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**SIMULATION PROPERTIES OF MIMOSA,
A MULTI-COUNTRY MACROECONOMIC MODEL**

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INTRODUCTION

The multi-country macroeconomic model MIMOSA is designed both to perform analyses of macroeconomic shocks and policies, and to carry out long term forecasts (see MIMOSA, 1997). It has notably been used to appraise the setting of macroeconomic policies in the European Union (Boone *et alii*, 1996, Cadiou *et alii*, 1997).

This working paper aims at presenting the simulation properties of MIMOSA. It should ease comparisons of studies realized using MIMOSA with those conducted using other multinational models¹. The results presented here should also give helpful quantitative benchmarks for analyzing the world macroeconomic developments, with an emphasis on inter-country spillovers and interdependencies. For example, they allow to assess the impact of a rise in the dollar on European Union, of an expansionary Japanese fiscal policy or of a rise in european interest rates...

The main characteristics of the model are the following (a detailed description can be found in MIMOSA, 1996). It includes 18 single-country or area models. The six major industrial countries (the United States, Japan, Germany², France, Italy and the United Kingdom) are modeled through detailed sectoral blocks (about 400 equations each). A more reduced-form approach has been adopted for six aggregated industrial zones (Northern EU, Southern EU, Other EU, Other Europe, Other OECD, Asian NICs). Finally, developing countries and non-OECD countries are modeled in a simple way the main goal being to achieve consistency in international linkages. Major countries models have a usual neo-keynesian structure: in the short run GDP is driven by aggregate demand. The supply constraint becomes binding mainly in the medium term. The supply side relies on the wage-price setting behavior, and of set of factor demand equations consistent with a putty-clay production function. Extensive efforts have been undertaken to model international links in a consistent way: MIMOSA uses an harmonized database of the world trade; furthermore, for each country the world demand is determined by a trade matrix which incorporates

¹ INTERLINK (Turner, Richardson and Rauffet, 1996), MULTIMOD (Masson, Symansky and Meredith, 1990), NIGEM (NIESR, 1997), QUEST (Roeger and in't Veld, 1997) are some of the most important multinational models currently in use.

² In the current version of MIMOSA, two separate models are used for the Western and Eastern part of Germany. The simulations presented here are conducted using West Germany only.

a trend. In order to ensure financial integration, interest rates can be endogenized through reaction functions. In this case, exchange rates are also endogenized following an uncovered interest rates parity condition.

The next section briefly presents the simulations performed, while tables in section 3 provide the detailed results of the simulations. Section 4 concludes.

D) SIMULATION SPECIFICATIONS AND MAIN FEATURES

The main aim of this section is to provide, for each of the nine sets of simulations, a description of the nature and the size of the shock. Indeed, the mechanisms involved in the simulations are common to many macroeconomic models and do not need a detailed description. Analysis of standard simulations can for instance be found in the survey of multinational models properties by Whitley (1992).

An important proviso regarding the simulations is that they are technical ones and their use for assessing or advocating any policy measure should be extremely cautious. We do think the results, or a mix of them, can be helpful to analyze macroeconomic shocks or policy developments. But in each case a careful assessment of the agents' behavior responses, and of the fiscal and monetary reaction to the shock, is required.

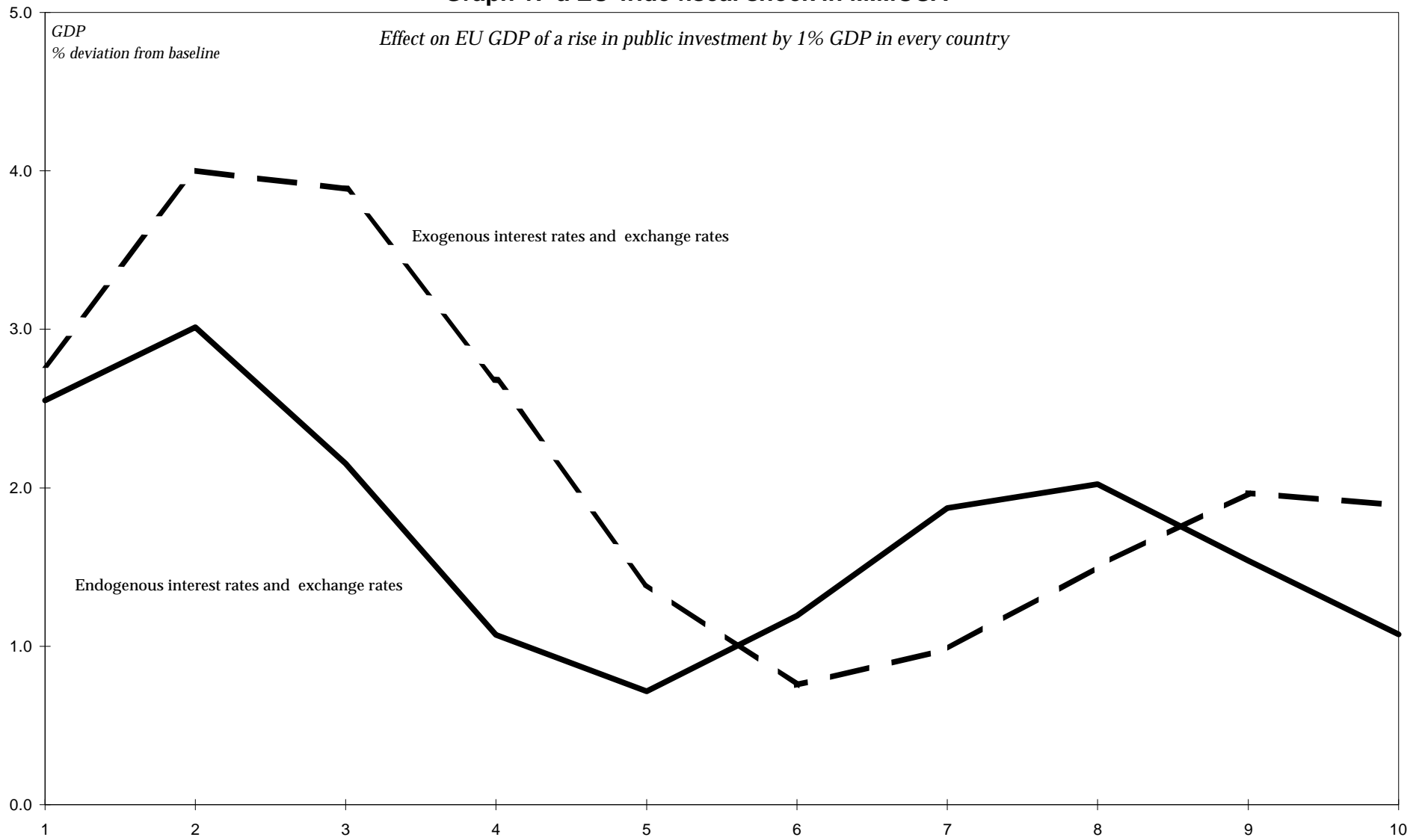
Nine simulations were conducted for each country, in order to consider a variety of both supply and demand shocks, and of shocks originated both in private agents behavior and in economic policies.

