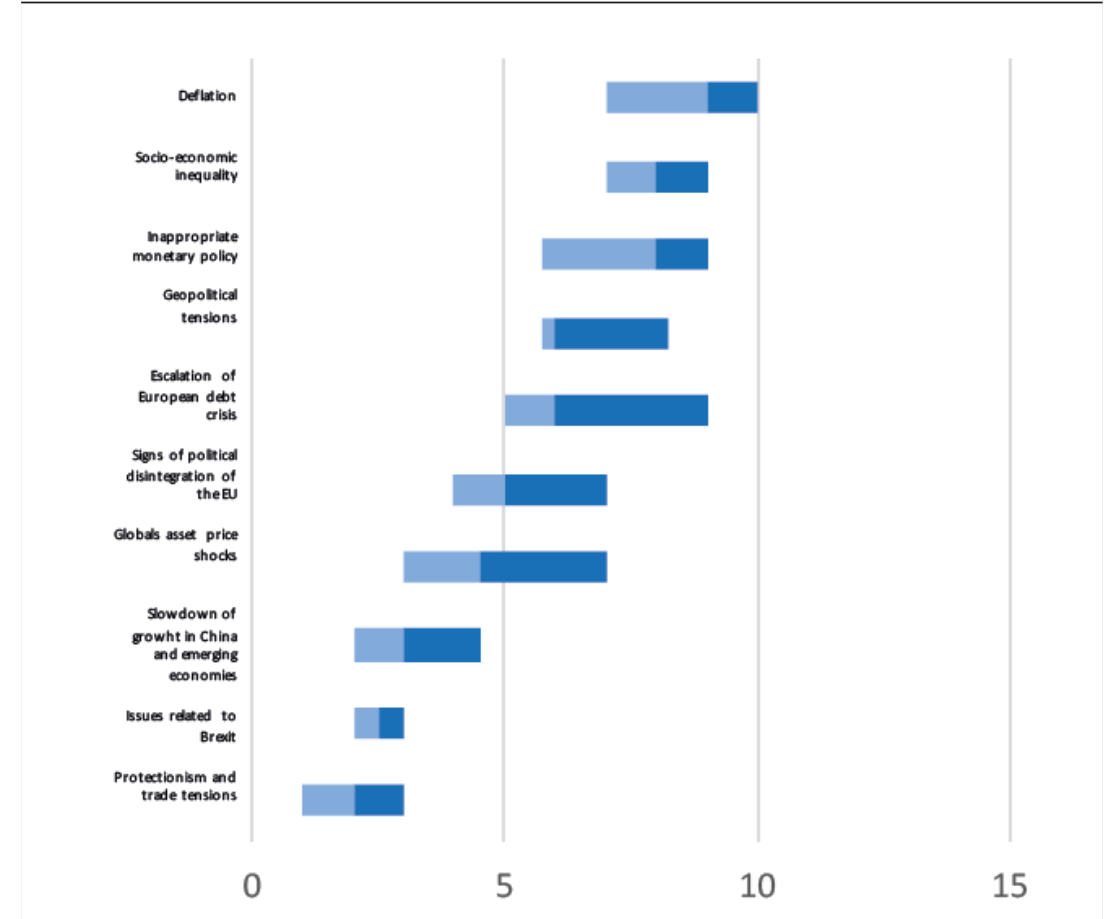


Risks to the projections

- Trade relations
- Shocks from abroad

Figure 4.1: Main downside risks to projections for growth in Europe up until 2020



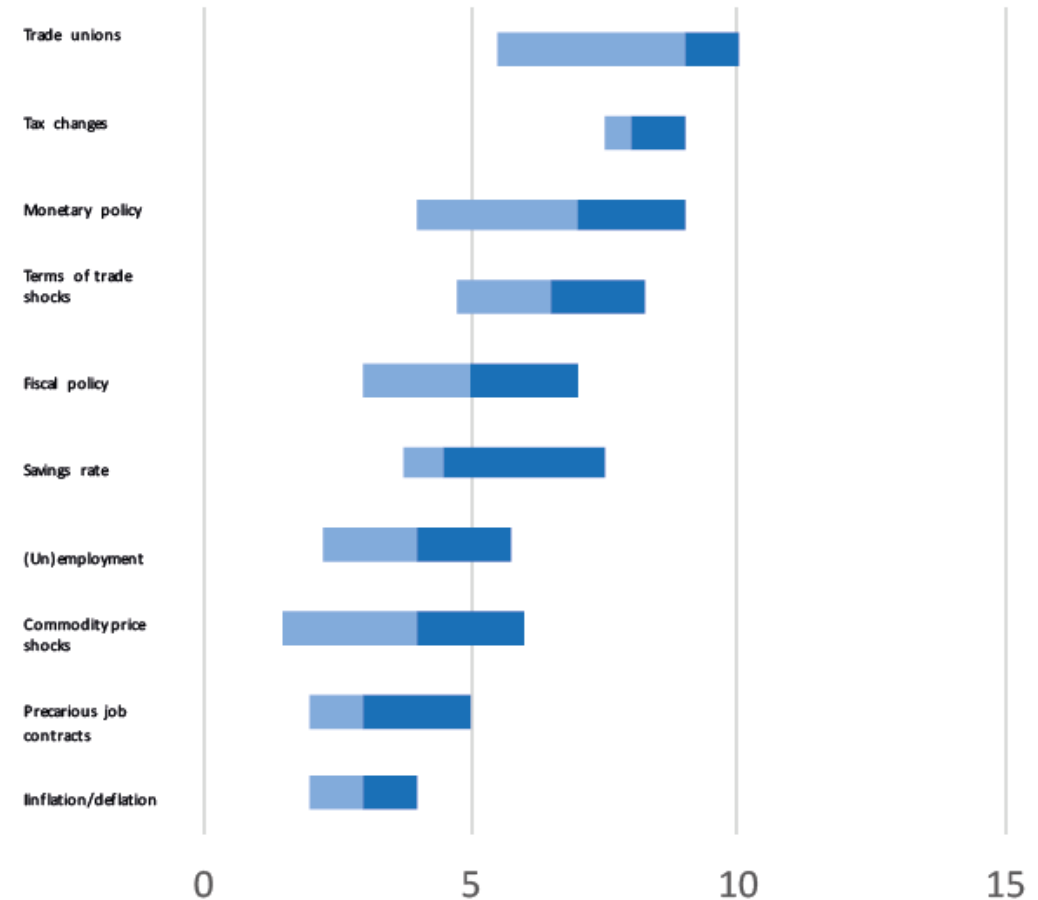
Source: AIECE institutes (n=23)



Low inflation

- Expectations and commodities
- Precarious jobs and unemployment
- Inflation-regime based on a different labour market conditions?

