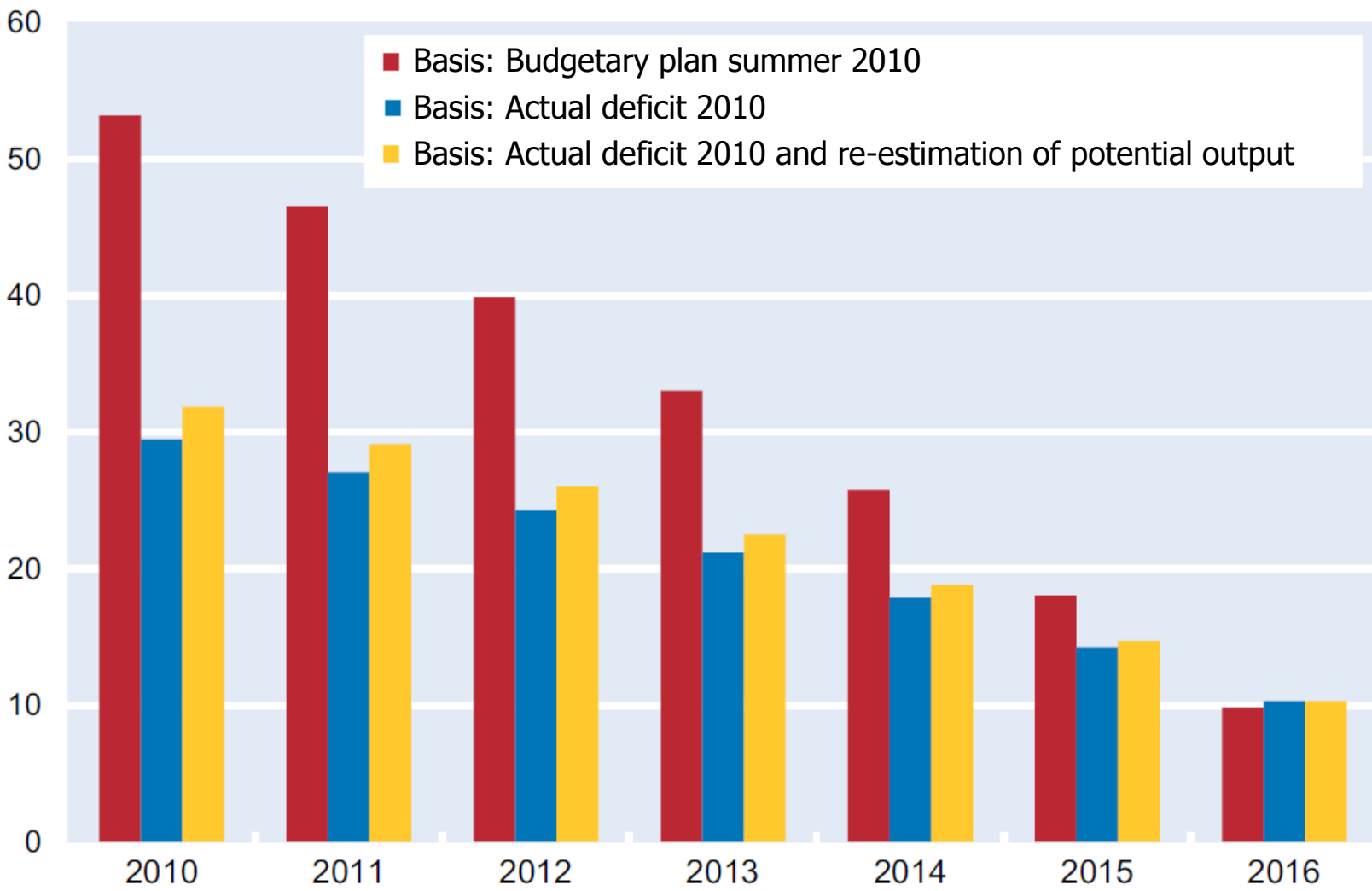


Unit labor cost: A domestic inflation driver on hold



Fiscal consolidation paths (German debt brake)