Simulations 1 to 3: fiscal expansion through a rise in public investment

In these simulations the Gross Fixed Capital Formation of the General Government is raised permanently by 1% of GDP. In the short run the model response is dominated by the keynesian multiplier effect, which entails a substantial rise in GDP. At the same time, inflation increases in every country (though in the short run France and Italy exhibit a strong « productivity cycle effect » leading to a decrease in the price level in the first period of the simulation) owing to the improvement in the good and labor markets . This burst of inflation implies a loss in competitiveness and a rise in saving rates, which in the medium run causes the multiplier to be substantially

reduced. In several countries, as well as in the aggregate EU, a cyclical pattern appears (see graph 1).

Graph 1: a EU-wide fiscal shock in MIMOSA



The three simulations correspond to three different assumptions regarding interest rates and exchange rates specifications:

1. The first set of simulation is computed with both fixed nominal interest rates and exchange rates unchanged.
2. In the second set of simulations *real* interest rates are held constant while nominal exchange rates are unchanged.
3. The third simulation is carried with an active monetary integration. It uses a fully fledged representation of monetary policy and of the financial market: interest rates are set according to a reaction function and exchange rates follow an uncovered interest rates parity condition (see box 1).

The comparison between simulations 1 and 3 illustrates the impact of financial feedbacks on the model properties. The introduction of a contra-cyclical monetary policy stabilizes the model and substantially reduces the multiplier. In the case of a EU-wide fiscal policy, the fiscal multiplier is 2.2 for the third year of simulation in the integrated model, compared to 3.9 in the simulation with constant nominal exchange rates and interest rates (see graph 1).

Monetary integration in MIMOSA

In Mimosa, interest rates are endogenized through a reaction function. The central bank of countries or zones with an independent monetary policies set short term interest rates according to the level of unemployment and the rhythm of inflation. The elasticity of the interest rate to the unemployment rate and to the growth rate of CPI are fixed to 0.5 and 1.5 respectively (equation 1). In the simulations carried here the long term interest rate is immediately indexed with unit elasticity on the short term rate³. We assume financial markets being to be risk-neutral so that the exchange rate is determined by the uncovered interest rates parity condition. Therefore, the level of the exchange rate is such that the expected depreciation of the currency against the dollar is equal to the interest rate differential with the USA (equation 2). Exchange rates expectations are specified in a semi-rational form (see Bénassy et Sterdyniak 1991)⁴. Financial markets are thus supposed to expect the exchange rate to return to this equilibrium level through an adaptive process. In these simulations, the real long term equilibrium exchange rate is supposed to correspond to the initial exchange rate.

The following equations sum up the monetary sector in MIMOSA:

$$(1) \quad i = 1.5\Delta p - 0.5u$$

$$(2) \quad (e^a - e) = r - r^*$$

$$(3) \quad (e^a - e) = (1/3).(e^{LT} - e)$$

$$(4) \quad e^{LT=0}$$

(where i is the nominal interest rate, r the real interest rate, u the unemployment rate, p and e , the logarithms of the price level and of the real exchange rate; furthermore, if x is a variable, x^a represent its expected value, x^{LR} its long run value, and x^* the value of the corresponding variable for the rest of the world; constant are omitted for convenience)

The exchange rate regime in the European Union is EMU. Therefore the European central bank sets the European short term interest rate according to an objective function which includes an average of European inflation and unemployment rates. The United Kingdom is not part of EMU, but the pound holds a fixed peg with the euro.

³ A more theoretically consistent treatment of the term structure would imply to consider that long term interest rates vary as the average of expected future short term rates.

⁴ An alternative specification would be a rational expectation scheme. Though it would be theoretically more consistent, this specification makes the simulation much more tedious from a practical point of view, without bringing more significant insights.

The short term response of MIMOSA to a demand shock is higher, even for the financially integrated version of the model, than in several other multinational models. Among the differences in modeling strategies which contribute to explain such a feature, there are three main points:

- model-building involves a trade-off between empirical relevance of the equations and consistency with a reference theoretical framework. When such a dilemma occurs, the MIMOSA approach tends to favor the first aspect, whereas other models frequently rely on theoretical constraints. The theoretical constraints imposed by those models (for instance a wealth-effect in the consumption equation, or an error-correction form wage equation) generally tend to reduce the multiplier. Furthermore, in QUEST II or MULTIMOD, many parameters are constrained so as to be identical across countries.
- in MIMOSA, monetary integration is embodied in a reaction function: the central bank sets the short term interest rates. Alternatively, in some other models, like MULTIMOD or NIGEM, the central banks target a monetary aggregate. This modeling option has strong stabilization properties when the model is faced with a demand shock (see Richardson 1990 or Bénassy et Sterdyniak 1992)
- last, some models (e.g. NIGEM) do include an automatic fiscal-closure rule: the income tax-rate is endogenised so as to stabilize the debt to GDP ratio. In case of an expansionary fiscal shock, such a rule mechanically weakens the multiplier.

The following simulations (number 4 to 9) were always conducted under the hypothesis of exogenous nominal exchange rates and interest rates, in order to keep the size of this working paper reasonable, and to clarify the simulation properties. As the fiscal shock simulations illustrate, introducing financial feedbacks would of course deeply affect the simulation results.

