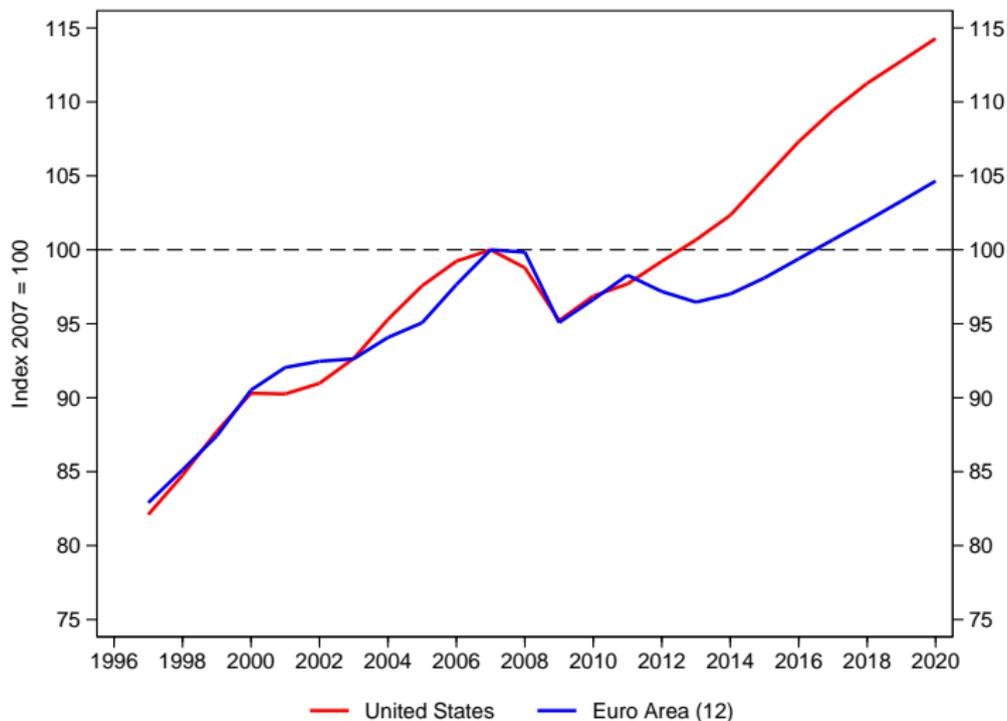


Round Table: Restoring Growth after the Great Recession

Athanasios Orphanides
MIT

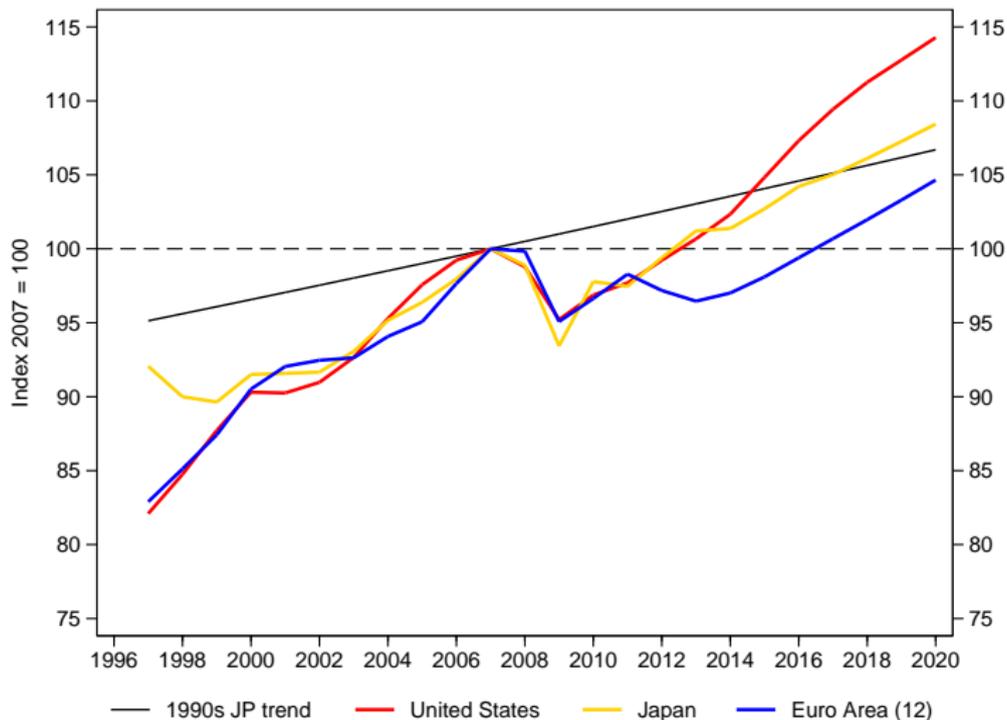
CompNet Conference
Enhancing competitiveness and fostering sustainable growth:
methodological issues and empirical results
Frankfurt, 26 June 2015