Figure 4.2: Main causes to the weak inflations outlooks for Europe. Rank 1 to 10, 1=most important



Source: AIECE institutes (n=18)



Expansionary monetary policy=financial instability?

- Autumn 2018: many central banks signaled higher interest rates in near future
- May 2019: postponed or cancelled
- Consequences of record low interest rates

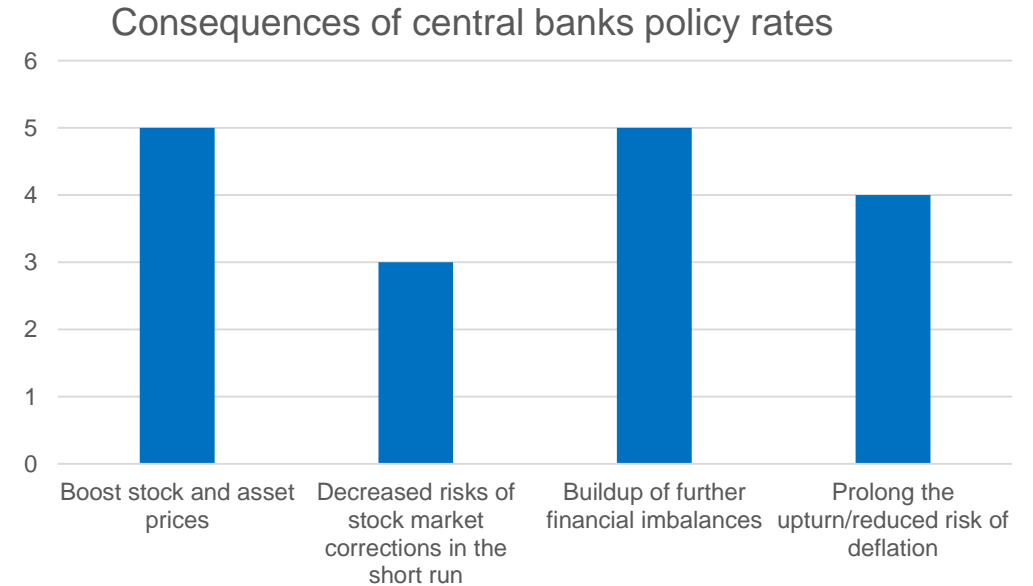


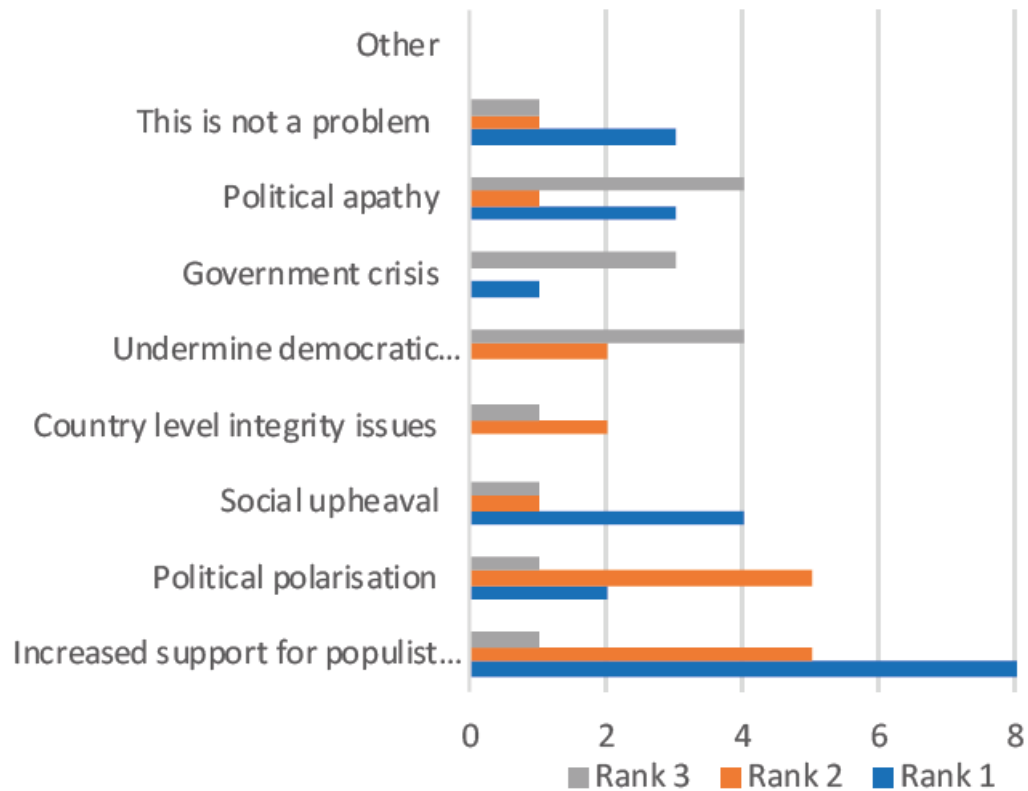
Figure 4.3: Several central banks have recently modified their monetary policy stance. Please choose the most important effect of this?



