



OECD Improved Economic Outlook No Reason for Complacency Paris, 24 June 2009

The OECD has revised its growth projections upwards for the first time in two years. But this is no cause for complacency. Closer inspection shows the evidence for an impending recovery to be far from convincing. On the contrary, forecasts for real GDP and unemployment rates across the OECD indicate that, as yet, there are more bad weeds than green shoots. The predicted rise in unemployment signals the need for strong and sustained action on employment and labour market policies.

Unemployment rates

	2003	2004	2005	2006	2007	2008	2009	2010	Fourth quarter			
									2007	2008	2009	2010
Australia	5.9	5.4	5.0	4.8	4.4	4.2	6.2	7.7	4.4	4.5	7.0	7.9
Austria	5.8	5.9	6.0	5.6	5.1	4.9	6.1	7.9	5.0	5.0	7.0	8.3
Belgium	8.2	8.4	8.5	8.2	7.5	7.0	8.3	10.6	7.1	7.0	9.3	11.2
Canada	7.6	7.2	6.8	6.3	6.0	6.1	8.6	9.8	5.9	6.4	9.3	9.8
Czech Republic	7.8	8.3	7.9	7.2	5.3	4.4	6.9	9.2	4.8	4.4	8.7	9.3
Denmark	5.3	5.5	4.8	3.9	3.6	3.3	6.0	7.9	3.3	3.8	7.0	8.1
Finland	9.0	8.8	8.4	7.7	6.9	6.4	8.7	10.8	6.7	6.6	9.8	11.2
France	8.5	8.8	8.9	8.8	8.0	7.4	9.7	11.2	7.4	7.6	10.6	11.3
Germany	9.2	9.7	10.5	9.8	8.3	7.3	8.7	11.6	8.0	7.1	10.3	11.8
Greece	9.7	10.5	9.9	8.9	8.3	7.7	9.5	10.3	..	..	..	..
Hungary	5.9	6.2	7.3	7.5	7.4	7.9	10.7	11.7	7.8	8.0	11.7	11.7
Iceland	3.4	3.1	2.6	2.9	2.3	3.0	8.4	9.9	1.9	4.1	9.3	10.3
Ireland	4.6	4.5	4.3	4.4	4.6	6.0	12.2	14.8	4.6	7.5	13.7	15.1
Italy	8.6	8.1	7.8	6.8	6.2	6.8	8.4	10.2	6.3	7.0	9.4	10.5
Japan	5.3	4.7	4.4	4.1	3.9	4.0	5.2	5.7	3.8	4.0	5.6	5.8
Korea	3.6	3.7	3.7	3.5	3.2	3.2	3.9	3.9	3.2	3.2	4.1	3.8
Luxembourg	3.7	4.2	4.7	4.4	4.4	4.4	6.0	7.2	..	..	..	..
Mexico	3.0	3.7	3.5	3.2	3.4	3.5	5.7	6.9	3.5	3.6	6.4	6.8
Netherlands	4.0	4.9	4.9	4.1	3.3	2.9	4.0	7.0	3.0	2.8	5.2	7.6
New Zealand	4.8	4.0	3.8	3.9	3.7	4.2	6.3	7.9	3.5	4.7	7.1	8.4
Norway	4.5	4.5	4.6	3.4	2.5	2.6	3.7	4.3	2.4	2.9	4.1	4.3
Poland	19.6	19.0	17.7	13.8	9.6	7.1	9.0	11.6	8.5	6.7	10.2	12.5
Portugal	6.3	6.7	7.7	7.7	8.0	7.6	9.6	11.2	7.9	7.8	10.3	11.7
Slovak Republic	17.5	18.1	16.2	13.3	11.0	9.6	11.8	13.6	10.4	8.8	12.8	13.8
Spain	11.0	10.5	9.2	8.5	8.3	11.3	18.1	19.6	8.6	13.9	19.1	19.8
Sweden	6.8	7.7	7.7	7.1	6.1	6.2	8.7	11.4	6.0	6.7	9.9	12.0
Switzerland	4.3	4.4	4.4	4.0	3.6	3.5	4.5	5.1	3.5	3.6	4.9	5.3
Turkey	10.3	10.0	10.0	9.7	9.6	10.4	15.2	16.4	..	..	..	..
United Kingdom	5.0	4.8	4.8	5.4	5.4	5.7	8.2	9.7	5.2	6.3	9.1	9.8
United States	6.0	5.5	5.1	4.6	4.6	5.8	9.3	10.1	4.8	6.9	10.0	10.1
Euro area	8.6	8.8	8.8	8.2	7.4	7.5	10.0	12.0	7.2	7.9	11.1	12.3
Total OECD	6.9	6.8	6.6	6.0	5.6	5.9	8.5	9.8	5.5	6.4	9.4	9.9

Source: OECD Economic Outlook 85 database.

Despite the optimistic overtones of the OECD forecasts, the world economy is in fact still contracting, as reported by the World Bank, although not as fast as in the first quarter of 2009. Real GDP is forecast to fall across the OECD during the current year by about

4.1 %. Particularly severe are the predicted falls for Ireland (-9.8%), Japan (-6.8%), Germany (-6.1%), Italy and Sweden (both -5.5%) the Netherlands (-4.9%) and the UK (-4.3%). (See TABLE below.)