The Crisis: United States vs Euro Area



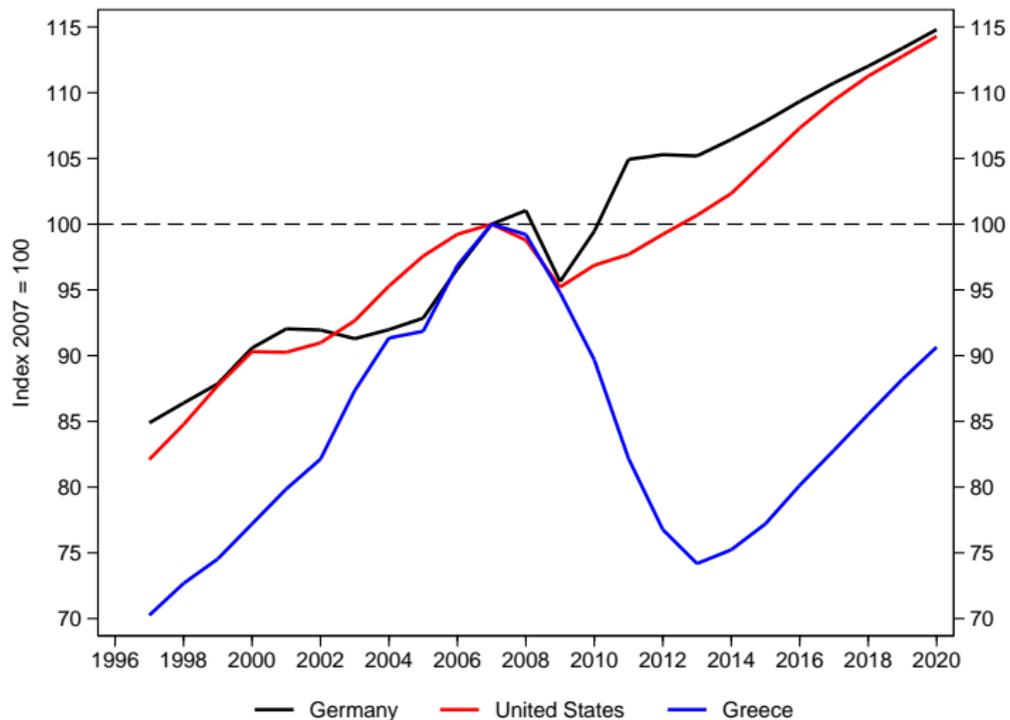
Real GDP per person. IMF WEO, April 2015. Index 2007=100

Comparing Lost Decades



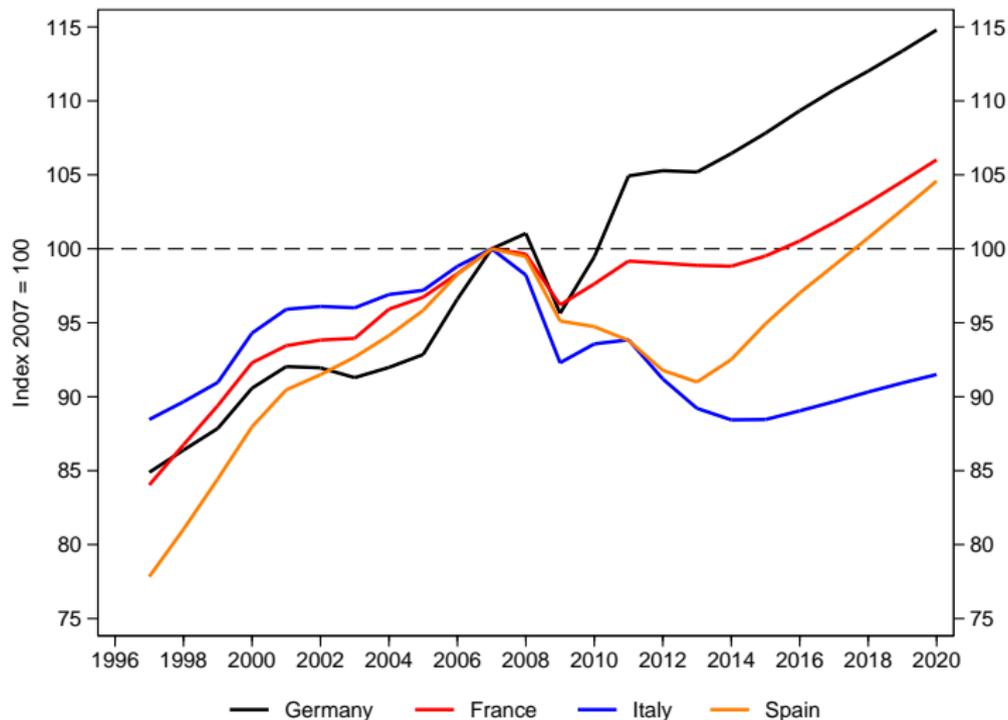
Real GDP per person. IMF WEO, April 2015. Index 2007=100