Simulation 4: a rise in interest rates

In this simulation the nominal short run and long run interest rates are raised by one percentage point over the whole simulation period. It appears that countries react differently to this shock. This reflects the multiplicity of channels through which a

shock in interest rate affects the economy. Following a raise in the interest rates, consumption is reduced while, due to capital-labor substitution, employment increases and investment decreases; last the financial revenues received by households on interest-bearing assets increase.

Simulation 5: an exchange rate depreciation

For each country in turn, the exchange rate is depreciated by 10% *vis-à-vis* all currencies. Exchange rates remain exogenous afterwards. In the short run the rise in competitiveness improves net exports and aggregate income, while the surge in import prices triggers inflation.

Simulation 6: a decrease in employer social security contributions

The employer social security tax-rate is lowered so as to decrease *ex-ante* the General Government receipts by an amount of 1% GDP. Following such a supply-side shock, the price level decreases and GDP increases. Indeed the improvement in profits stimulates private investment, and price deflation has favorable effects upon competitiveness and consumption.

Simulation 7: a rise in household income taxes

Household income taxes are raised by 1% of GDP. The fall in real disposable income entails a contraction in consumption, so that both GDP and the price level decrease with respect to the baseline. Comparison between simulations 7 and 1 illustrates a standard keynesian result: reducing the tax-rate on households is less efficient in terms of GDP than increasing public spending by an equivalent amount (because part of the gain for households is affected to more saving).

Simulation 8: rise in private investment

In this simulation, the private sector productive investment undergoes a positive shock of 1% of GDP, but stays endogenous over the simulation period. This simulation is very similar to simulation 1, except for the improvement in the government balance. Some sectoral effects of the breakdown of public and private investment also contribute to slight differences between the two simulations.

Simulation 9: a wage shock

In this simulation, the level of wages is raised by 2% ex-ante. The price levels adjust to this shock: in most of the countries they are raised by 2% on the second or third year following the shock.

The impact on GDP is rather weak and contrasted across countries. This result appears because the shock has various opposite effects on the economy. The rise in wages boosts household income and thus increases consumption. But on the other hand, in some countries the cut in profits deters investment. In others increasing labor cost induces capital-labor substitution which results in a decrease in employment and an increase in capital building.

For each type of shock, the simulation was carried for each of the six major single-country in turn, and then for the EU as a whole. Thus 63 simulations were conducted, whose results are presented in the next section tables and are organized as follows. Two tables are presented for each simulation: the first one gives summary results for all main countries, allowing the international spillovers to be analyzed; the second one contains more detailed results for the specifically shocked country. The simulations were conducted over 10 years. The tables present the result for the first five year and for the last year of simulation.

II) SIMULATION RESULTS

1. A RISE IN PUBLIC INVESTMENT

Table 1.1: a rise in public investment, 1 % of GDP, in the United States

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	2.4	2.9	2.9	3.3	3.8	3.2
Japan	0.5	0.9	1.1	1.2	1.2	1.1
European Union	0.7	1.3	1.4	1.2	1.0	2.1
Germany	0.8	1.5	1.6	1.4	1.2	2.4
France	0.8	1.4	1.4	1.0	0.8	1.8
Italy	0.9	1.5	1.7	1.6	1.5	2.4
United Kingdom	0.5	0.9	0.9	0.8	0.7	1.3
Northern EU	1.0	2.1	2.0	1.4	1.1	2.6
Southern EU	0.4	0.8	1.0	1.0	1.0	1.4
Unemployment (1)						
United States	-0.8	-1.4	-1.5	-1.7	-2.0	-1.2
Japan	-0.1	-0.3	-0.4	-0.5	-0.5	-0.4
European Union	-0.2	-0.6	-0.7	-0.7	-0.6	-1.0
Germany	-0.3	-0.9	-1.1	-1.1	-1.0	-1.8
France	-0.3	-0.6	-0.7	-0.6	-0.6	-0.8
Italy	-0.2	-0.5	-0.7	-0.7	-0.7	-0.7
United Kingdom	-0.1	-0.3	-0.4	-0.4	-0.3	-0.2
Northern EU	-0.4	-1.0	-1.2	-0.8	-0.5	-1.1
Southern EU	-0.1	-0.2	-0.3	-0.3	-0.4	-0.5
Consumption deflator						
United States	0.1	0.7	1.5	2.6	4.0	13.8
Japan	-0.1	0.0	0.2	0.7	1.2	5.3
European Union	0.0	0.2	0.5	1.0	1.5	3.9
Germany	0.1	0.5	0.9	1.4	1.8	5.1
France	-0.3	-0.3	0.0	0.6	1.2	3.7
Italy	-0.1	-0.3	-0.2	0.1	0.6	2.9
United Kingdom	0.1	0.3	0.7	1.2	1.7	3.2
Northern EU	0.1	0.5	1.2	1.9	2.4	4.7
Southern EU	0.0	0.2	0.4	0.8	1.1	3.0
Public Sector Balance (2)						
United States	-0.3	-0.1	-0.1	-0.1	0.1	-0.4
Japan	0.1	0.3	0.3	0.3	0.3	0.2
European Union	0.3	0.6	0.7	0.7	0.8	1.3
Germany	0.3	0.8	1.0	1.0	1.0	2.0
France	0.3	0.7	0.8	0.7	0.6	1.3
Italy	0.2	0.4	0.5	0.5	0.5	0.6
United Kingdom	0.2	0.4	0.5	0.5	0.4	0.5
Northern EU	0.3	0.6	0.7	0.7	0.6	0.9
Southern EU	0.2	0.5	0.6	0.6	0.6	1.5
Current Account (2)						
United States	-0.6	-0.6	-0.6	-0.8	-1.0	-1.5
Japan	0.3	0.3	0.2	0.3	0.4	0.7
European Union	0.2	0.2	0.2	0.3	0.4	0.7
Germany	0.2	0.3	0.3	0.3	0.4	0.6
France	0.1	0.1	0.3	0.6	0.8	0.6
Italy	0.1	0.2	0.2	0.2	0.4	0.9
United Kingdom	0.2	0.2	0.1	0.1	0.1	0.4
Northern EU	0.1	-0.1	-0.2	-0.1	0.0	-0.3
Southern EU	0.3	0.5	0.4	0.4	0.4	1.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 1.2: a rise in public investment, 1 % of GDP, in the United States