Source: AIECE institutes (n=18)

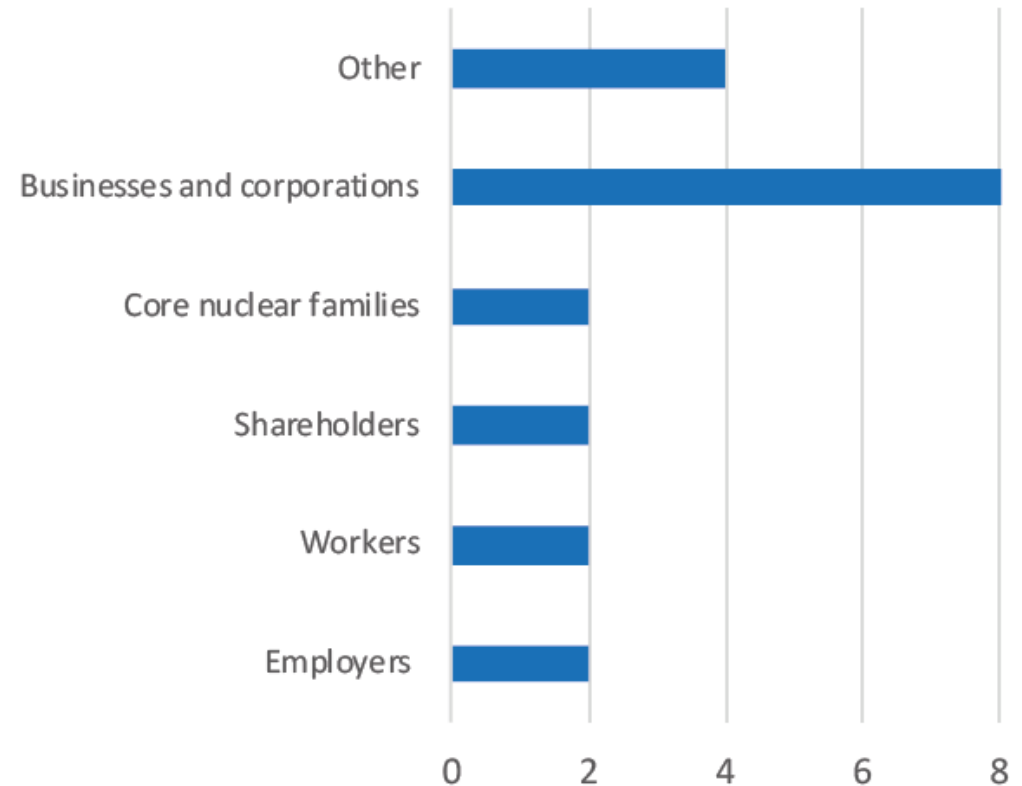
Polarisation?

Figure 4.4: Are there substantial subsets of your population that feel disenfranchised, and if so how might this manifest itself in the short to medium term? Choose the three most important consequences, 1= most important



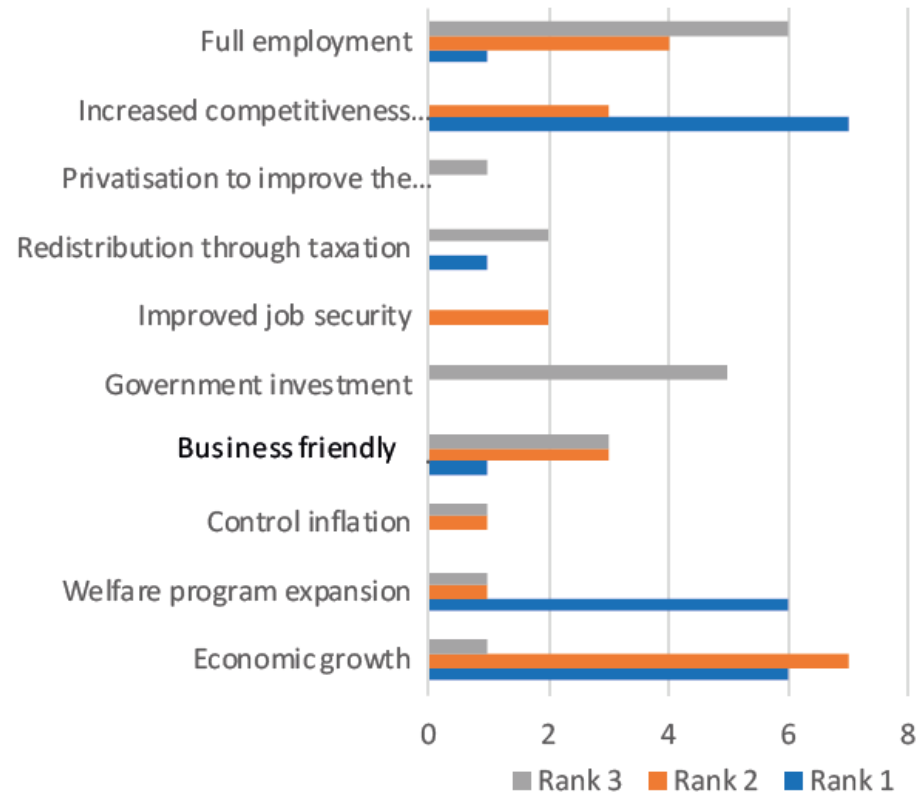
Source: AIECE institutes (n=21):

Figure 4.6: Who do you believe benefits most from current policy in your country?



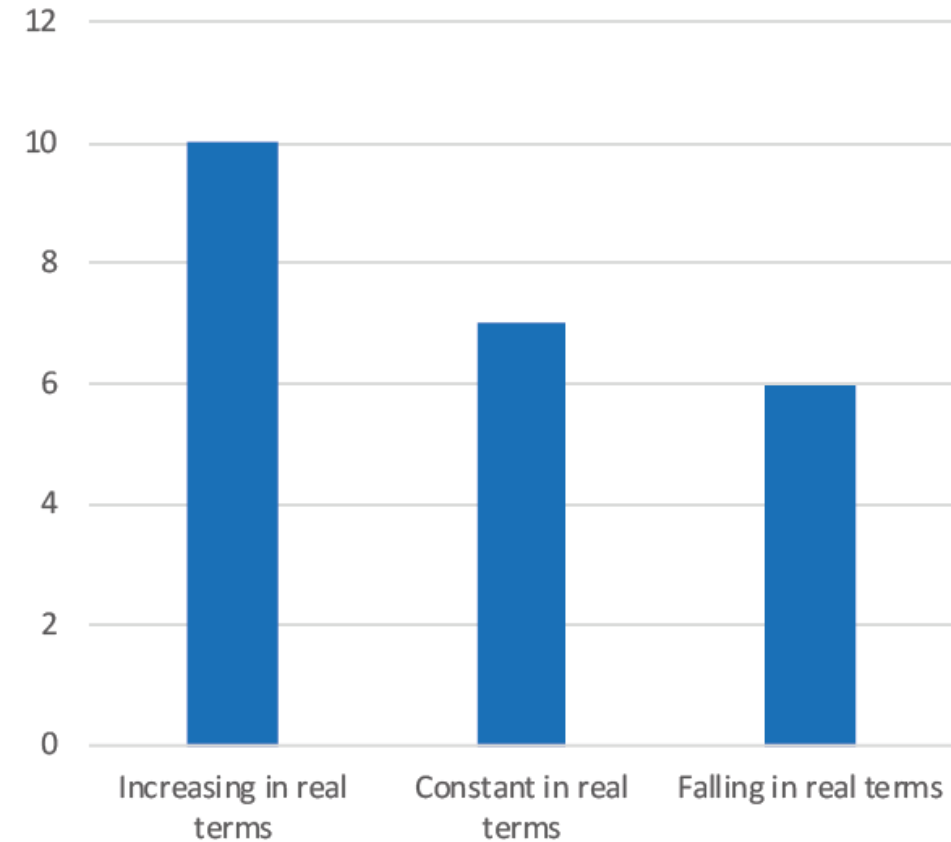
Source: AIECE institutes (n=22)