Maximum structural federal deficits (bn. Euro)



Key fiscal figures

	2010	2011	2012
Deficit (relation to GDP)	3.3	2.5	1.8
Expenditures (yoy-change)	1.6	1.3	1.8
Revenues (yoy-change)	0.9	3.1	3.5
Demand-side impact vis-à-vis 2010 (rel. to GDP)	X	-0.5	-0.4
Public debt (relation to GDP)	83.5	83.5	83.1

Major scars left after the crisis

- Fiscal stance (public debt as % of GDP)
 - 66.3 % (2008) \Rightarrow 83.5 % (2010)
 - 10 % of tax income for interest payments
 - Interest rates: +100 bps \Rightarrow +18 bn. Euro

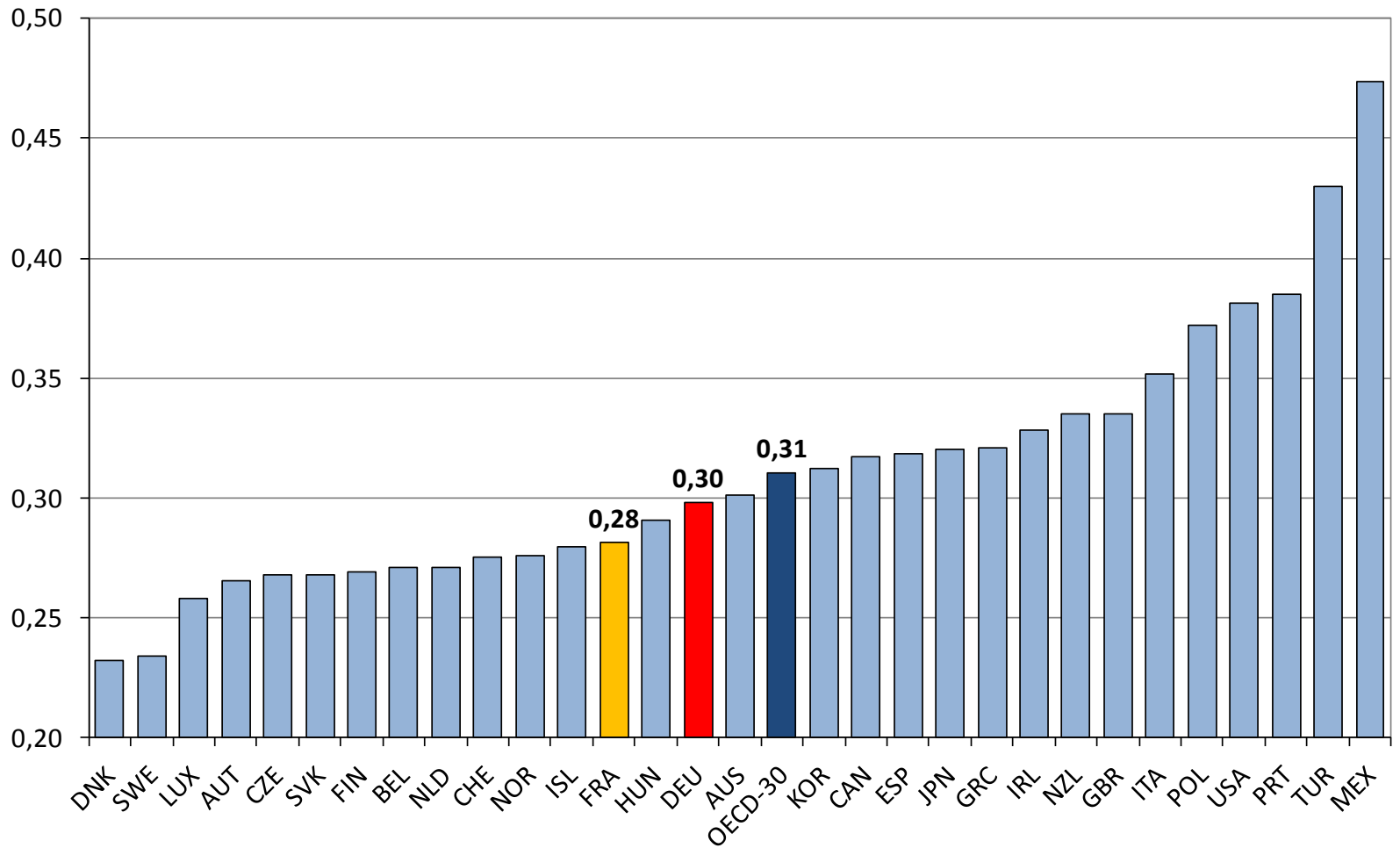
- Forgone production (2008-Q2 to 2010-Q4)
 - Volume of 170 bn. Euro = 7.5 % of annual GDP (compared to no-growth-scenario)

