

Klaus-Jürgen Gern

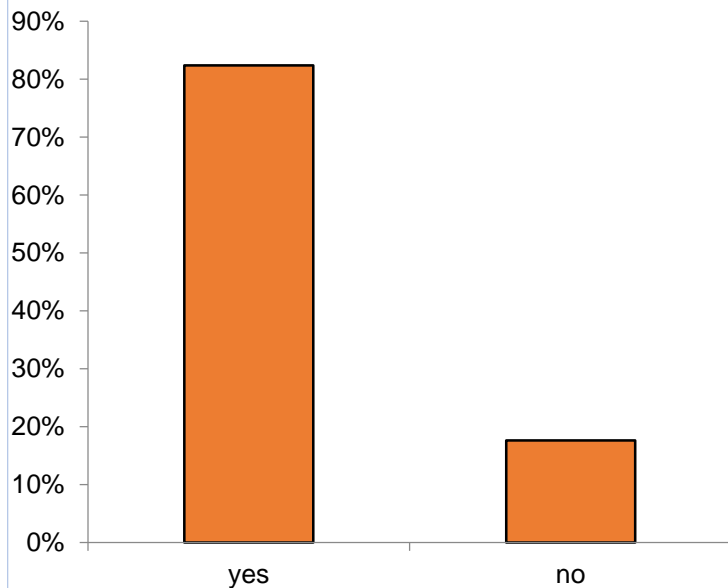
The impact of Covid-19 on the medium-term outlook – views from AIECE institutes

28. May 2021

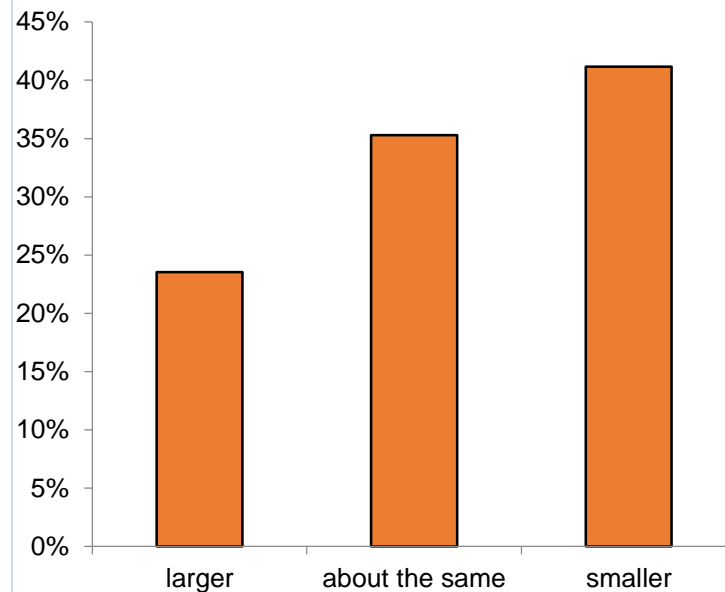


The vast majority of institutes expects the trajectory of output to be reduced in the longer term

Do you expect output in your country to be reduced by the Covid-19 crisis in the longer term (Scarring)?

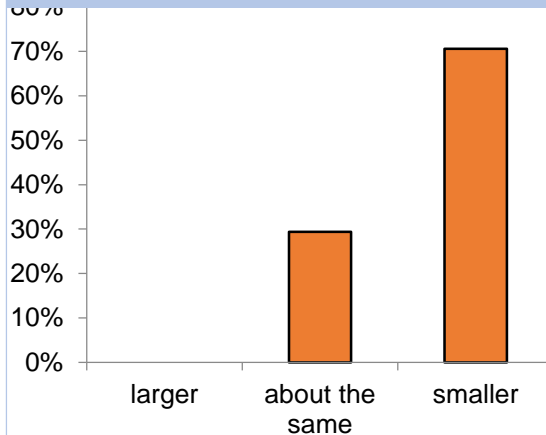


How would you compare the expected scarring in your country with the one to be expected for the euro area as a whole?

