Dags för mer offentliga investeringar

Sandro Scoccos kommentarer till seminariet
IMF:s syn på finanspolitik och sysselsättning

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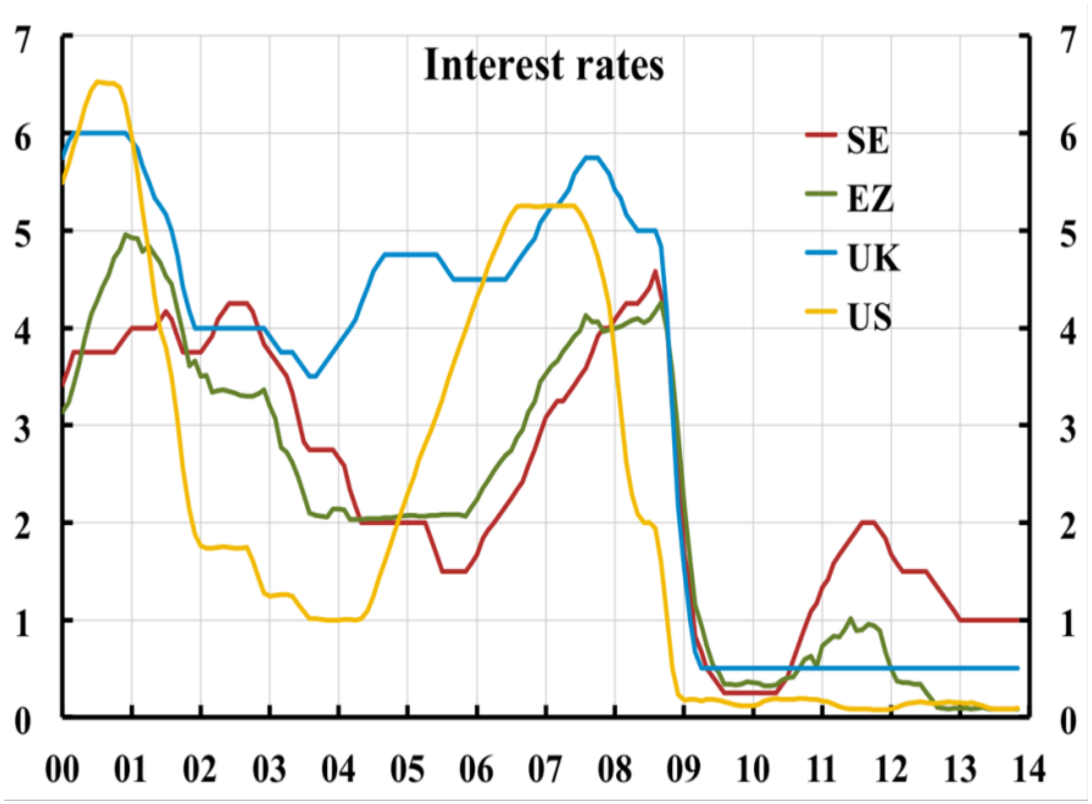
Zero bound rate since 2009 (except Sweden)