Figure 4.8: Which of the following alternatives are most in line with your country's economic policy goals. Please choose 3 alternatives, 1=most in line



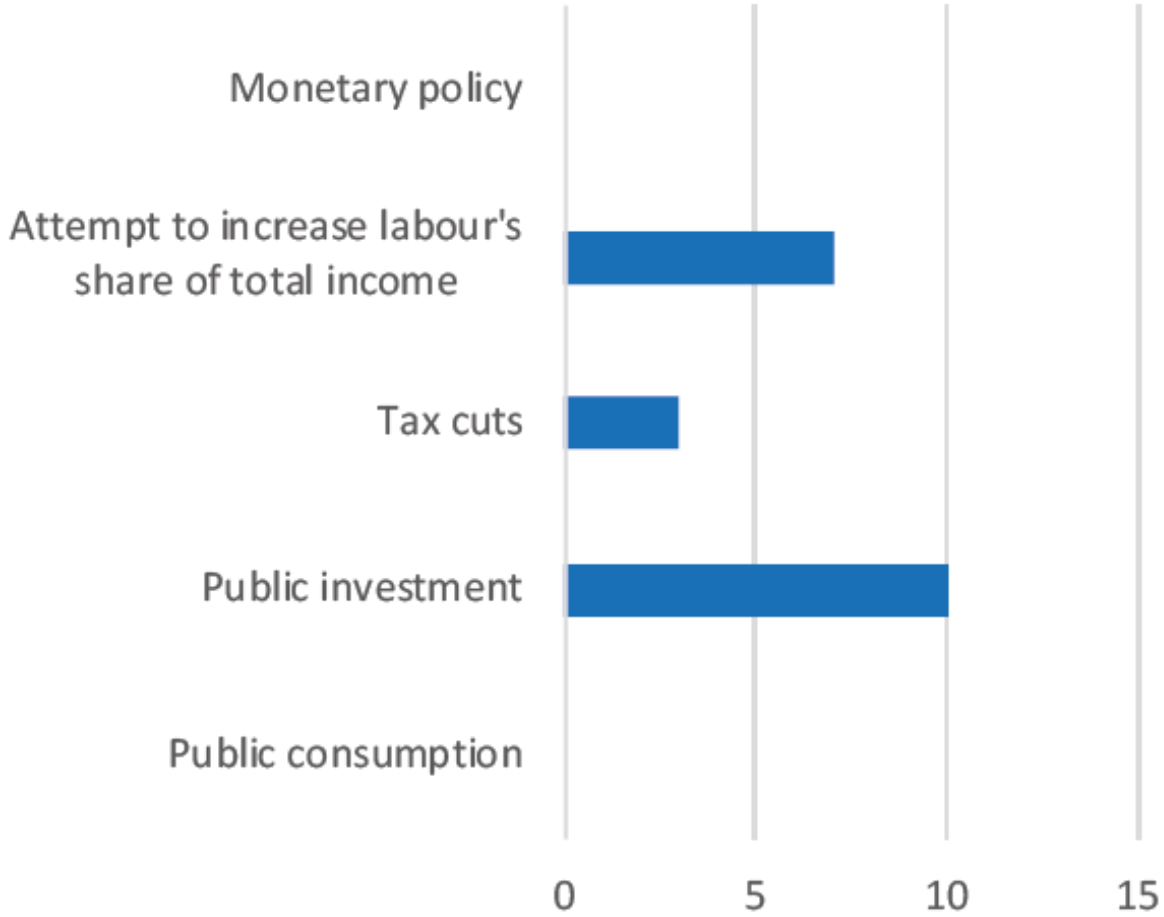
Source: AIECE institutes (n=24)

Figure 4.9: The recent development in spending on welfare programs (individual country)