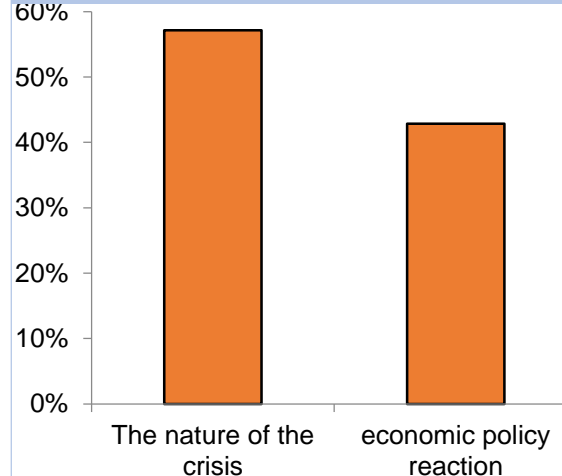


The scarring is generally expected to be smaller due both to the nature of the crisis and a different reaction of economic policy – modest effect of human capital losses on potential output

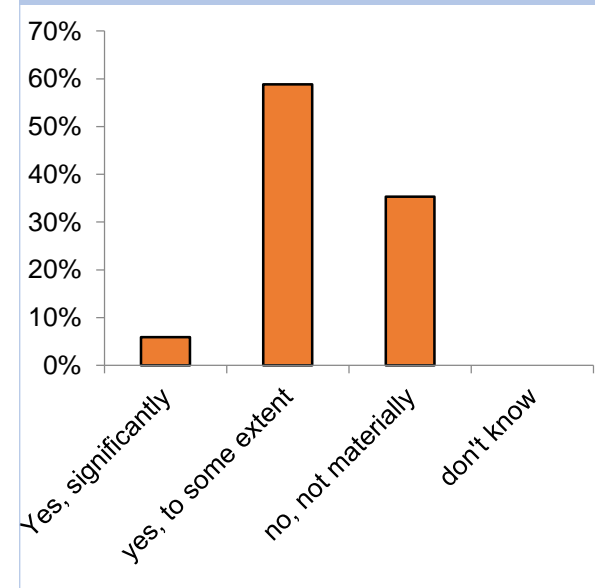
How would you compare the expected scarring in your country with the one experienced in the financial crisis?



What is the major reason for a different extent of scarring in your view?

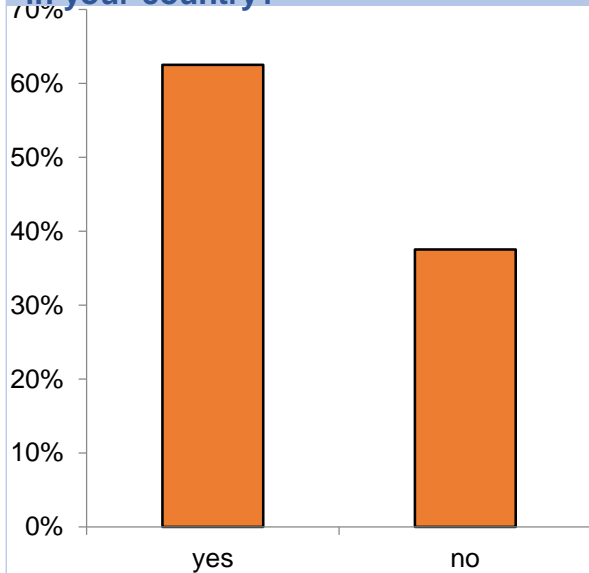


Do you expect losses of human capital from less efficient schooling and extensive unemployment/furloughing to negatively affect output in the longer term?

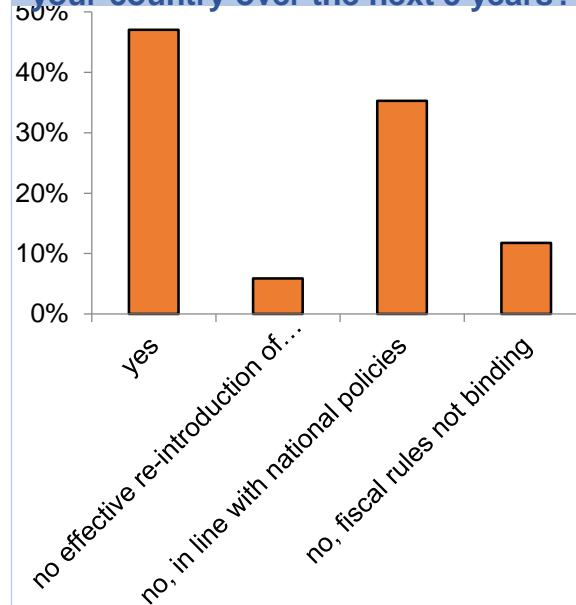


The majority of institutes expects NGEU to be significant – fiscal rules will continue to restrain fiscal policy also in the future