Difference % from baseline except (1) & (2)

United States	1	2	3	4	5	10
Real GDP	2.4	2.9	2.9	3.3	3.8	3.2
Imports	6.3	7.4	6.6	7.8	9.7	11.7
Consumption	1.3	2.0	2.4	3.1	3.9	4.2
Government expenditure	5.1	5.0	4.9	4.9	5.0	5.1
Investment						
<i>Business Investment</i>	3.7	5.3	4.3	4.2	5.1	3.0
<i>Housing</i>	4.9	7.3	6.8	7.9	9.4	10.6
Inventory Investment	0.4	0.1	0.0	0.1	0.1	0.2
Exports	1.4	2.0	1.8	1.3	0.8	-3.6
Employment	1.2	1.9	2.1	2.3	2.6	1.5
Unemployment rate (1)	-0.8	-1.4	-1.5	-1.7	-2.0	-1.2
GDP deflator	0.4	1.1	2.2	3.5	5.2	16.2
Consumer expenditure deflator	0.1	0.7	1.5	2.6	4.0	13.8
Labour productivity (per head)	1.2	1.0	0.8	0.9	1.1	1.6
Profit margin (1)	0.5	0.0	-0.5	-0.8	-1.2	-2.2
Compensation per employee	0.6	1.8	3.3	5.3	7.8	21.1
Real Compensation per employee	0.5	1.1	1.9	2.7	3.8	7.3
Real disposable income	1.5	2.1	2.7	3.5	4.2	5.7
Public sector balance (2)	-0.3	-0.1	-0.1	-0.1	0.1	-0.4
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.1	0.6	1.6	2.8	4.2	15.7
Price of imports	0.2	0.7	1.0	1.9	2.8	10.2
Current Balance (2)	-0.6	-0.6	-0.6	-0.8	-1.0	-1.5

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 1.3: a rise in public investment, 1 % of GDP, in Japan

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.1	0.2	0.2	0.3	0.3	0.5
Japan	1.6	2.1	2.4	1.9	1.2	- 1.2
European Union	0.2	0.4	0.5	0.4	0.3	0.6
Germany	0.3	0.5	0.5	0.4	0.3	0.7
France	0.3	0.4	0.5	0.3	0.2	0.5
Italy	0.3	0.5	0.6	0.5	0.4	0.7
United Kingdom	0.2	0.3	0.3	0.3	0.2	0.4
Northern EU	0.4	0.7	0.7	0.5	0.3	0.9
Southern EU	0.1	0.2	0.3	0.3	0.3	0.4
Unemployment (1)						
United States	0.0	- 0.1	- 0.1	- 0.1	- 0.2	- 0.2
Japan	- 0.4	- 0.7	- 1.0	- 0.9	- 0.8	0.5
European Union	- 0.1	- 0.2	- 0.2	- 0.2	- 0.2	- 0.3
Germany	- 0.1	- 0.3	- 0.4	- 0.4	- 0.3	- 0.6
France	- 0.1	- 0.2	- 0.2	- 0.2	- 0.2	- 0.2
Italy	- 0.1	- 0.2	- 0.2	- 0.3	- 0.2	- 0.2
United Kingdom	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
Northern EU	- 0.1	- 0.3	- 0.4	- 0.3	- 0.1	- 0.4
Southern EU	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.2
Consumption deflator						
United States	0.0	0.0	0.1	0.2	0.3	1.5
Japan	- 0.2	0.1	0.7	1.8	3.0	7.5
European Union	0.0	0.1	0.2	0.3	0.5	1.2
Germany	0.0	0.2	0.3	0.4	0.6	1.6
France	- 0.1	- 0.1	0.0	0.2	0.4	1.1
Italy	0.0	- 0.1	- 0.1	0.1	0.2	0.9
United Kingdom	0.0	0.1	0.2	0.4	0.6	0.9
Northern EU	0.0	0.2	0.4	0.6	0.8	1.5
Southern EU	0.0	0.0	0.1	0.2	0.4	0.9
Public Sector Balance (2)						
United States	0.0	0.1	0.1	0.1	0.1	0.2
Japan	- 0.7	- 0.5	- 0.4	- 0.5	- 0.7	- 1.4
European Union	0.1	0.2	0.2	0.2	0.2	0.4
Germany	0.1	0.2	0.3	0.3	0.3	0.6
France	0.1	0.2	0.3	0.2	0.2	0.4
Italy	0.1	0.1	0.2	0.2	0.1	0.2
United Kingdom	0.1	0.1	0.2	0.2	0.1	0.2
Northern EU	0.1	0.2	0.2	0.2	0.2	0.4
Southern EU	0.1	0.1	0.2	0.2	0.2	0.5
Current Account (2)						
United States	0.0	0.0	0.1	0.0	0.0	0.1
Japan	- 0.6	- 0.7	- 0.6	- 0.6	- 0.5	- 0.8
European Union	0.1	0.1	0.1	0.1	0.1	0.3
Germany	0.1	0.1	0.1	0.1	0.1	0.2
France	0.0	0.0	0.1	0.2	0.2	0.2
Italy	0.0	0.1	0.1	0.1	0.1	0.3
United Kingdom	0.1	0.1	0.1	0.0	0.0	0.2
Northern EU	0.1	0.0	- 0.1	0.0	0.0	0.1
Southern EU	0.1	0.1	0.1	0.1	0.1	0.4
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 1.4: a rise in public investment, 1 % of GDP, in Japan

Difference % from baseline except (1) & (2)