- 4 years of lost productivity growth



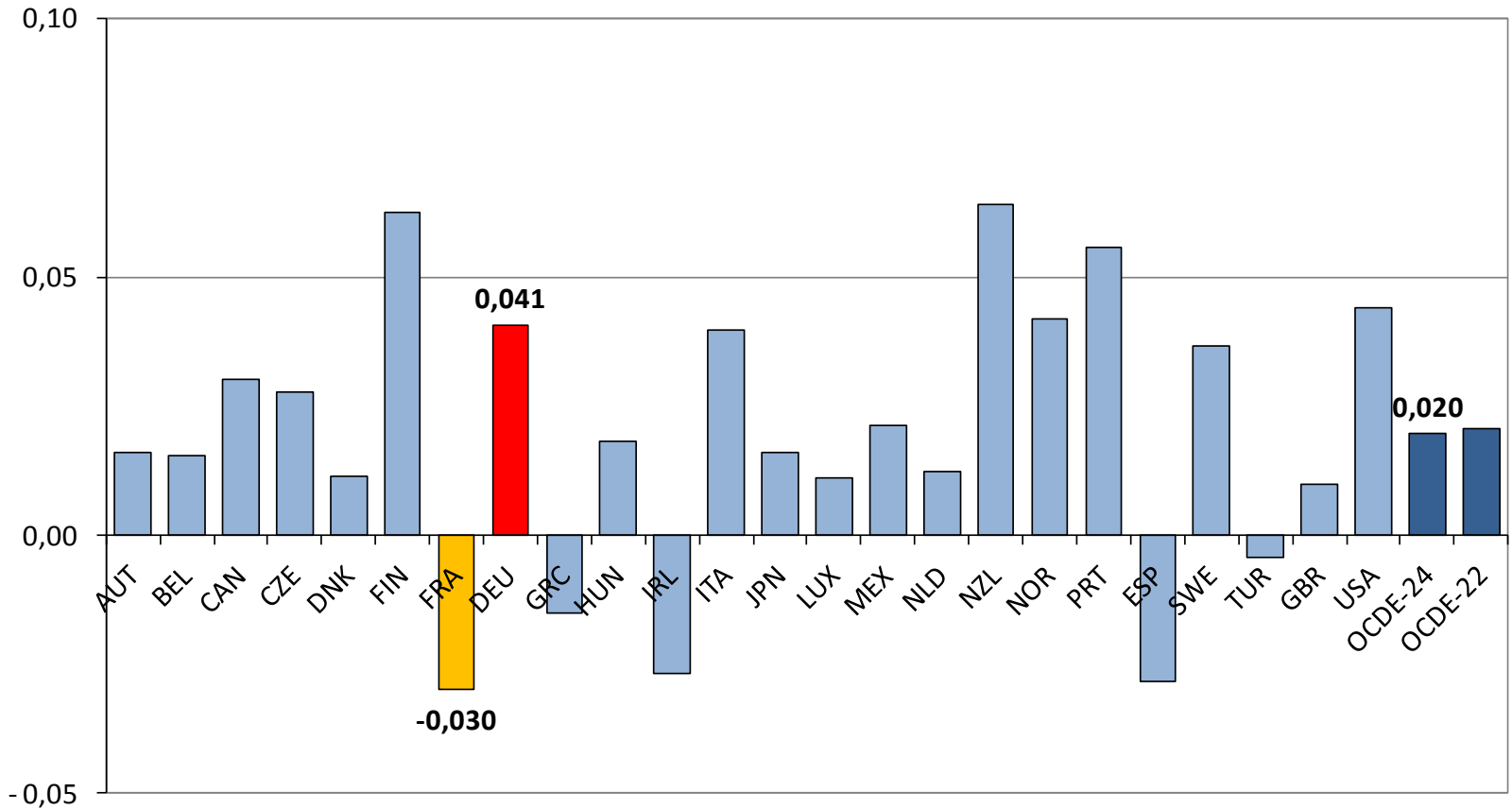
Income distribution

Gini coefficients of disposable equivalent household income (2005); Source: OECD



Shift of income distribution 1985-2005

