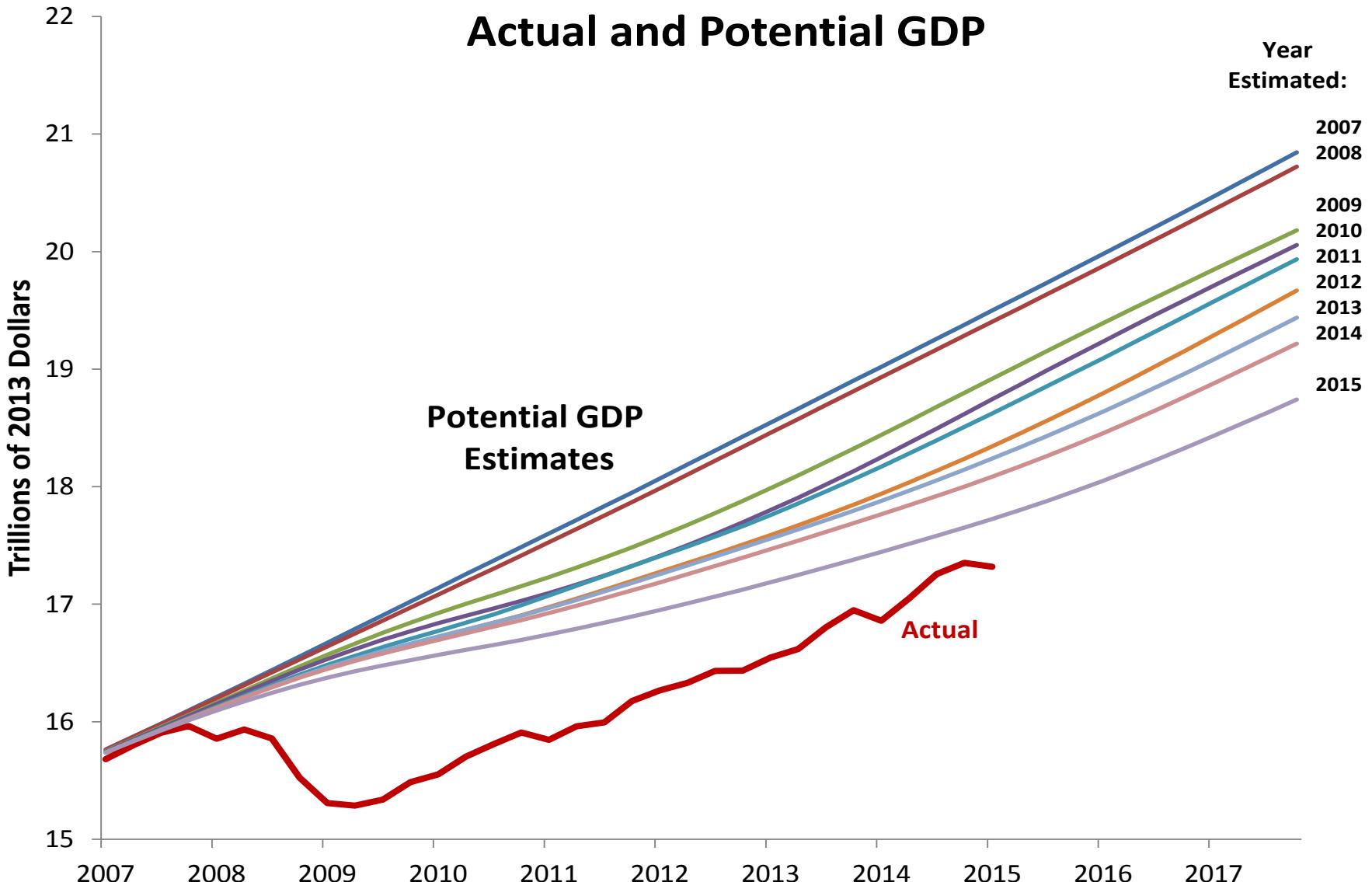


# Secular Stagnation

Dr. Lawrence H. Summers

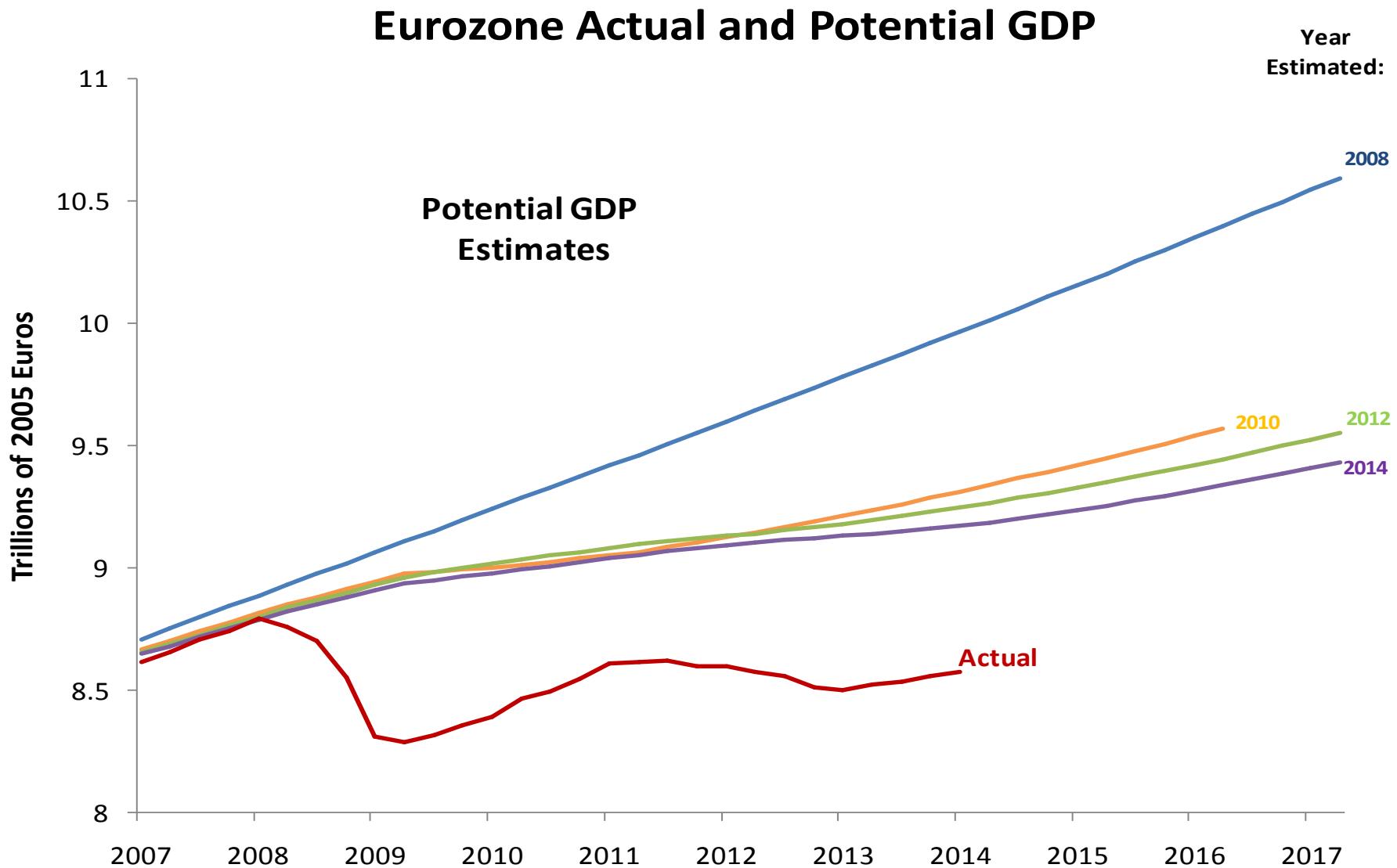
June 18, 2015