Japan	1	2	3	4	5	10
Real GDP	1.6	2.1	2.4	1.9	1.2	- 1.2
Imports	2.7	3.7	4.8	4.5	4.2	3.3
Consumption	0.6	1.1	1.4	1.5	1.3	- 0.5
Government expenditure	6.4	6.7	6.6	6.6	6.8	6.6
Investment						
<i>Business Investment</i>	<i>1.8</i>	<i>2.8</i>	<i>4.1</i>	<i>1.8</i>	<i>- 0.3</i>	<i>- 5.2</i>
<i>Housing</i>	<i>6.2</i>	<i>6.3</i>	<i>5.5</i>	<i>2.5</i>	<i>0.6</i>	<i>- 1.8</i>
Inventory Investment	0.0	0.1	0.1	0.1	0.0	0.0
Exports	- 0.8	- 0.8	- 1.0	- 1.3	- 1.9	- 6.0
Employment	0.7	1.3	1.8	1.8	1.5	- 0.9
Unemployment rate (1)	- 0.4	- 0.7	- 1.0	- 0.9	- 0.8	0.5
GDP deflator	- 0.3	0.0	0.9	2.1	3.5	7.9
Consumer expenditure deflator	- 0.2	0.1	0.7	1.8	3.0	7.5
Labour productivity (per head)	0.9	0.8	0.7	0.2	- 0.3	- 0.3
Profit margin (1)	0.2	- 0.1	- 0.4	- 0.8	- 1.1	- 0.9
Compensation per employee	0.2	0.9	2.2	3.7	5.3	9.5
Real Compensation per employee	0.4	0.9	1.5	1.9	2.2	1.9
Real disposable income	1.0	1.6	2.2	2.4	2.3	0.0
Public sector balance (2)	- 0.7	- 0.5	- 0.4	- 0.5	- 0.7	- 1.4
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	- 0.2	- 0.1	0.5	1.6	2.7	6.2
Price of imports	0.0	- 0.1	0.1	0.3	0.6	2.1
Current Balance (2)	- 0.6	- 0.7	- 0.6	- 0.6	- 0.5	- 0.8

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 1.5: a rise in public investment, 1 % of GDP, in Germany

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.1	0.1	0.1	0.1	0.3
Japan	0.0	0.1	0.1	0.2	0.1	0.2
European Union	0.8	1.1	1.0	0.6	0.2	0.4
Germany	2.1	2.5	2.2	1.8	0.9	0.3
France	0.4	0.6	0.5	0.1	-0.2	0.4
Italy	0.6	0.8	0.8	0.4	-0.1	0.4
United Kingdom	0.2	0.4	0.3	0.1	-0.1	0.4
Northern EU	0.6	1.0	0.8	0.4	-0.1	0.7
Southern EU	0.2	0.3	0.3	0.3	0.1	0.3
Unemployment (1)						
United States	0.0	0.0	0.0	-0.1	-0.1	-0.1
Japan	0.0	0.0	-0.1	-0.1	-0.1	-0.1
European Union	-0.3	-0.6	-0.6	-0.5	-0.3	-0.3
Germany	-0.9	-1.6	-1.6	-1.4	-1.0	-0.7
France	-0.1	-0.3	-0.3	-0.2	0.0	-0.2
Italy	-0.2	-0.3	-0.3	-0.3	-0.1	-0.1
United Kingdom	0.0	-0.1	-0.1	-0.1	0.0	-0.1
Northern EU	-0.2	-0.5	-0.5	-0.2	0.1	-0.4
Southern EU	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Consumption deflator						
United States	0.0	0.0	0.0	0.1	0.1	0.5
Japan	0.0	0.0	0.0	0.1	0.2	0.7
European Union	0.1	0.3	0.6	1.0	1.2	2.1
Germany	0.3	1.1	1.7	2.4	2.8	5.3
France	-0.1	-0.1	0.1	0.5	0.8	1.1
Italy	-0.1	-0.1	0.0	0.3	0.6	0.9
United Kingdom	0.0	0.2	0.3	0.5	0.6	0.6
Northern EU	0.1	0.3	0.7	1.0	1.1	1.6
Southern EU	0.0	0.1	0.2	0.3	0.5	0.8
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	0.1	0.3	0.3	0.2	0.0	0.0
Germany	-0.1	0.3	0.4	0.3	0.0	-0.6
France	0.1	0.3	0.3	0.2	0.0	0.4
Italy	0.1	0.2	0.2	0.2	0.0	0.1
United Kingdom	0.1	0.1	0.2	0.1	0.0	0.1
Northern EU	0.2	0.3	0.3	0.2	0.1	0.3
Southern EU	0.1	0.2	0.2	0.1	0.1	0.3
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	-0.1	-0.2	-0.2	-0.1	-0.1	-0.2
Germany	-0.6	-0.8	-0.8	-0.8	-0.7	-1.0
France	0.0	0.0	0.1	0.2	0.3	0.1
Italy	0.1	0.1	0.0	0.1	0.1	0.1
United Kingdom	0.1	0.0	0.0	0.0	0.0	0.0
Northern EU	0.1	-0.1	-0.2	-0.1	-0.1	-0.1
Southern EU	0.1	0.2	0.1	0.1	0.0	0.3
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 1.6: a rise in public investment, 1 % of GDP, in Germany

Difference % from baseline except (1) & (2)

Germany	1	2	3	4	5	10
Real GDP	2.1	2.5	2.2	1.8	0.9	0.3
Imports	2.7	3.3	2.7	2.1	0.7	1.6
Consumption	0.9	1.7	1.8	1.5	1.0	0.1
Government expenditure	4.3	4.4	4.5	4.6	4.7	5.4
Investment						
<i>Business Investment</i>	<i>6.3</i>	<i>8.0</i>	<i>6.0</i>	<i>3.6</i>	<i>-1.5</i>	<i>-0.2</i>
<i>Housing</i>	<i>0.3</i>	<i>1.3</i>	<i>3.0</i>	<i>4.4</i>	<i>4.7</i>	<i>1.2</i>
Inventory Investment	0.3	0.1	-0.1	-0.1	-0.1	0.0
Exports	0.5	0.5	0.0	-0.8	-1.6	-1.7
Employment	1.0	1.9	2.0	1.8	1.2	0.1
Unemployment rate (1)	-0.9	-1.6	-1.6	-1.4	-1.0	-0.7
GDP deflator	0.4	1.3	2.1	2.7	3.1	5.6
Consumer expenditure deflator	0.3	1.1	1.7	2.4	2.8	5.3
Labour productivity (per head)	1.0	0.6	0.2	0.0	-0.2	0.2
Profit margin (1)	-0.1	-1.1	-1.4	-1.6	-1.5	-1.4
Compensation per employee	1.5	3.4	4.2	4.8	5.0	7.9
Real Compensation per employee	1.2	2.3	2.5	2.5	2.3	2.7
Real disposable income	1.3	1.9	1.7	1.3	0.7	0.1
Public sector balance (2)	-0.1	0.3	0.4	0.3	0.0	-0.6
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.1	0.8	1.6	2.1	2.5	4.5
Price of imports	-0.1	0.2	0.7	1.1	1.4	2.6
Current Balance (2)	-0.6	-0.8	-0.8	-0.8	-0.7	-1.0