Change of Gini coefficients of disposable equivalent household income; Source: OECD



Impact of household structure on income distribution 1985-2005

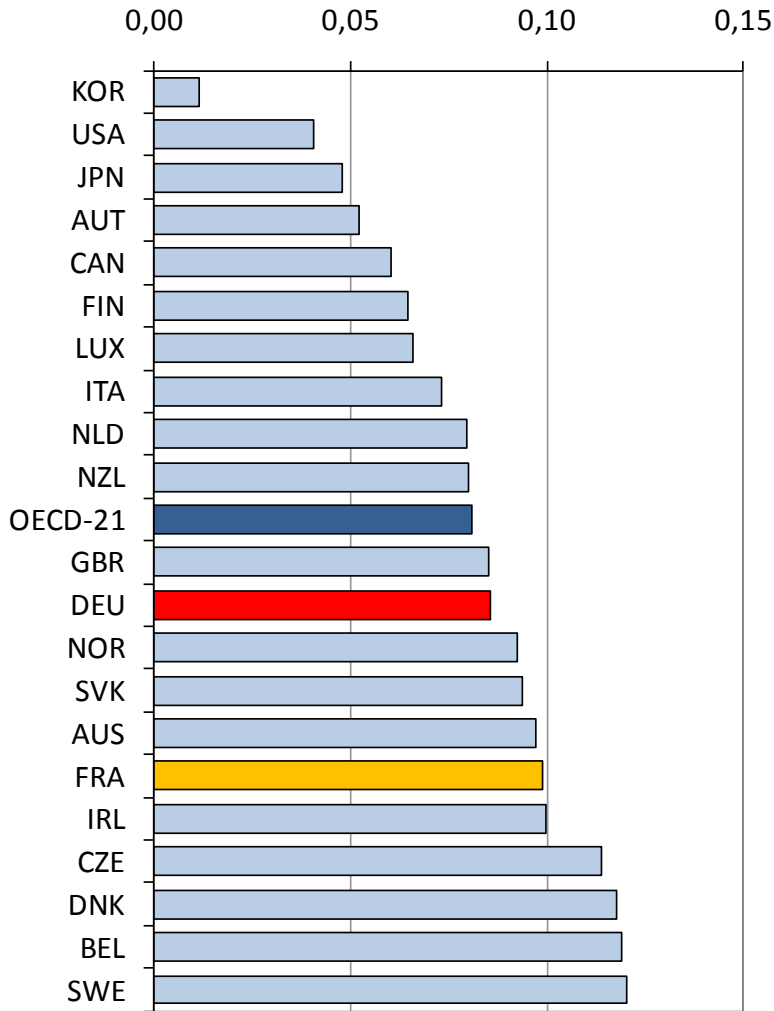
Change of Gini coefficients of disposable equivalent household income; Source: OECD