The predicted decline in GDP in 2009, subsequent stagnation in 2010 and ongoing rise in unemployment – which is predicted to peak in the fourth quarter of 2010 and to reach well into double figures in 14 OECD countries – do not suggest that the global economy is set for a robust recovery any time soon (see Table above). The assumption that the recession in some parts of the global economy is about to bottom out appears overly optimistic.

Real GDP												
Percentage changes from previous year												
	2003	2004	2005	2006	2007	2008	2009	2010	Fourth quarter			
									2007	2008	2009	2010
Australia	3.4	3.2	3.1	2.6	4.2	2.3	-0.4	1.2	4.3	0.7	-0.3	2.4
Austria	0.8	2.5	3.3	3.3	3.0	1.7	-4.3	-0.1	2.8	0.4	-4.7	1.2
Belgium	1.0	2.8	2.2	3.0	2.6	1.0	-4.1	-0.5	2.3	-1.0	-3.6	0.8
Canada	1.9	3.1	3.0	2.9	2.5	0.4	-2.6	0.7	2.8	-1.0	-2.1	1.6
Czech Republic	3.6	4.4	6.4	7.0	6.1	2.8	-4.2	1.4	6.1	-0.1	-3.7	2.6
Denmark	0.4	2.3	2.4	3.3	1.6	-1.1	-4.0	0.1	1.9	-3.6	-2.4	1.0
Finland	2.0	3.7	3.0	4.9	4.1	0.7	-4.7	0.8	3.9	-2.8	-2.6	1.3
France	1.1	2.3	1.9	2.4	2.3	0.3	-3.0	0.2	2.2	-1.7	-2.0	1.1
Germany	-0.2	0.7	0.9	3.2	2.6	1.0	-6.1	0.2	1.7	-1.8	-4.3	0.7
Greece	5.6	4.9	2.9	4.5	4.0	2.9	-1.3	0.3	3.5	2.4	-2.4	1.4
Hungary	4.2	4.4	4.1	4.1	1.2	0.4	-6.1	-2.2	0.8	-2.2	-6.2	0.4
Iceland	2.4	7.7	7.4	4.5	5.5	0.3	-7.0	-0.8	7.2	-1.3	-9.6	2.8
Ireland	4.5	4.7	6.4	5.7	6.0	-2.3	-9.8	-1.5	5.8	-7.4	-6.4	0.5
Italy	0.1	1.4	0.8	2.1	1.5	-1.0	-5.5	0.4	0.2	-3.0	-3.8	1.3
Japan	1.4	2.7	1.9	2.0	2.3	-0.7	-6.8	0.7	2.0	-4.4	-3.6	0.8
Korea	2.8	4.6	4.0	5.2	5.1	2.2	-2.2	3.5	5.7	-3.4	2.6	3.9
Luxembourg	1.6	4.6	5.2	6.4	5.2	-0.9	-4.0	-0.4	..	..	..	..
Mexico	1.4	4.0	3.2	5.1	3.3	1.4	-8.0	2.8	3.7	-1.7	-6.1	4.4
Netherlands	0.3	2.2	2.0	3.4	3.5	2.1	-4.9	-0.4	4.1	-0.8	-4.3	0.5
New Zealand	4.4	4.4	2.8	2.6	3.0	-1.6	-3.0	0.6	1.7	-2.9	-2.2	1.7
Norway	1.0	3.9	2.7	2.3	3.1	2.1	-1.0	0.8	3.6	0.6	-1.5	2.1
Poland	3.9	5.3	3.6	6.2	6.8	4.9	-0.4	0.6	7.1	2.7	-1.7	2.3
Portugal	-0.8	1.5	0.9	1.4	1.9	0.0	-4.5	-0.5	1.8	-2.0	-3.8	0.8
Slovak Republic	4.7	5.2	6.5	8.5	10.4	6.4	-5.0	3.1	14.1	2.4	-6.1	2.3
Spain	3.1	3.3	3.6	3.9	3.7	1.2	-4.2	-0.9	3.2	-0.7	-4.3	0.3
Sweden	2.0	3.5	3.3	4.5	2.7	-0.4	-5.5	0.2	2.3	-5.1	-2.0	1.3
Switzerland	-0.2	2.5	2.5	3.4	3.3	1.6	-2.7	-0.2	3.8	-0.4	-3.1	1.3
Turkey	5.3	9.4	8.4	6.9	4.7	1.1	-5.9	2.6	..	..	..	..
United Kingdom	2.8	2.8	2.1	2.8	3.0	0.7	-4.3	0.0	3.2	-2.0	-3.3	1.1
United States	2.5	3.6	2.9	2.8	2.0	1.1	-2.8	0.9	2.3	-0.8	-1.7	1.5
Euro area	0.8	1.9	1.8	3.0	2.6	0.5	-4.8	0.0	2.1	-1.7	-3.6	0.9
Total OECD	2.0	3.2	2.7	3.1	2.7	0.8	-4.1	0.7	2.7	-1.7	-2.6	1.5

Note: These numbers are working-day adjusted and hence may differ from the basis used for official projections.
Source: OECD Economic Outlook 85 database.

Governments must act urgently to provide greater resources to prevent the economic crisis from turning into a long-lasting social crisis. This was the message TUAC delivered today at the OECD's annual Ministerial Council Meeting. TUAC President, John Sweeney, warned of the anger felt by workers around the world, underlining that unemployment now lies at the vortex of the crisis. He called on Ministers to support the ILO Global Jobs Pact and for the OECD to spell out its strategy for building a "stronger, cleaner and fairer world economy".