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 1.7: a rise in public investment, 1 % of GDP, in France

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.1	0.1	0.0	0.0	0.1
Japan	0.1	0.1	0.1	0.1	0.0	0.1
European Union	0.5	0.7	0.5	0.2	0.1	0.4
Germany	0.4	0.5	0.4	0.1	-0.1	0.2
France	1.5	1.8	1.5	1.0	0.8	1.3
Italy	0.4	0.5	0.4	0.2	0.0	0.2
United Kingdom	0.2	0.2	0.2	0.0	-0.1	0.2
Northern EU	0.5	0.7	0.5	0.0	-0.2	0.2
Southern EU	0.2	0.3	0.2	0.1	0.0	0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	-0.2	-0.3	-0.3	-0.2	-0.1	-0.2
Germany	-0.2	-0.3	-0.3	-0.2	0.0	-0.2
France	-0.4	-0.7	-0.7	-0.5	-0.4	-0.4
Italy	-0.1	-0.2	-0.2	-0.2	-0.1	-0.1
United Kingdom	0.0	-0.1	-0.1	-0.1	0.0	-0.1
Northern EU	-0.2	-0.4	-0.3	0.0	0.2	-0.1
Southern EU	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Consumption deflator						
United States	0.0	0.0	0.0	0.1	0.1	0.3
Japan	0.0	0.0	0.0	0.1	0.1	0.3
European Union	0.0	0.1	0.2	0.4	0.6	1.0
Germany	0.1	0.2	0.3	0.4	0.4	0.8
France	-0.3	-0.1	0.4	1.0	1.5	2.8
Italy	0.0	-0.1	0.0	0.1	0.3	0.5
United Kingdom	0.0	0.1	0.2	0.3	0.3	0.3
Northern EU	0.0	0.2	0.5	0.6	0.5	0.8
Southern EU	0.0	0.1	0.2	0.2	0.3	0.4
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.1	0.0	-0.1	0.1
Germany	0.2	0.3	0.3	0.2	0.0	0.2
France	-0.4	0.0	-0.1	-0.4	-0.6	-0.4
Italy	0.1	0.1	0.2	0.1	0.0	0.1
United Kingdom	0.1	0.1	0.1	0.1	0.0	0.1
Northern EU	0.1	0.2	0.2	0.1	0.0	0.2
Southern EU	0.1	0.2	0.1	0.1	0.1	0.2
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	-0.1	-0.1	-0.1	0.0	0.0	0.0
Germany	0.1	0.1	0.1	0.0	0.0	0.1
France	-0.8	-0.9	-0.5	-0.3	-0.2	-0.6
Italy	0.0	0.1	0.0	0.0	0.1	0.1
United Kingdom	0.1	0.0	0.0	0.0	0.0	0.0
Northern EU	0.1	-0.1	-0.1	0.0	0.1	0.0
Southern EU	0.1	0.2	0.1	0.0	0.0	0.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 1.8: a rise in public investment, 1 % of GDP, in France

Difference % from baseline except (1) & (2)

France	1	2	3	4	5	10
Real GDP	1.5	1.8	1.5	1.0	0.8	1.3
Imports	3.0	3.5	2.2	1.0	0.6	2.2
Consumption	0.7	0.7	0.5	0.2	0.1	0.8
Government expenditure	4.5	4.7	5.0	5.2	5.3	5.7
Investment						
<i>Business Investment</i>	<i>2.7</i>	<i>4.0</i>	<i>2.7</i>	<i>0.1</i>	<i>-1.5</i>	<i>0.0</i>
<i>Housing</i>	<i>2.4</i>	<i>4.9</i>	<i>3.6</i>	<i>1.0</i>	<i>-0.3</i>	<i>2.8</i>
Inventory Investment	0.3	0.3	0.0	-0.1	-0.1	0.0
Exports	0.0	0.3	0.4	0.2	-0.2	-0.2
Employment	0.5	0.9	0.9	0.7	0.5	0.6
Unemployment rate (1)	-0.4	-0.7	-0.7	-0.5	-0.4	-0.4
GDP deflator	-0.2	0.0	0.5	1.1	1.6	3.2
Consumer expenditure deflator	-0.3	-0.1	0.4	1.0	1.5	2.8
Labour productivity (per head)	0.9	0.9	0.5	0.3	0.3	0.7
Profit margin (1)	0.2	-0.1	-0.5	-0.7	-0.8	-1.0
Compensation per employee	0.2	0.6	1.3	2.0	2.6	4.7
Real Compensation per employee	0.4	0.7	0.9	1.0	1.1	2.0
Real disposable income	0.6	0.7	0.7	0.6	0.6	1.2
Public sector balance (2)	-0.4	0.0	-0.1	-0.4	-0.6	-0.4
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	-0.1	0.0	0.3	0.6	0.9	1.8
Price of imports	-0.1	0.0	0.2	0.4	0.5	1.0
Current Balance (2)	-0.8	-0.9	-0.5	-0.3	-0.2	-0.6

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 1.9: a rise in public investment, 1 % of GDP, in Italy