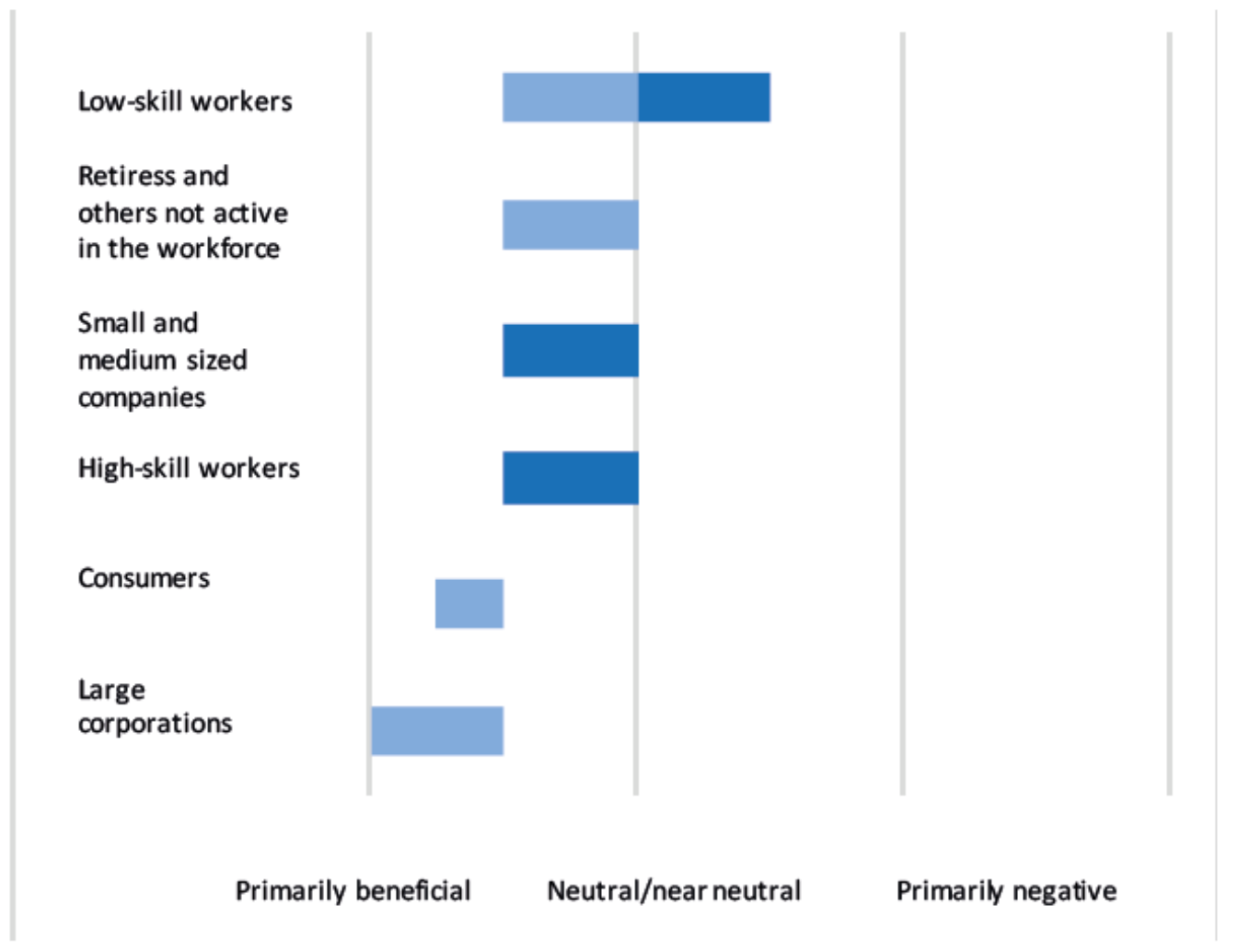
Source: AIECE institutes (n=23)

Figure: 4.10: The most appropriate policy to increase economic welfare for the majority of the population (individual country)



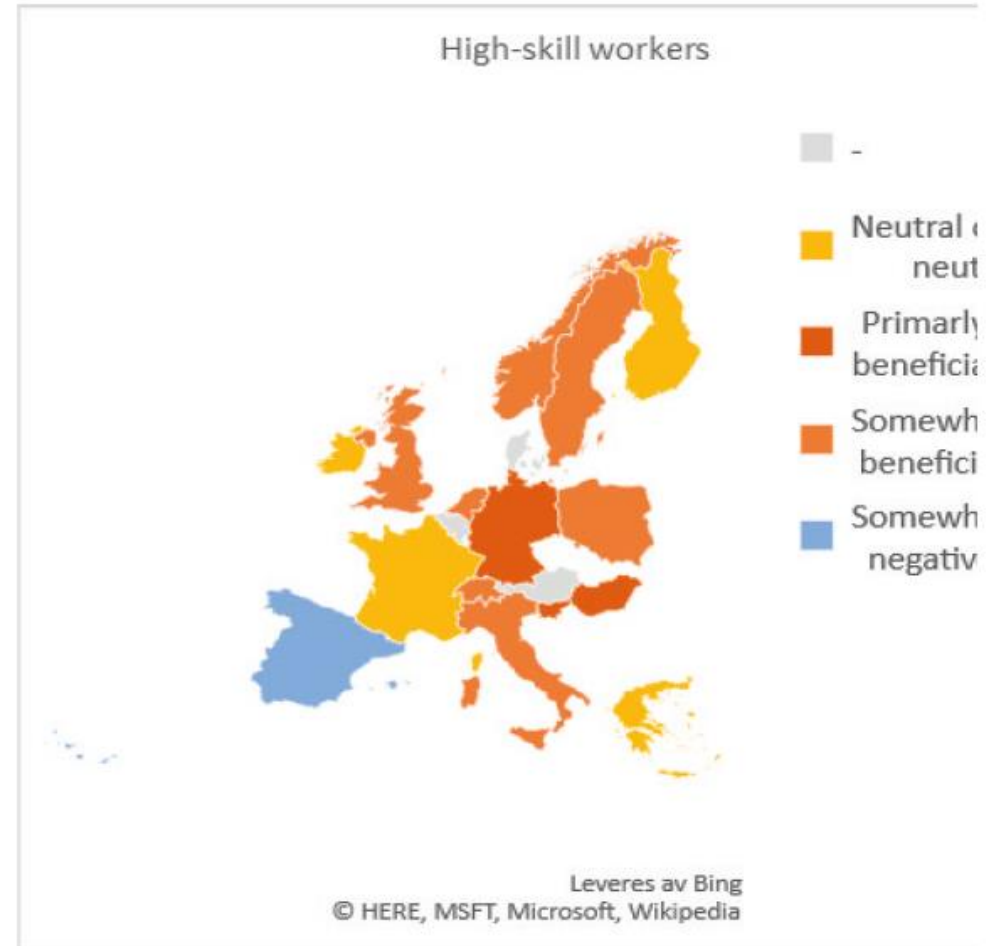
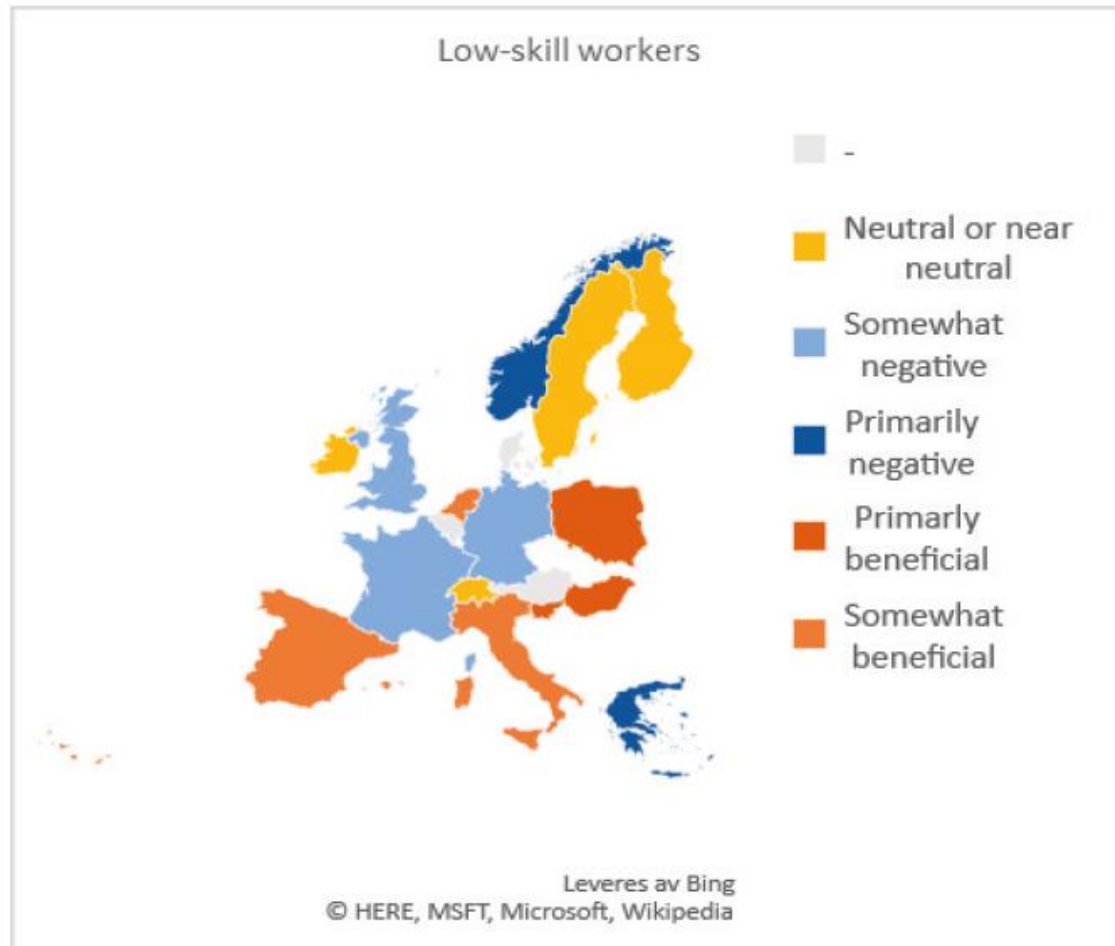
Source: AIECE institutes (n=20):

