



ORGANISATION FOR ECONOMIC  
CO-OPERATION AND DEVELOPMENT

Steel Committee, Paris 8-9 June 2009



## The OECD Strategic Response to the Crisis and Government Stimulus Packages

Dirk Pilat

Head, Structural Policy Division

[dirk.pilat@oecd.org](mailto:dirk.pilat@oecd.org)



## OECD Strategic Response to the Crisis

### 1. Finance, Competition and Governance:

- Work to strike a better balance between the search for returns and prudence with regards to risk
- Developing exit strategies that are consistent with long-term growth

### 2. Fostering Long-Term Growth:

- Keeping markets open (trade and investment)
- Aligning stimulus measures with long-term growth (e.g. through sustainable macro policies; growth-oriented tax reforms; labour and education measures; investments in long-term growth, e.g. infrastructure, green growth and innovation)



## Government responses: Economic stimulus packages

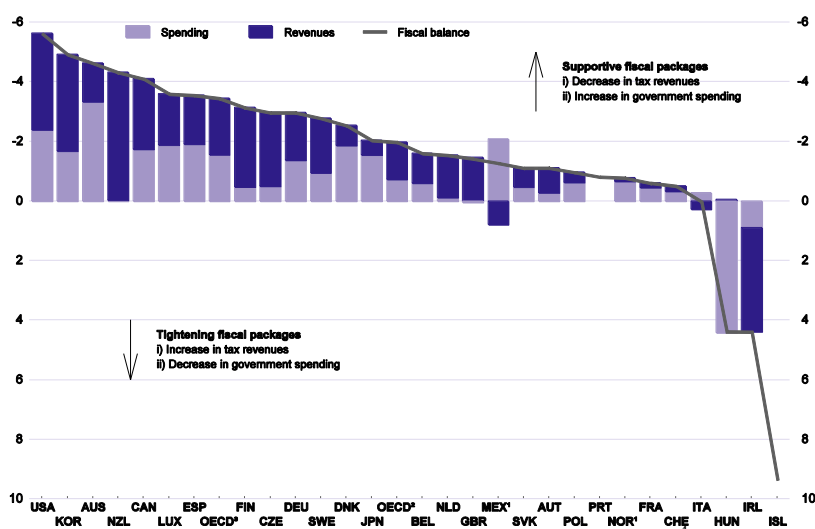
- Unprecedented fiscal stimulus: mixtures of financial bail-outs, tax cuts and extra-budgetary spending
- Virtually all OECD countries have packages, some several, ranging from (2009/10):
  - USD 500 million to 804 billion
  - as share of GDP: 0.3% to 5%
  - total of USD 1.5 trillion
- Non member economies:
  - China USD 580 billion (13% of GDP)

3

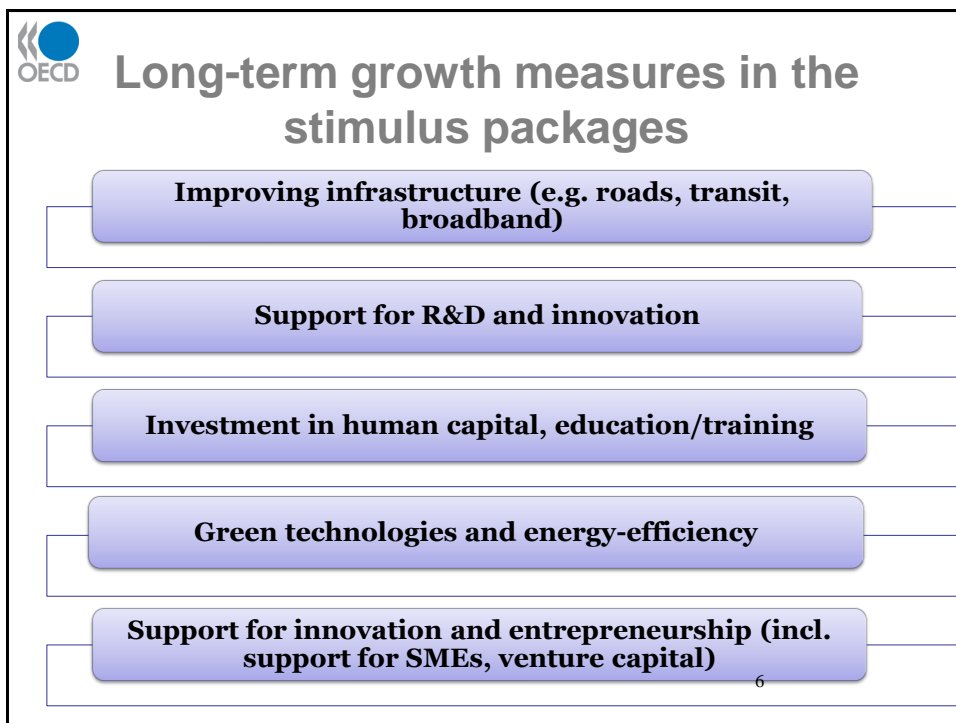
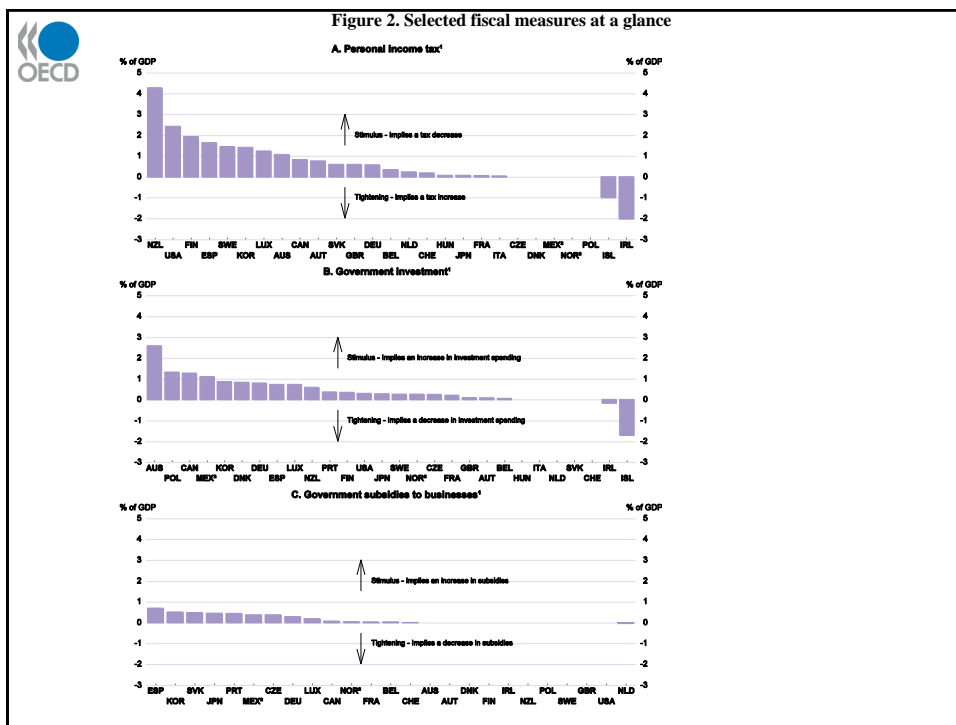