# Downward Revision in Potential GDP, USA

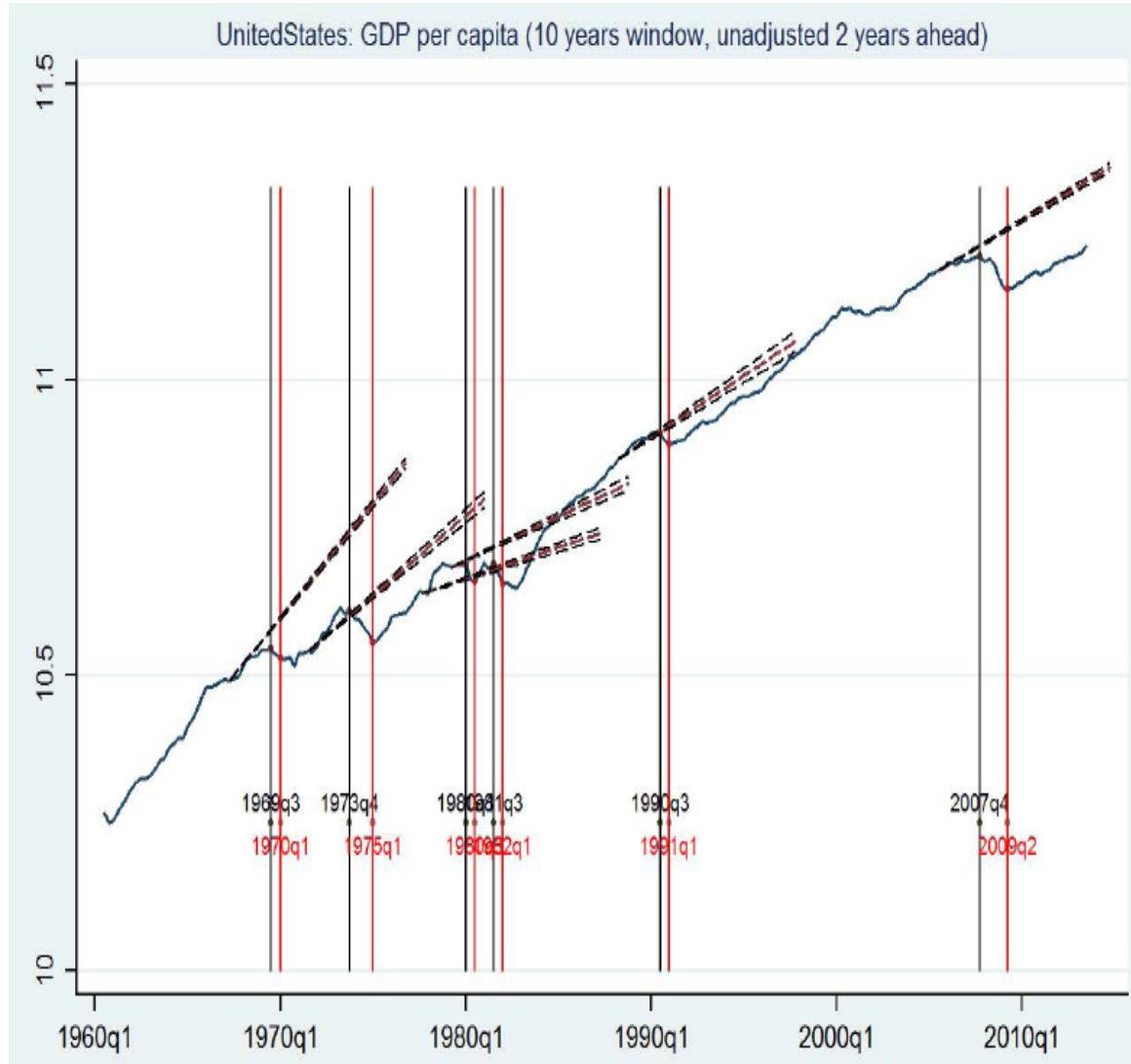


Sources: CBO Budget and Economic Outlooks 2007-2015, Bureau