Källa: Lars EO Svensson

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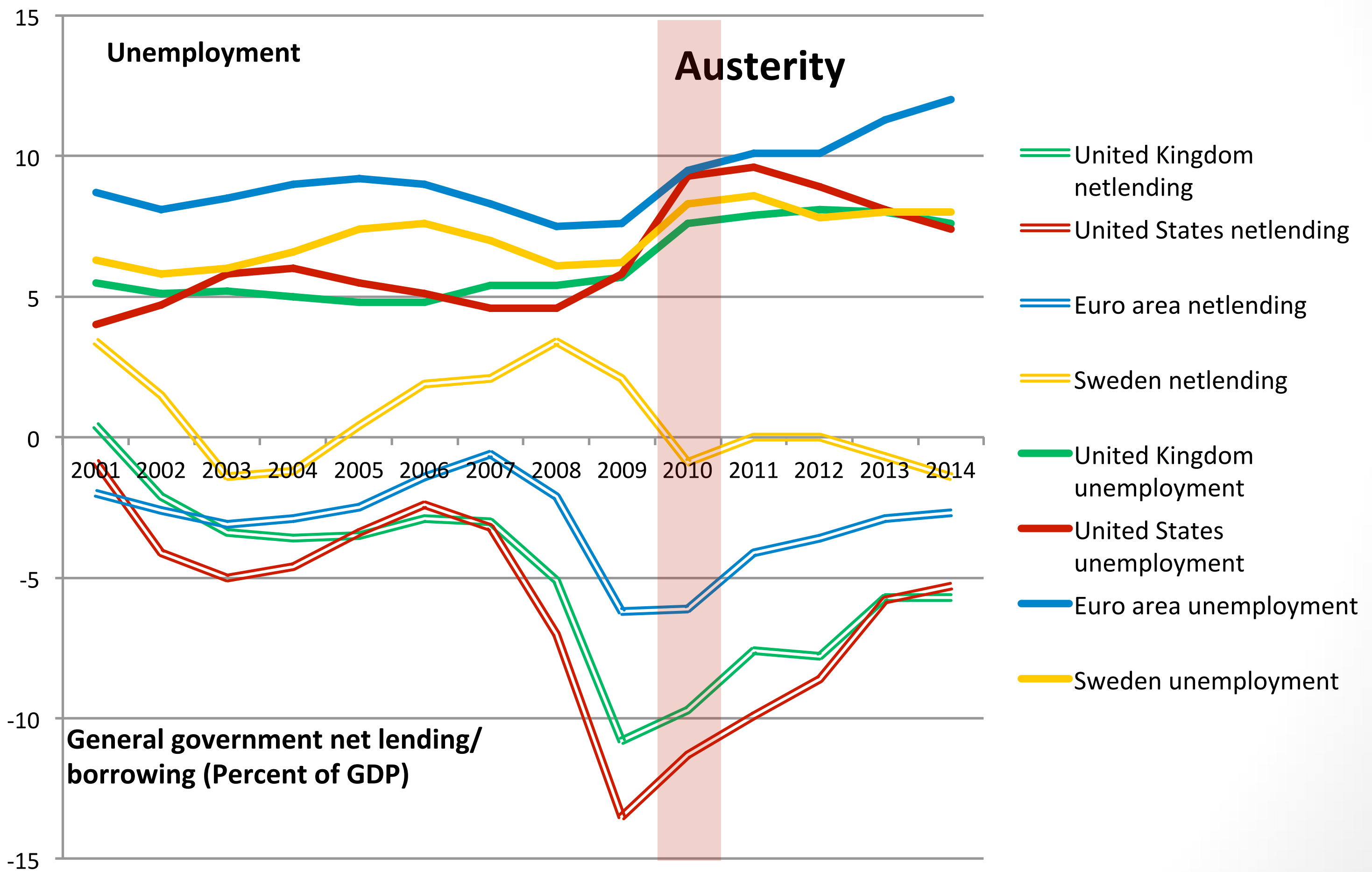
But austerity from 2010 and high unemployment



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Why? Two reasons, actually based on research

- **Low cost for austerity on growth and unemployment**. Assumption: very low fiscal multipliers, even expansionary fiscal contractions (Alberto Alesina).
  - “There is a growing consensus **that multipliers are high** when at zero lower bound and unemployment is high and episodes of banking crises are associated with higher multipliers.” IMF
- **High cost on growth and unemployment for 90 procent gross government debt** (Reinhart&Rogoff)
  - “Reinhart&Rogoff selectively exclude years of high debt and average growth. Second, they use a debatable method to weight the countries. Third, there also appears to be a coding error that excludes high-debt and average-growth countries. **All three bias their results, and without them you don't get their controversial result** about low growth for countries with a debt to GDP ratio higher than 90%” Bruegel 2013

So, what to do?

- **“In sum, stability and growth could both benefit when procyclical fiscal measures are avoided.” IMF 2015**
  - *“allowing automatic stabilizers to play …”*
    - Unemployment benefits were cut in Sweden and made more restricted
  - *“moving quickly to identify easy-to-implement capital and maintenance spending.”*
    - Since the 1980 the public capital stock has fallen relative to GDP in Sweden
- **How much fiscal support to provide? Key considerations?**
  - *“Access to financing at a reasonable cost is available, and policy credibility is present to ensure the deficit widening is perceived as temporary”*
    - Sweden borrows at almost zero cost, rates zero bound and only neutral fiscal stance? Not permanent taxdeductions (jobbeskatteavdraget) counter-cyclical public investments (much more!).

A lasting solution to the debt overhang problem is not possible without higher growth and moderate inflation. (IMF Fiscal Monitor 2015)