	Total change in Gini coefficient	Change in Gini coefficient at constant age structure		Change in Gini coefficient at constant household structure		Change in Gini coefficient at constant age and household structure	
			Share of total change (%)		Share of total change (%)		Share of total change (%)
Austria	0,028	0,029	-2,0	0,031	-8,0	0,032	-10,8
Belgium	0,053	0,049	8,8	0,045	15,4	0,044	17,1
Canada	0,027	0,026	4,1	0,021	22,0	0,021	21,6
Denmark	-0,024	-0,024	2,6	-0,025	-3,7	-0,022	9,9
Finland	0,062	0,058	7,1	0,054	13,7	0,052	16,1
France	-0,008	-0,008	-2,9	-0,011	-34,6	-0,011	-36,8
Germany	0,044	0,045	-2,510	0,005	88,159	0,026	40,8
Italy	0,063	0,069	-10,3	0,071	-14,0	0,073	-16,0
Luxembourg	0,011	0,011	2,7	0,010	12,6	0,009	14,7
Mexico	0,021	0,021	0,6	0,026	-20,9	0,030	-39,9
Netherlands	-0,003	-0,002	51,4	-0,007	-129,1	-0,007	-102,1
Norway	0,046	0,048	-5,1	0,040	12,5	0,039	15,6
Spain	0,018	0,020	-8,9	0,015	16,7	0,016	9,2
Sweden	0,019	0,018	9,4	0,020	-1,1	0,023	-18,1
United Kingdom	0,051	0,049	3,3	0,041	19,6	0,041	20,4
United States	0,037	0,035	3,3	0,036	2,4	0,035	5,4
Average	0,028	0,028	0,3	0,023	16,7	0,025	10,0

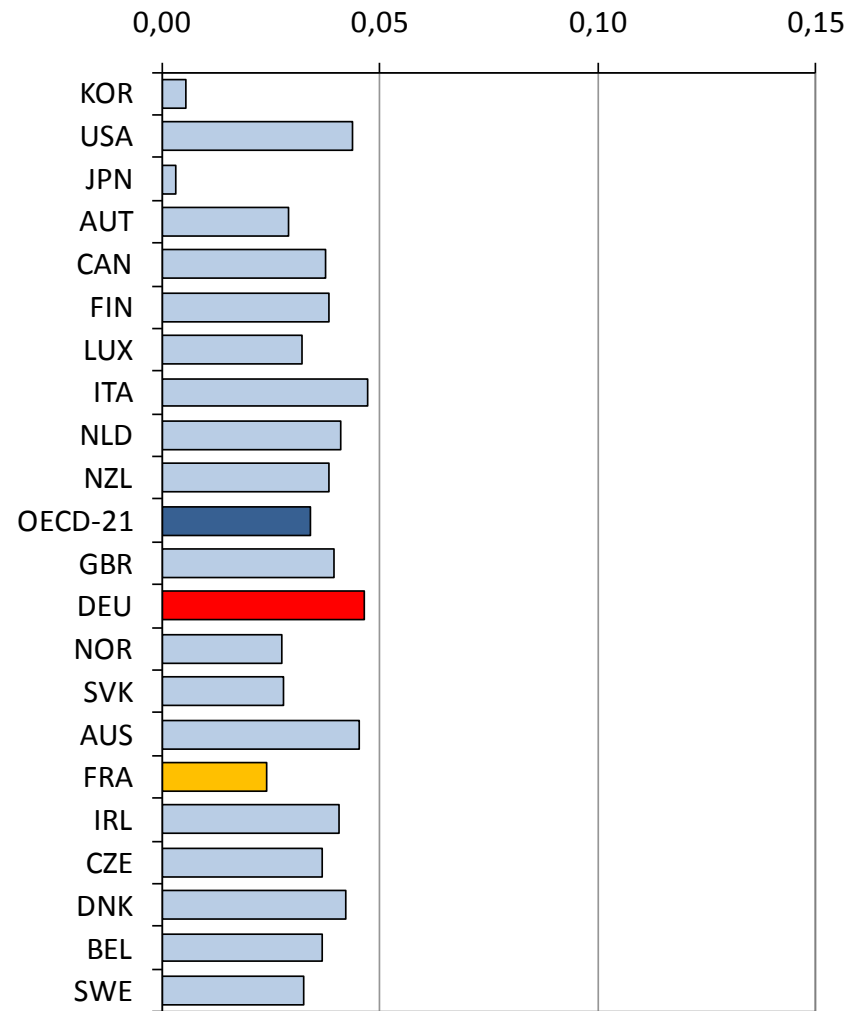
Fiscal income redistribution

Change of Gini coefficients of disposable equivalent household income (2005); Source: OECD