of Economic Analysis

# Downward Revision in Potential GDP, Eurozone

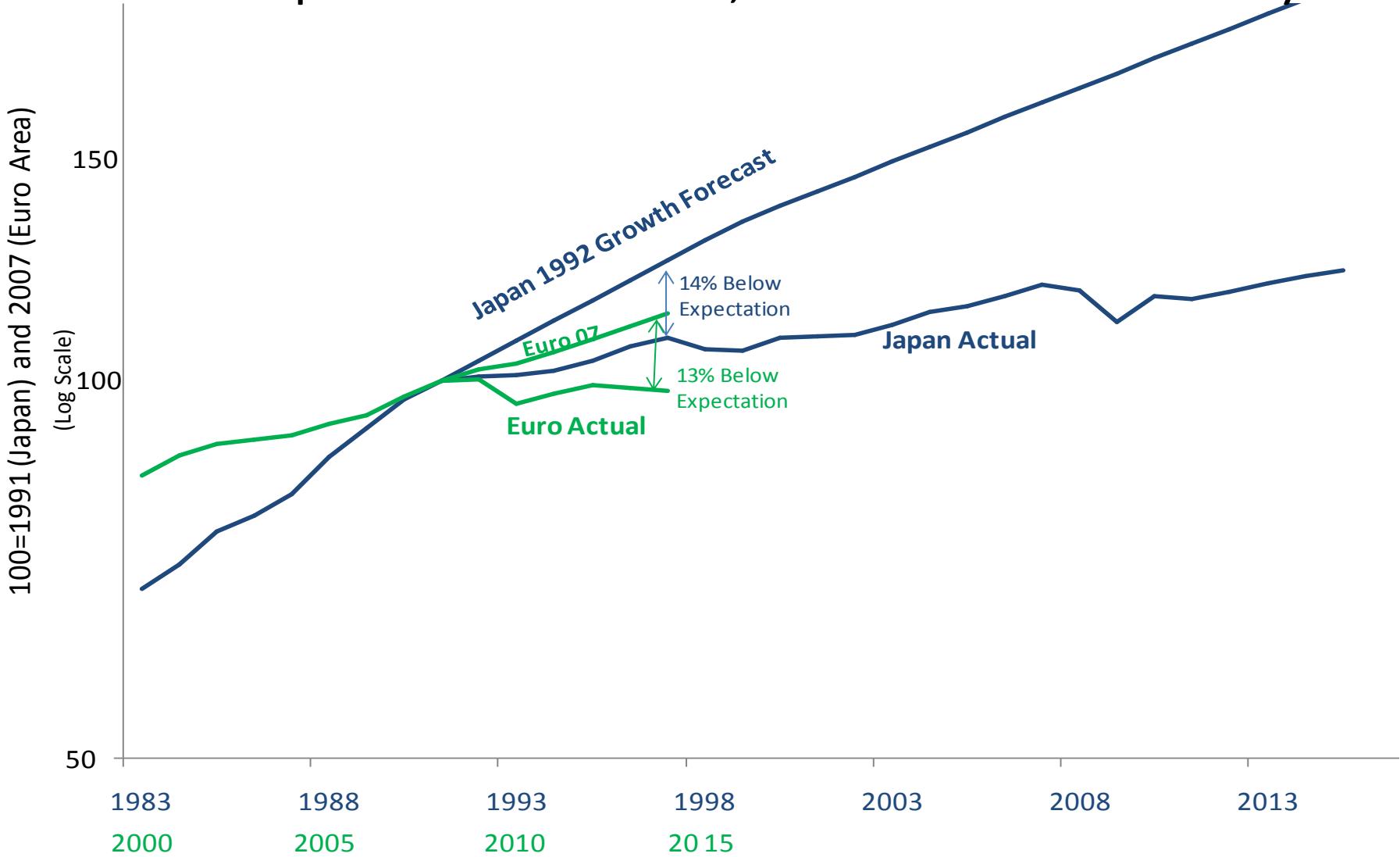


# Recessions Can Permanently