## The size and composition of fiscal packages

Cumulative impact of fiscal packages over the period 2008-2010 on fiscal balances as % of 2008 GDP



Source: OECD Interim Economic Outlook 2009, 31 March 2009





**Table 1. Financial weights of selected, long-term policies in OECD country stimulus packages, May 2009**

	Infrastructure	Science, R&D and innovation	Education	Green technology
<b>Australia</b>	AUD 9.7 billion	AUD 2.9 billion	AUD 15.7-17 billion	AUD 5.7 billion
% of GDP	0.82%	0.25%	up to 1.4%	0.48%
<b>Canada</b>	CAD 20.3 billion	CAD 800 million	1.9 billion	CAD 2.8 billion
% of GDP	1.27%	0.05%	0.12%	0.18%
<b>Chile</b>	USD 700 million	USD 8.8 million	USD 147 million	USD 0
% of GDP	0.50%	0.01%	0.10%	0%
<b>Finland</b>	EUR 910 million	EUR 25 million <sup>1</sup>	EUR 30 million	EUR 38 million
% of GDP	0.48%	0.01%	0.02%	0.02%
<b>France</b>	EUR 4.7 billion	EUR 46 million <sup>2</sup>	EUR 731 million	EUR 30 million
% of GDP	0.24%	0.00%	0.04%	0.00%
<b>Germany<sup>3</sup></b>	EUR 11.5 billion <sup>4</sup>	EUR 1.4 billion	EUR 14.5 billion <sup>5</sup>	EUR 5.7 billion
% of GDP	0.5%	0.1%	0.6%	0.2%
<b>Korea</b>	KRW 50 trillion (USD 36 billion) of green investments (5.14% of GDP) – distributed throughout these categories although a detailed break-down is not yet available.			
<b>Norway</b>	NOK 3.8 billion	NOK 170 million <sup>2</sup>	NOK 270 million	NOK 1.6 billion
% of GDP	0.16%	0.01%	0.01%	0.06%
<b>Sweden</b>	SEK 8.6 billion	SEK 9 billion	SEK 500 million	SEK 2 billion
% of GDP	0.27%	0.29%	0.016%	0.06%
<b>Poland</b>	PLN 91,3 billion	PLN 16,8 billion	n.a.	PLN 2.5 billion
% of GDP	0.072%	0.013%	n.a.	0.002%
<b>Portugal</b>	EUR 50 million	EUR 224 million	EUR 682 million <sup>6</sup>	EUR 260 million
% of GDP	0.03%	0.13%	0.41%	0.16%
<b>USA</b>	USD 100 billion	USD 16 billion	USD 83 bill	USD 59 billion
% of GDP	0.70%	0.11%	0.58%	0.41%



## Long-term goals and short-term actions

- Many governments are looking for **double-dividend actions** that can strengthen short-term demand and support long-term growth, e.g.:
  - Well-designed investments in infrastructure
  - Spending on training and active labour market policies.



## OECD work on the stimulus packages

- Analysis of **size and composition**, with focus on:
  - Macro-economic (fiscal) impact
  - Trade and competition aspects
  - Employment measures
  - Environmental measures
  - Long-term growth measures
  - Specific sectors (steel, shipbuilding, construction, cars)
- Further work:
  - Assessing the impacts of the packages.
  - Continued monitoring.



## Further information

- OECD Ministerial Council Meeting of 24-25 June:
  - [www.oecd.org/mcm2009](http://www.oecd.org/mcm2009)
  - Key **topics** for discussion:
    1. The road to recovery
    2. Green growth: overcoming the crisis and beyond
    3. Keeping markets open for trade and investment
  - **Main focus of discussion:** towards a stronger, cleaner and fairer world economy.
  - **Attendance:** OECD members, 5 accession countries and 5 enhanced engagement countries.