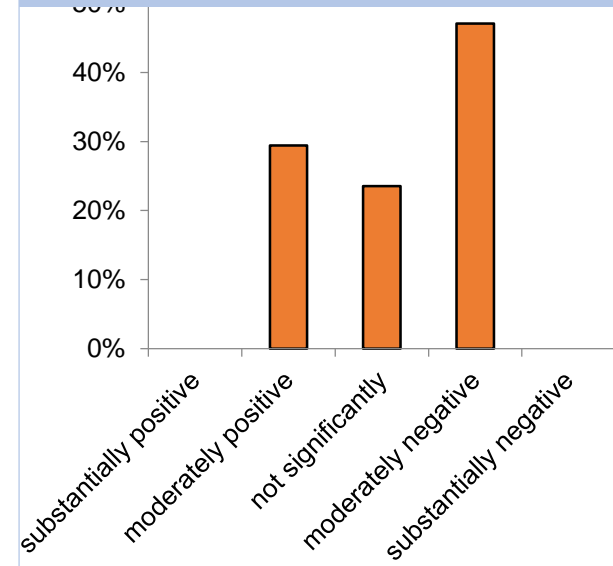
Do you expect the NextGenerationEU Programme to have a significant impact on growth in your country?



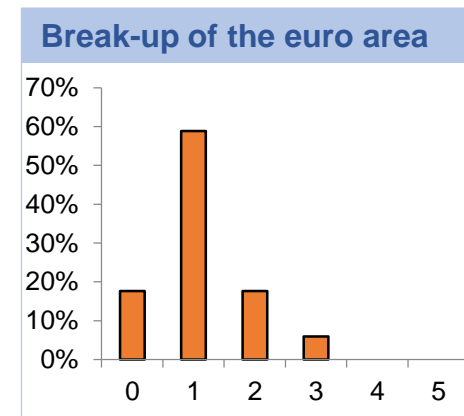
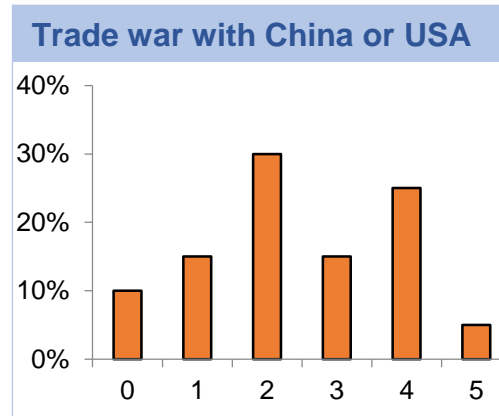
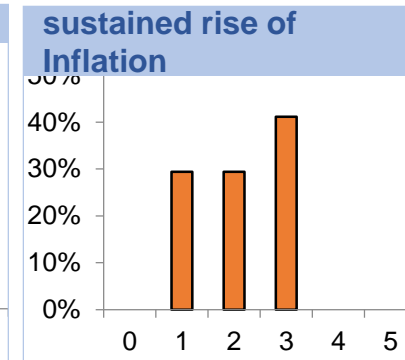
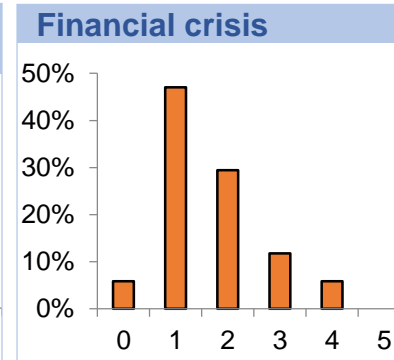
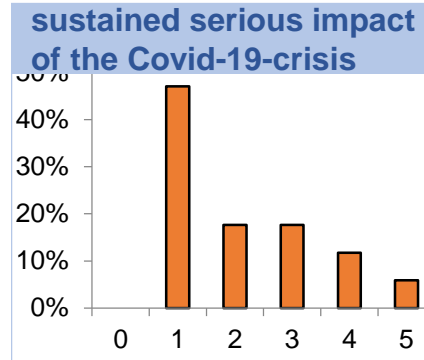
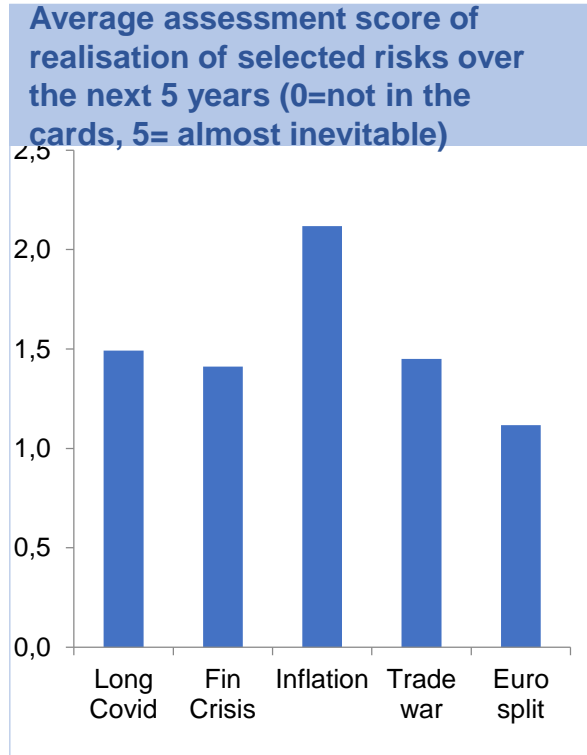
Do you expect European governance rules to significantly restrain fiscal policy options in your country over the next 5 years?