Impact the Level of Activity, Not Just Its Volatility



# Europe Mirrors Japan's Experience

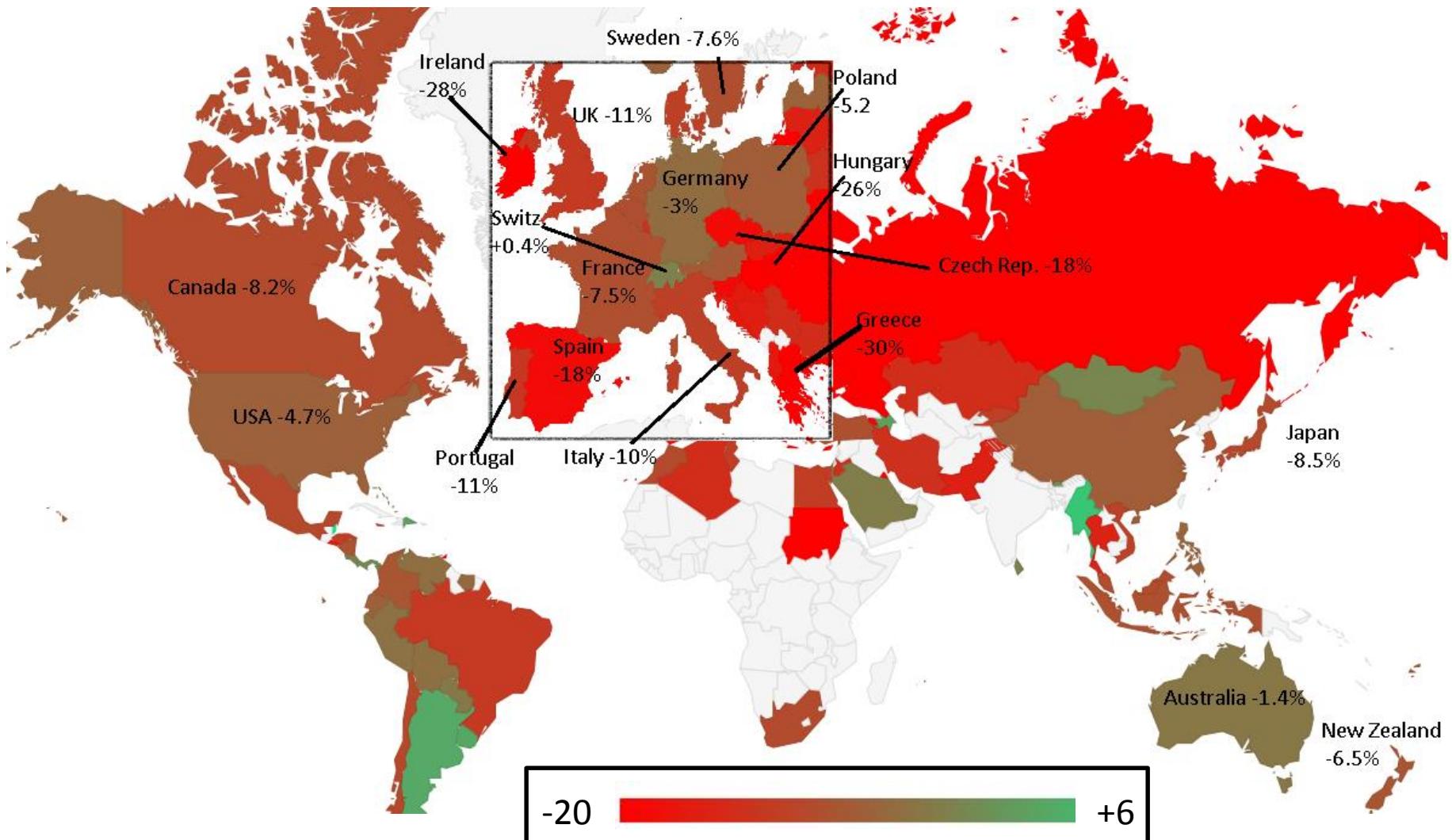
## Japan and Euro Area, Forecast Versus Reality



Sources: OECD 1992 "Long Term Prospects For The World Economy", IMF 2007, 2007 & 2014 WEO Database

