A MACRO FRAMEWORK LINKING DIFFERENT DIMENSIONS OF LONG-RUN PROJECTIONS

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Scope of Macro Model

- **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

- **Labour input** $= f_1(\text{demographics, education, labour market & retirement policies, ..})$

- **Capital intensity** $= f_2(\text{global interest rates, risk premia, ..})$

- **TFP, Conditional convergence** $= f_3(\text{human capital, competition, trade})$
Illustration of projections

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

**GDP per capita**
(USA=100)
Model to be developed over coming year

Competition matters

.. But perhaps Governance matters more
Key messages from OECD

- 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