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.1	0.1	0.1	0.1
Japan	0.0	0.1	0.1	0.1	0.1	0.1
European Union	0.4	0.7	0.8	0.5	0.4	0.4
Germany	0.2	0.5	0.5	0.3	0.1	0.2
France	0.2	0.4	0.5	0.2	0.0	0.3
Italy	1.7	2.3	2.8	2.5	2.3	1.3
United Kingdom	0.1	0.2	0.2	0.1	0.0	0.2
Northern EU	0.3	0.6	0.6	0.3	0.0	0.3
Southern EU	0.1	0.2	0.3	0.2	0.1	0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	-0.1	-0.3	-0.4	-0.3	-0.2	-0.2
Germany	-0.1	-0.3	-0.4	-0.3	-0.1	-0.2
France	-0.1	-0.2	-0.2	-0.2	-0.1	-0.1
Italy	-0.4	-0.8	-1.1	-1.2	-1.1	-0.4
United Kingdom	0.0	-0.1	-0.1	-0.1	0.0	0.0
Northern EU	-0.1	-0.3	-0.4	-0.2	0.0	-0.2
Southern EU	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.1	0.3
Japan	0.0	0.0	0.0	0.0	0.1	0.3
European Union	0.0	0.0	0.1	0.2	0.4	0.9
Germany	0.0	0.1	0.3	0.4	0.4	0.8
France	-0.1	-0.1	-0.1	0.2	0.4	0.7
Italy	-0.3	-0.6	-0.5	-0.1	0.5	2.5
United Kingdom	0.0	0.1	0.2	0.3	0.3	0.2
Northern EU	0.0	0.1	0.3	0.5	0.6	0.7
Southern EU	0.0	0.0	0.1	0.2	0.2	0.4
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.2	0.2	0.1	0.1
Germany	0.1	0.2	0.3	0.3	0.2	0.2
France	0.1	0.2	0.3	0.2	0.1	0.3
Italy	-0.6	-0.3	0.0	0.0	-0.1	-0.2
United Kingdom	0.0	0.1	0.1	0.1	0.0	0.1
Northern EU	0.1	0.2	0.2	0.2	0.1	0.2
Southern EU	0.1	0.1	0.2	0.1	0.1	0.2
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.1	0.1
Germany	0.1	0.1	0.1	0.1	0.1	0.1
France	0.0	0.0	0.1	0.2	0.2	0.1
Italy	-0.6	-0.9	-1.0	-0.7	-0.7	-1.0
United Kingdom	0.0	0.1	0.1	0.0	0.0	0.0
Northern EU	0.1	-0.1	-0.2	-0.1	0.0	-0.3
Southern EU	0.3	0.5	0.4	0.4	0.4	1.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 1.10: a rise in public investment, 1 % of GDP, in Italy

Difference % from baseline except (1) & (2)

Italy	1	2	3	4	5	10
Real GDP	1.7	2.3	2.8	2.5	2.3	1.3
Imports	2.1	3.2	3.8	2.4	2.1	1.8
Consumption	0.9	1.6	2.0	2.0	1.9	1.2
Government expenditure	5.4	5.3	5.4	5.3	5.4	5.5
Investment						
<i>Business Investment</i>	<i>1.4</i>	<i>6.4</i>	<i>8.8</i>	<i>5.9</i>	<i>3.7</i>	<i>0.9</i>
<i>Housing</i>	<i>0.3</i>	<i>0.9</i>	<i>1.7</i>	<i>2.2</i>	<i>2.5</i>	<i>1.2</i>
Inventory Investment	0.3	0.3	0.1	0.0	0.0	0.4
Exports	-0.2	-0.1	0.1	0.1	-0.1	-0.4
Employment	0.5	0.9	1.4	1.5	1.6	0.9
Unemployment rate (1)	-0.4	-0.8	-1.1	-1.2	-1.1	-0.4
GDP deflator	-0.2	-0.6	-0.5	-0.1	0.4	2.3
Consumer expenditure deflator	-0.3	-0.6	-0.5	-0.1	0.5	2.5
Labour productivity (per head)	1.2	1.4	1.4	0.9	0.7	0.5
Profit margin (1)	0.3	0.2	0.0	-0.3	-0.4	-0.2
Compensation per employee	-0.1	-0.2	0.5	1.6	2.5	5.0
Real Compensation per employee	0.2	0.4	1.0	1.7	2.0	2.6
Real disposable income	1.1	1.6	2.1	2.2	2.2	1.5
Public sector balance (2)	-0.6	-0.3	0.0	0.0	-0.1	-0.2
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	-0.1	-0.1	-0.1	0.1	0.4	1.3
Price of imports	-0.1	-0.1	0.5	0.5	0.7	1.4
Current Balance (2)	-0.6	-0.9	-1.0	-0.7	-0.7	-1.0

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 1.11: a rise in public investment, 1 % of GDP, in the United Kingdom

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.1	0.1	0.1	0.1	0.1
Japan	0.0	0.1	0.1	0.1	0.1	0.0
European Union	0.4	0.6	0.6	0.5	0.3	0.1
Germany	0.2	0.4	0.5	0.4	0.2	0.0
France	0.2	0.4	0.4	0.2	0.1	0.1
Italy	0.2	0.4	0.5	0.4	0.2	0.0
United Kingdom	1.4	1.9	1.8	1.4	1.0	0.3
Northern EU	0.3	0.6	0.7	0.4	0.1	0.0
Southern EU	0.1	0.3	0.3	0.3	0.2	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	-0.1	-0.1	0.0
European Union	-0.1	-0.2	-0.3	-0.3	-0.2	0.0
Germany	-0.1	-0.3	-0.3	-0.3	-0.2	-0.1
France	-0.1	-0.2	-0.2	-0.2	-0.1	0.0
Italy	-0.1	-0.1	-0.2	-0.2	-0.2	0.0
United Kingdom	-0.2	-0.6	-0.8	-0.7	-0.5	0.1
Northern EU	-0.1	-0.3	-0.4	-0.2	0.0	0.0
Southern EU	0.0	-0.1	-0.1	-0.1	-0.1	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.1	0.1	0.4
Japan	0.0	0.0	0.0	0.1	0.1	0.4
European Union	0.0	0.2	0.4	0.7	0.9	1.0
Germany	0.0	0.1	0.3	0.4	0.5	0.9
France	-0.1	-0.1	0.0	0.2	0.4	0.8
Italy	0.0	-0.1	0.0	0.1	0.2	0.6
United Kingdom	0.3	1.1	2.1	3.0	3.8	2.7
Northern EU	0.0	0.2	0.4	0.6	0.7	0.6
Southern EU	0.0	0.1	0.2	0.3	0.4	0.5
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.2	0.1	0.1	-0.1
Germany	0.1	0.2	0.3	0.3	0.2	0.1
France	0.1	0.2	0.2	0.2	0.1	0.1
Italy	0.0	0.1	0.1	0.1	0.1	0.0
United Kingdom	-0.7	-0.4	-0.2	-0.2	-0.6	-1.0
Northern EU	0.1	0.2	0.2	0.2	0.1	0.1
Southern EU	0.1	0.2	0.2	0.2	0.1	0.2
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	-0.1	-0.1	0.0	0.0	0.0
Germany	0.1	0.1	0.1	0.1	0.1	0.0
France	0.0	0.0	0.1	0.1	0.2	0.0
Italy	0.0	0.0	0.0	0.0	0.1	0.1
United Kingdom	-0.6	-0.9	-0.9	-0.8	-0.6	-0.5
Northern EU	0.0	0.0	-0.1	0.0	0.0	0.1
Southern EU	0.1	0.1	0.1	0.1	0.1	0.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 1.12: a rise in public investment, 1 % of GDP, in the United Kingdom