# Falling Potential A Global Phenomenon

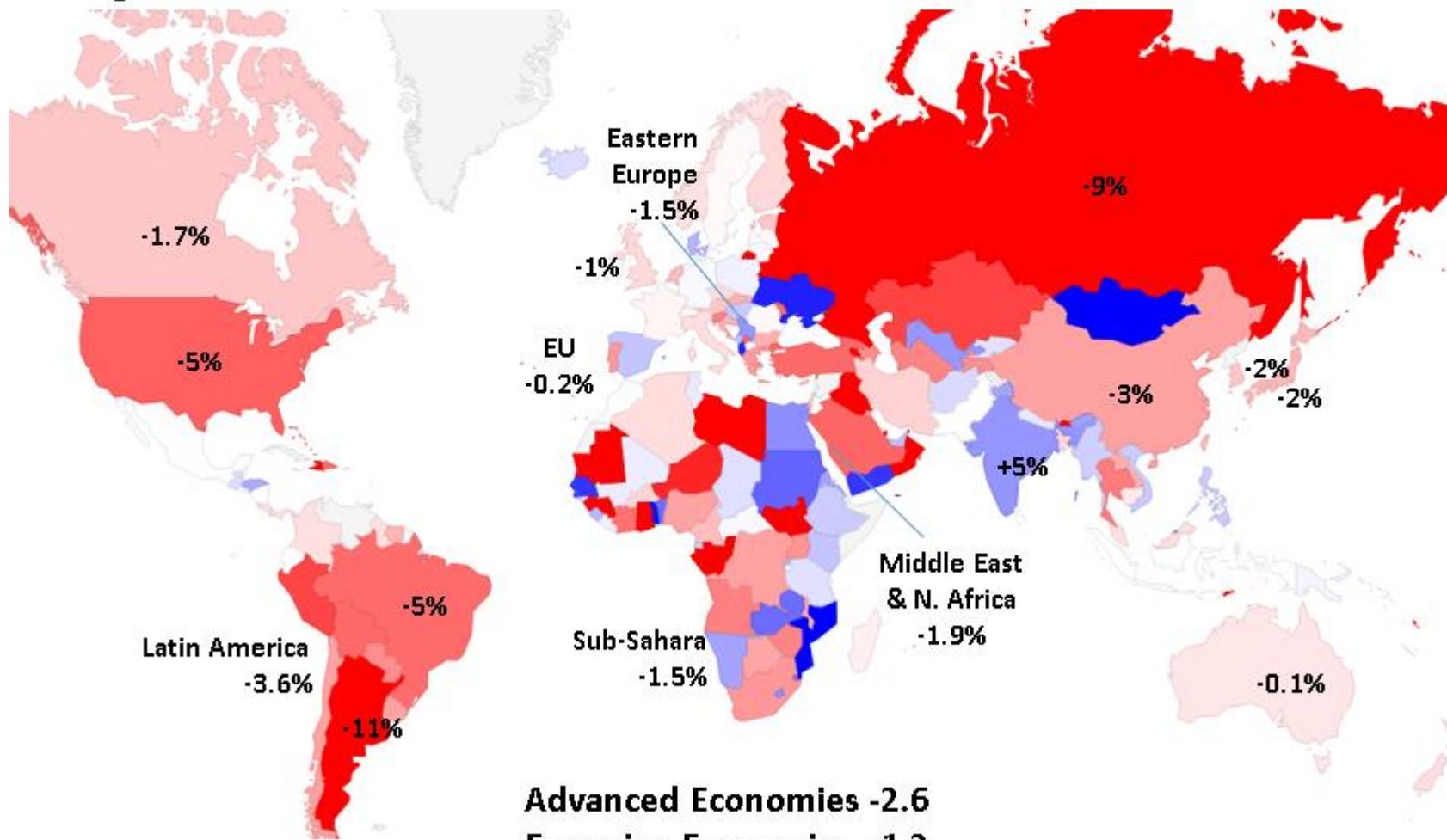
Change in 2014 Potential Output Estimate Since 2007



Sources: Laurence Ball "Long-Term Damage From The Great Recession in OECD Economies", IMF WEO 2008 & 2015