How do you expect policies towards a greener economy to impact on growth over the next 5 years?

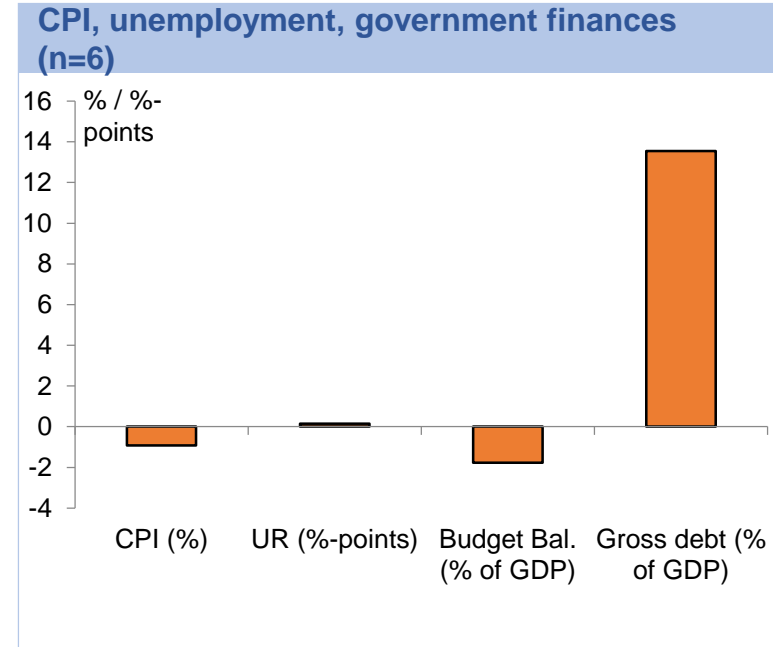
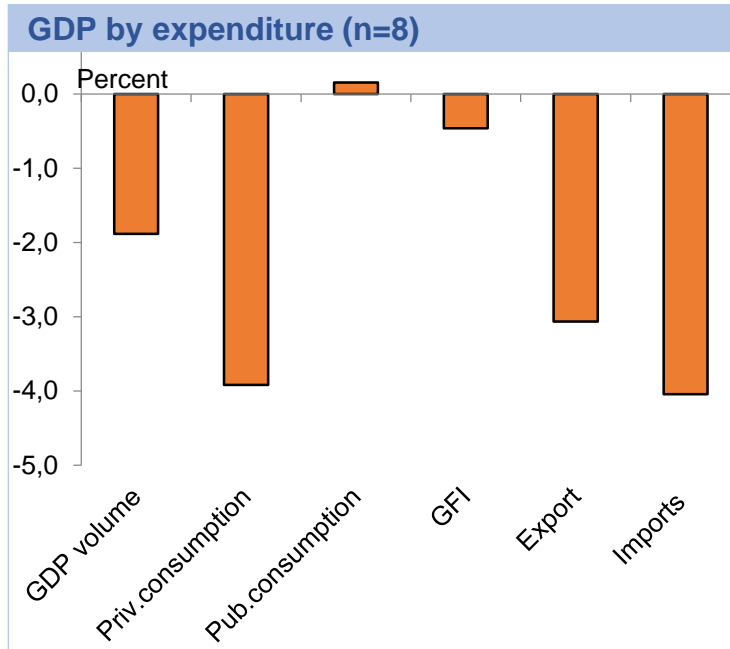