Public cash transfers



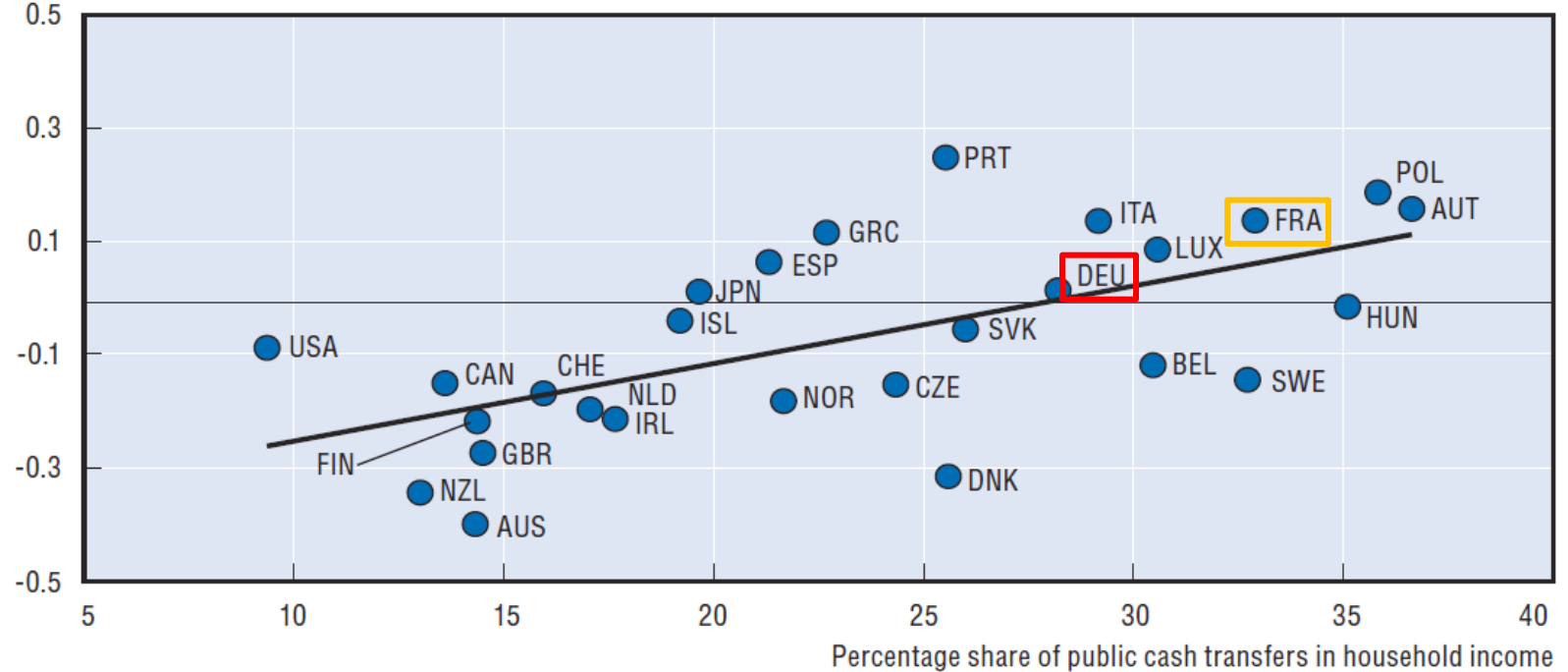
Household taxes



Size and concentration of public cash transfers

Share in percent (bottom scale) and Gini coefficient in points (2005); Source: OECD

Concentration of public cash transfers



Redistributive impact of public pension schemes

Rates of contribution in percentage points (1995); Source: OECD