# With Downward Revisions Continuing

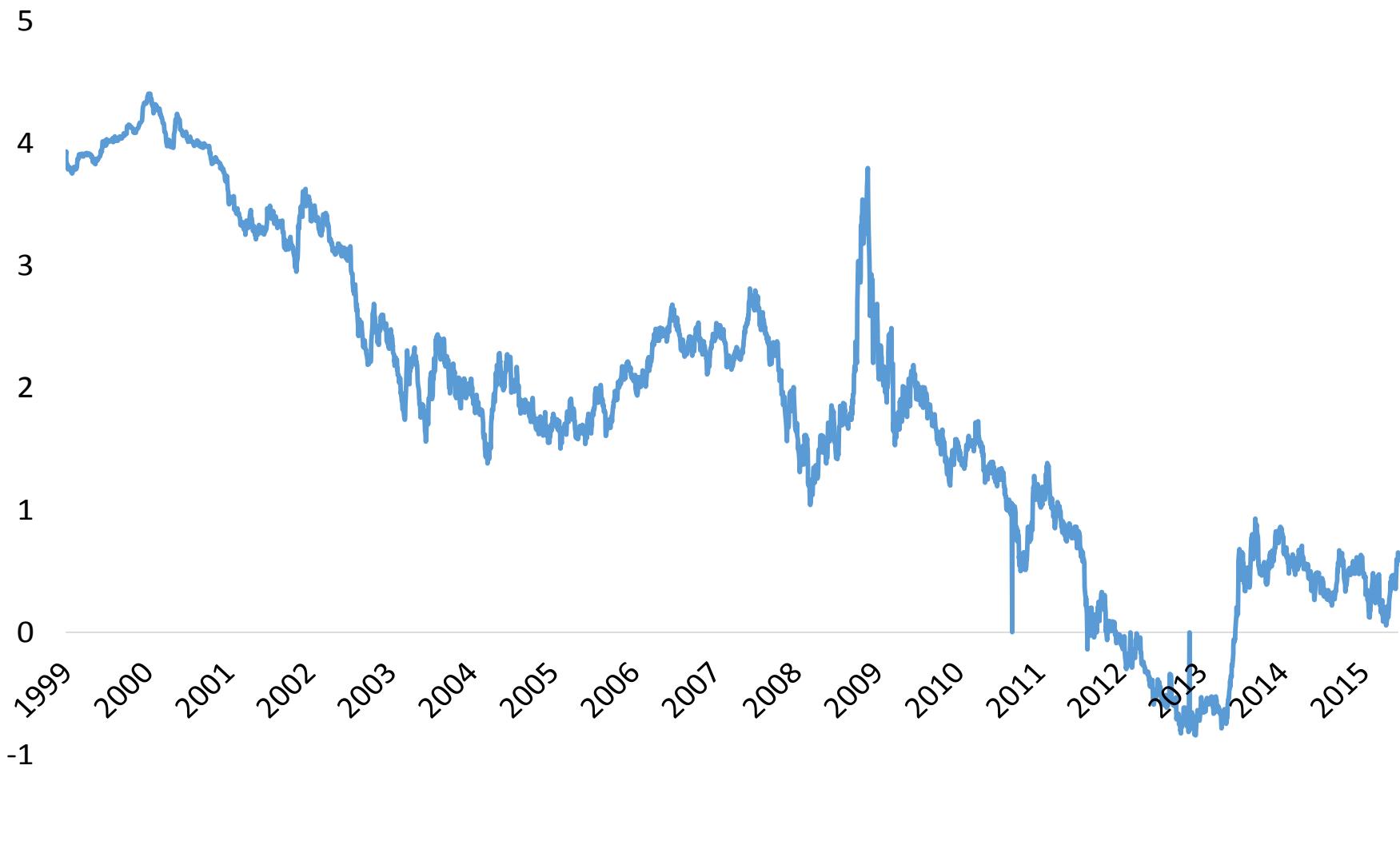
Changes To Medium Term GDP Forecast Since Oct 2013, Five Year Effects



**Advanced Economies -2.6**  
**Emerging Economies -1.2**

# TIP Real Rates Have Fallen Steadily

## US TIPS Ten Year Real Yield



# Along With Rates In The Rest Of World

## Rest of World Real Rate

(10 Year Yield - 5 Year Prior Inflation, Weighted By PPP GDP)