Figure 4.5: Effect on different groups by the EU-expansion of 2004

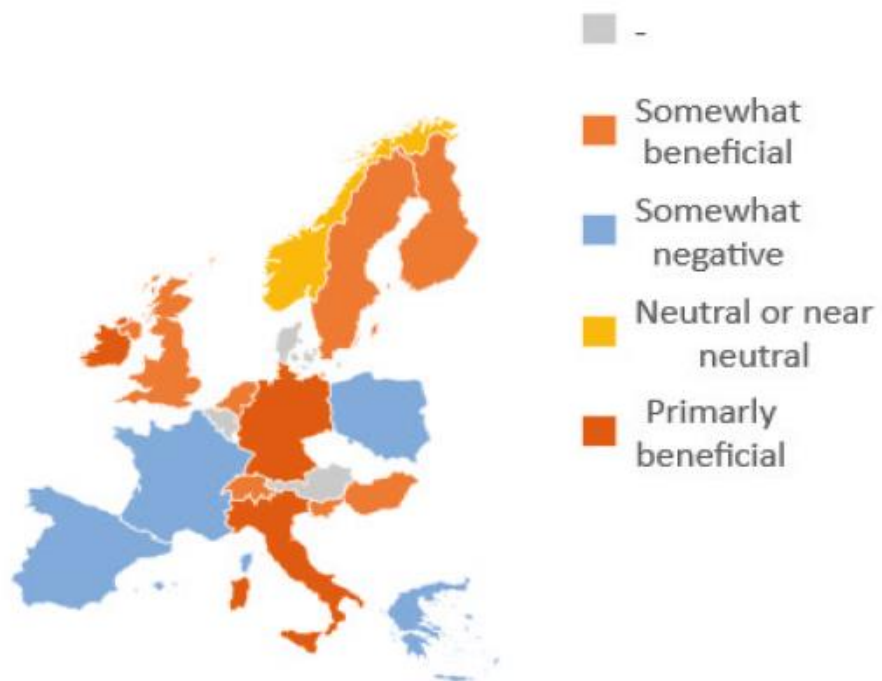


Source: AIECE institutes (n=19):