Risks to the medium-term outlook



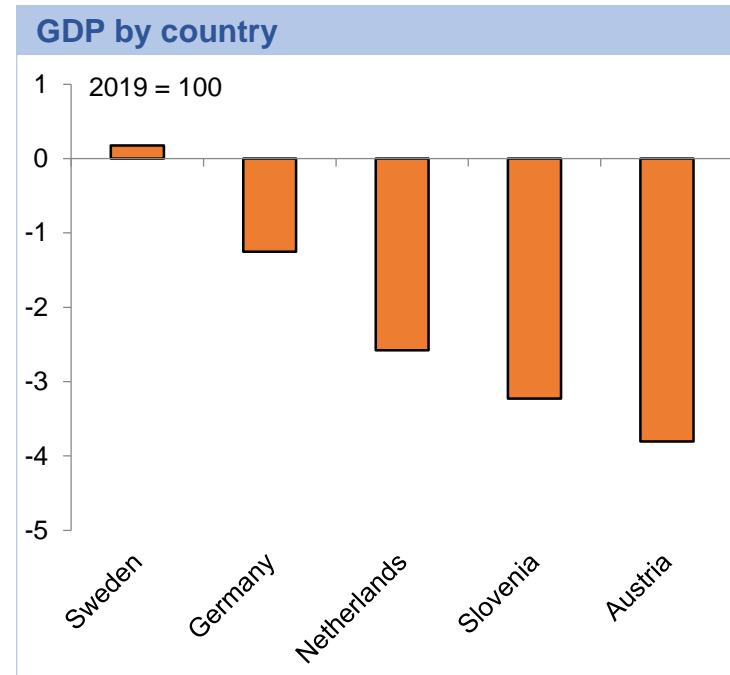
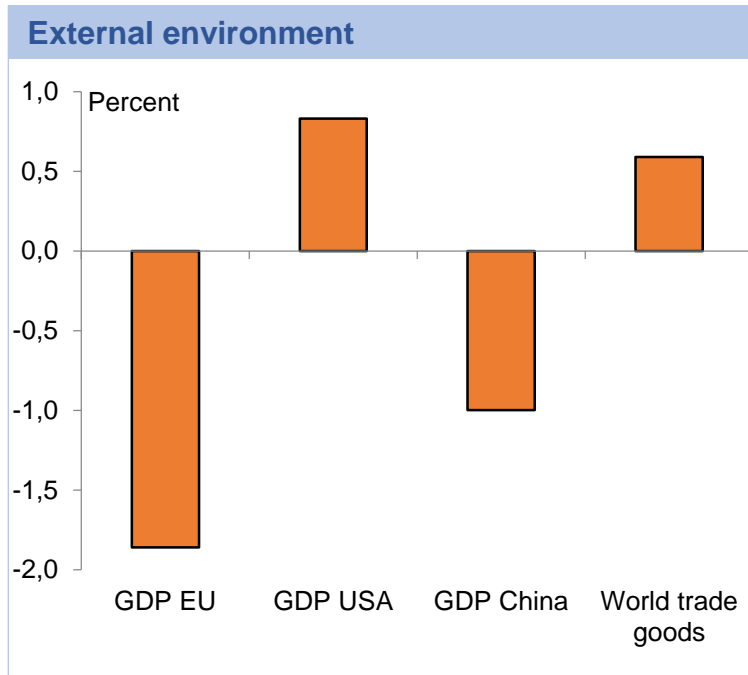
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Average difference in levels to 2024 forecast from before the crisis



Extent (and direction) of revisions is diverse across countries

Average difference in levels to 2024 forecast from before the crisis



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