Winners and losers



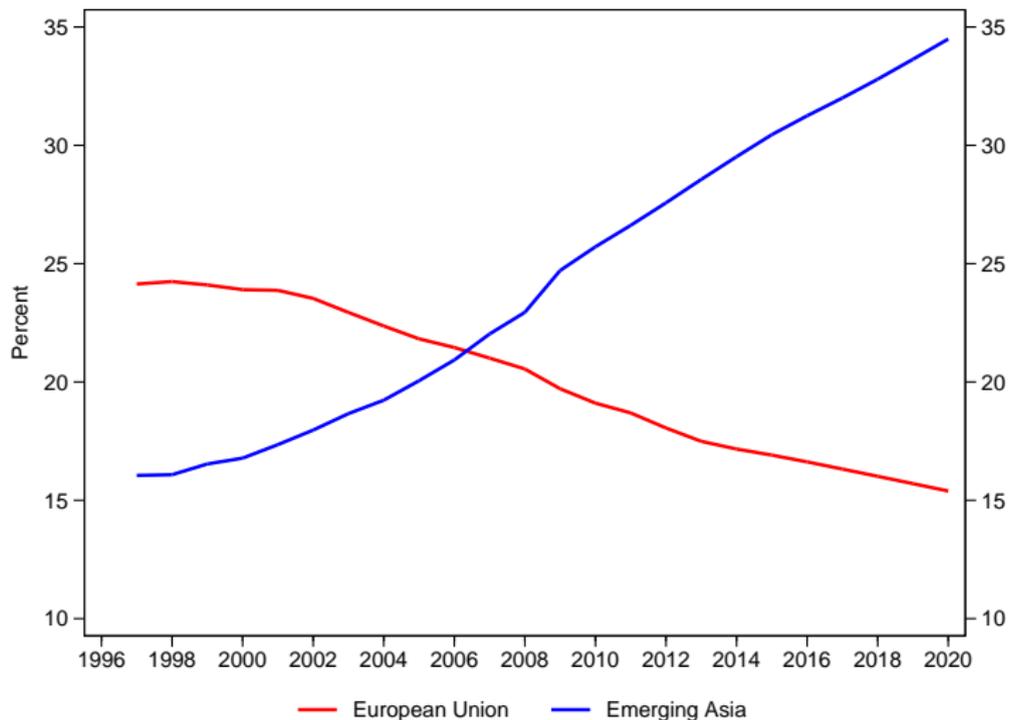
Real GDP per person. IMF WEO, April 2015. Index 2007=100

Disintegration of the euro area



Real GDP per person. IMF WEO, April 2015. Index 2007=100

Share of world GDP



Based on purchasing-power-parity (PPP). IMF WEO, April 2015.

Introductory Statement

Given continued high structural unemployment and low potential output growth in the euro area, the ongoing cyclical recovery should be supported by effective **structural policies**. In particular, in order to increase investment, boost job creation and raise productivity, both the implementation of **product and labour market reforms** and actions to improve the business environment for firms need to gain momentum in several countries. A swift and effective implementation of these reforms, in an environment of accommodative monetary policy, will not only lead to higher sustainable economic growth in the euro area but will also raise expectations of permanently higher incomes. Therefore, it will encourage both households to expand consumption and firms to increase investment today, thus reinforcing the current cyclical economic recovery

(ECB, 3 June 2015.)