Appendix 2: Effect on different groups by the EU-expansion of 2004

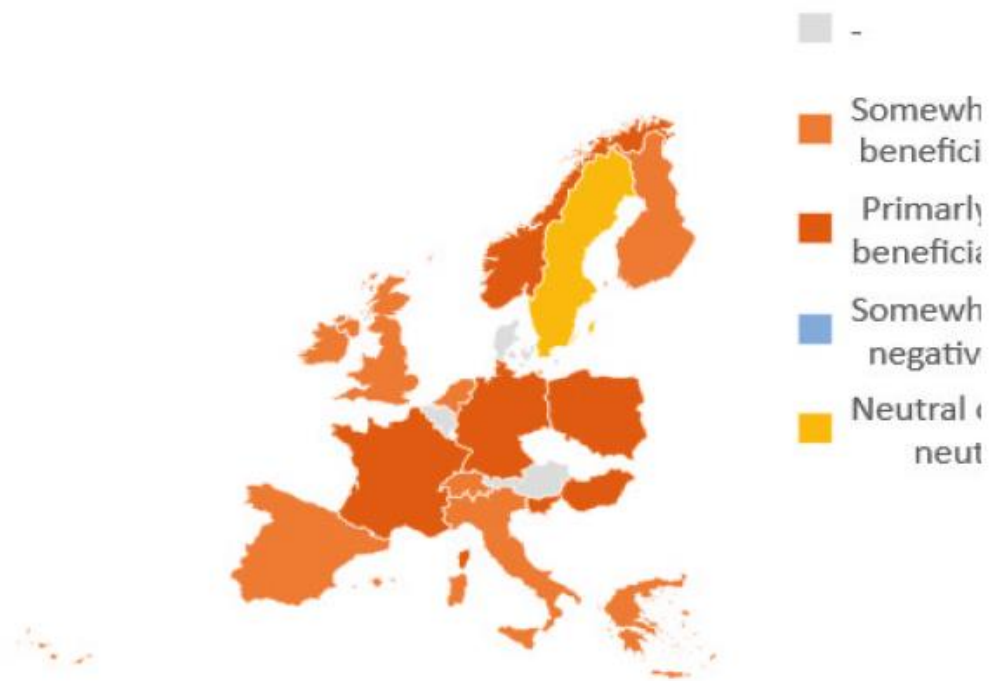


Small and medium sized companies



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Large corporations



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Consumers

-
- Somewhat beneficial
- Neutral or near neutral
- Primarily beneficial



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Retirees and others currently not active in the workforce

-
- Neutral or near neutral
- Somewhat beneficial
- Primarily beneficial
- Somewhat negative



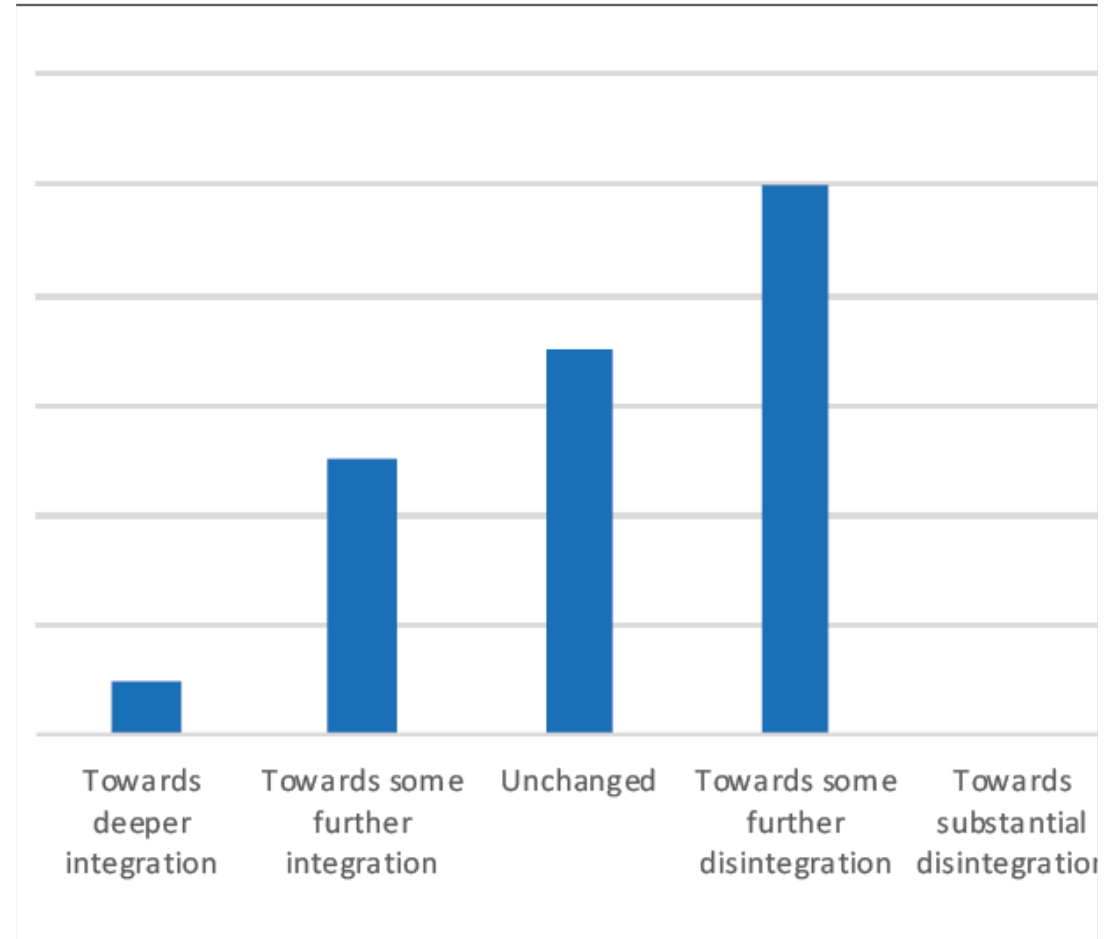
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EU – uncertain future

- Division in views among the institutes
- Macron vs. Brexit
 - > signs in different directions

