



# A MACRO FRAMEWORK LINKING DIFFERENT DIMENSIONS OF LONG- RUN PROJECTIONS

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# Scope of Macro Model

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- **Country coverage** = OECD + non-OECD G20
- **Horizon** = 2060 for “OECD@100”
- **Usage**
  - Common macro framework for diverse issues
  - Evaluate structural policies
  - Fiscal & international imbalance
  - Consistent with EO short-term projections



# Backbone is Cobb-Douglas Potential GDP

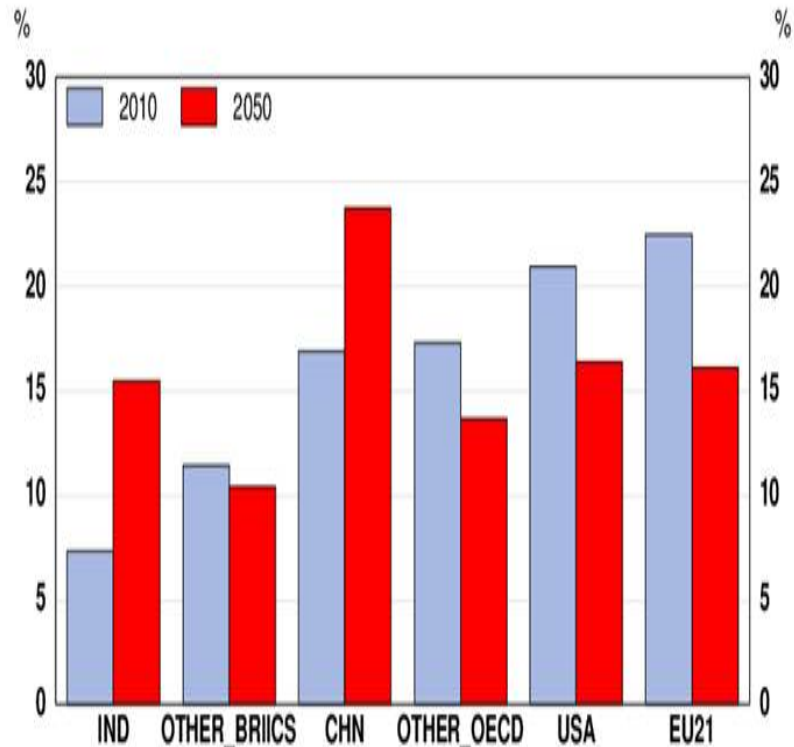
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- **Labour input** =  $f_1$ (demographics, education, labour market & retirement policies, ..)
- **Capital intensity** =  $f_2$ (global interest rates, risk premia, ..)
- **TFP, Conditional convergence** =  $f_3$ (human capital, competition, trade)

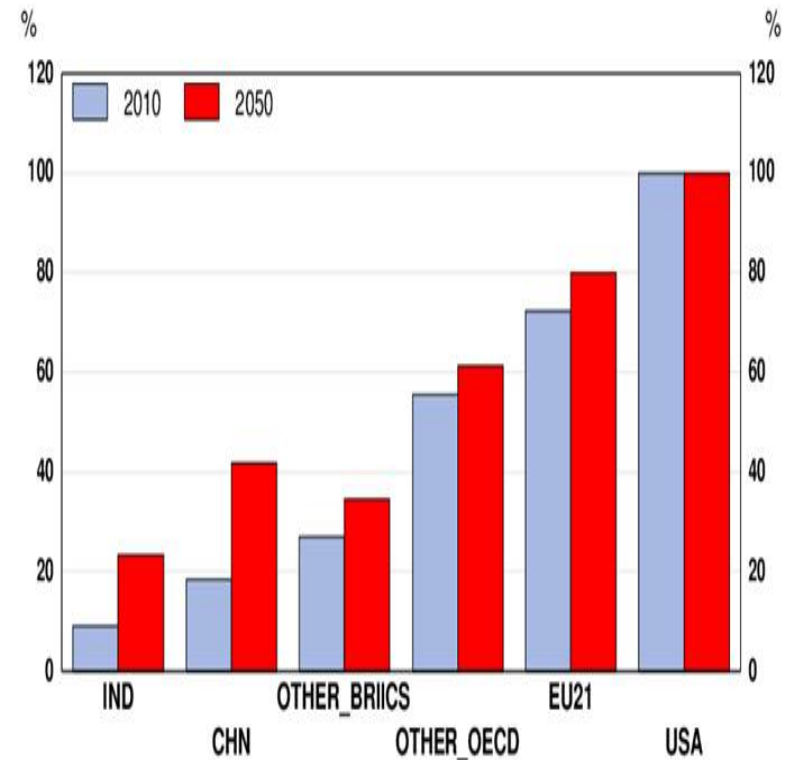


# Illustration of projections

**GDP**  
(in PPP, as % of world)



**GDP per capita**  
(USA=100)







# Key messages from OECD

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- Overlap between OECD work programme & conference issues
- Data, indicators & experience of OECD@100
- Macro model to be developed over coming year
- Can't commit specific resources, but will continue to run long-run scenarios & continue dialogue



## Selected references

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- Braconier, H., G. Nicoletti and B. Westmore (2014), “[Policy Challenges for the Next 50 years](#)”, OECD Economic Policy Paper, No. 9, OECD Publishing. July.
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- OECD (2014), “[Growth Prospects and Fiscal Requirements Over the Long Term](#)”, OECD *Economic Outlook*, Chapter 4, Vol. 2014/1, OECD Publishing. May.
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