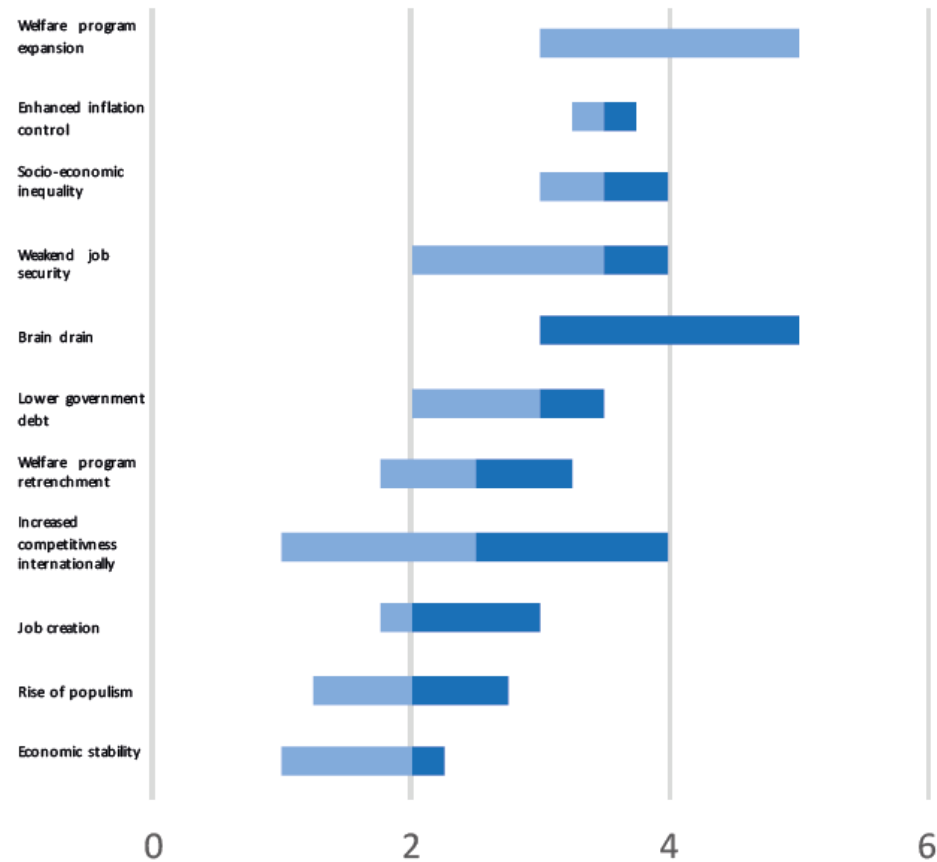
Figure 4.7 : The future prospects for the European Union, in today's political climate?



Source: AIECE institutes (n=23)

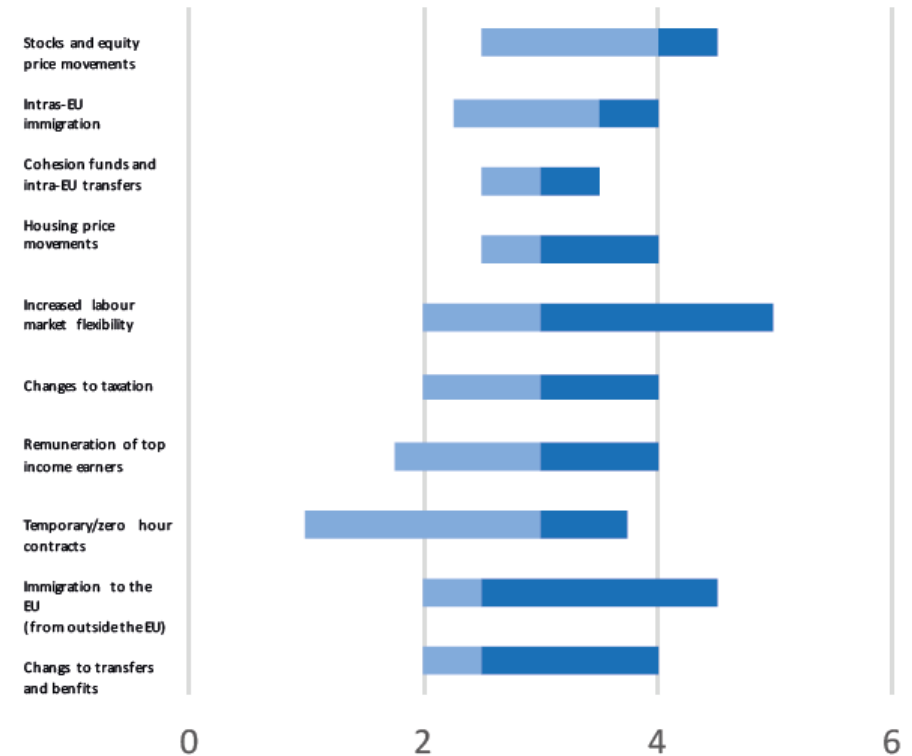


Figure 4.14: Main outcomes of policies undertaken the last decade (individual country)



Source: AIECE institutes (n=22)

Figure 4.15: Main causes to the changes in inequality since 2004 (individual country)



Source: AIECE institutes (n=17)

Questions for discussion

1. There are clear signs of weaker inflation outlooks in the near future. Do you think there is an increased risk of deflation in Europe?

Assuming there is a risk of deflation, what might be the consequences for the economies of Europe?

2. According to Katz and Krueger (2016) almost the whole increase in employment in the USA from 2005-2015 was due to the rise of *alternative work arrangements* (temporary employment, on-call workers, contract workers, independent contractors/freelancers).

Please discuss similar developments in Europe, and arguments for/against such a development.



Questions for discussion

- 3. Will the coming election to the EU parliament have any/some effect on economic outcomes or will it be «businesses as usual» thereafter?
- 4. If Great Britain leaves the EU – eventually – will that have any effect on the power balance in EU between countries and if so, what effects on EU economic policies can be expected?



Questions for discussion:

1. The pass-through mechanism ('trickle down Economics') to wages is broken. It always was. Discuss.
2. Inflation targeting has channelled the excess liquidity created by unprecedently loose monetary policy into asset prices benefitting politically influential insiders, not the (shrinking) middle class. Discuss, and consider whether the policy is doomed, salvageable or doing just fine?
3. In 1972 the wage share in the EU-15¹ was 72 per cent. In 2015 the wage share for the EU-28 had risen to 63 per cent after declining below 62 per cent in the financial crisis. Discuss whether labour's loss of almost 10 per cent of total Income is sustainable.

Irish Whiskey vs Scottish Whisky – suggested evening discussion topic

4. According to ETUI the somewhat stable aggregate Wage Share development in the EU in the last decade from 2009 to 2018, masks wide dispersion within. Ireland has seen a decline by 38 per cent, while at the other end of the scale it has risen by 28 per cent in Bulgaria. These trends mask the increasing uncertainty facing European workers, from a combination of increased supply of labour (China's entry into WTO) and technological change (increased automation/ capital augmenting technical progress and job churn). Possible questions to consider:
 - A. Which decade, and part of the world, would you rather be born in from 1950-9 to 2020-9?
 - B. Do you think your children's generation will have a better, equal, or worse life than your generation?
 - C. Which is the greatest threat in your country, climate change or inequality?