Difference % from baseline except (1) & (2)

United Kingdom	1	2	3	4	5	10
Real GDP	1.4	1.9	1.8	1.4	1.0	0.3
Imports	2.2	3.4	3.5	3.2	2.8	1.4
Consumption	0.6	0.9	0.9	0.7	0.5	-0.2
Government expenditure	3.5	3.9	3.9	3.9	3.9	3.9
Investment						
<i>Business Investment</i>	<i>2.6</i>	<i>6.1</i>	<i>7.9</i>	<i>6.5</i>	<i>4.3</i>	<i>-1.3</i>
<i>Housing</i>	<i>1.0</i>	<i>2.6</i>	<i>1.7</i>	<i>0.3</i>	<i>-0.7</i>	<i>0.3</i>
Inventory Investment	0.2	0.2	0.1	0.0	-0.1	0.0
Exports	-0.1	-0.2	-0.4	-0.7	-1.0	-0.9
Employment	0.3	0.9	1.3	1.2	0.8	-0.2
Unemployment rate (1)	-0.2	-0.6	-0.8	-0.7	-0.5	0.1
GDP deflator	0.4	1.2	2.3	3.3	4.2	2.5
Consumer expenditure deflator	0.3	1.1	2.1	3.0	3.8	2.7
Labour productivity (per head)	1.1	1.0	0.5	0.2	0.1	0.5
Profit margin (1)	0.7	0.5	0.2	0.0	0.1	0.1
Compensation per employee	0.5	1.4	2.6	3.6	4.3	2.8
Real Compensation per employee	0.1	0.3	0.5	0.5	0.4	0.1
Real disposable income	0.8	1.1	1.0	0.8	0.6	-0.2
Public sector balance (2)	-0.7	-0.4	-0.2	-0.2	-0.6	-1.0
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.1	0.4	0.8	1.3	1.8	1.5
Price of imports	-0.1	0.0	0.4	0.7	0.9	0.9
Current Balance (2)	-0.6	-0.9	-0.9	-0.8	-0.6	-0.5

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 1.13: a rise in public investment, 1 % of GDP, in the EU

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.2	0.3	0.4	0.5	0.5	0.8
Japan	0.2	0.5	0.7	0.7	0.5	0.4
European Union	2.8	4.0	3.9	2.7	1.4	1.9
Germany	3.4	4.9	4.6	3.2	1.4	1.1
France	2.7	4.0	3.6	2.1	0.8	2.7
Italy	3.4	4.8	5.4	4.2	2.8	2.6
United Kingdom	2.1	3.1	2.9	2.0	0.9	1.4
Northern EU	3.3	5.0	4.5	2.3	0.7	2.5
Southern EU	1.7	2.3	2.6	2.3	1.7	1.7
Unemployment (1)						
United States	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4
Japan	-0.1	-0.2	-0.2	-0.3	-0.3	-0.2
European Union	-0.9	-1.8	-2.1	-1.7	-1.1	-1.1
Germany	-1.4	-2.9	-3.3	-2.8	-1.9	-1.9
France	-0.9	-1.6	-1.7	-1.4	-0.8	-1.2
Italy	-0.8	-1.5	-2.1	-2.1	-1.8	-0.7
United Kingdom	-0.3	-0.9	-1.3	-1.2	-0.7	-0.2
Northern EU	-1.2	-2.6	-2.6	-1.3	-0.1	-1.2
Southern EU	-0.3	-0.6	-0.9	-0.9	-0.9	-0.7
Consumption deflator						
United States	0.0	0.1	0.2	0.4	0.6	2.3
Japan	0.0	0.0	0.1	0.4	0.7	2.6
European Union	0.1	0.7	1.8	3.1	4.1	7.2
Germany	0.5	1.8	3.3	4.5	5.3	10.6
France	-0.6	-0.5	0.5	2.2	3.8	7.1
Italy	-0.4	-1.0	-0.6	0.5	2.0	5.7
United Kingdom	0.5	1.5	3.1	4.7	5.9	5.0
Northern EU	0.3	1.5	3.2	4.6	5.3	7.3
Southern EU	0.1	0.6	1.3	2.1	2.8	5.0
Public Sector Balance (2)						
United States	0.1	0.1	0.2	0.2	0.2	0.3
Japan	0.1	0.1	0.2	0.2	0.1	0.1
European Union	0.0	0.7	0.9	0.6	0.1	0.3
Germany	0.4	1.5	1.9	1.7	0.9	0.7
France	0.0	1.0	1.1	0.5	-0.1	0.9
Italy	-0.2	0.4	0.8	0.6	0.2	0.2
United Kingdom	-0.5	0.1	0.3	0.2	-0.4	-0.5
Northern EU	-0.2	0.3	0.5	0.1	-0.5	-0.4
Southern EU	-0.2	0.1	0.0	-0.3	-0.5	-0.4
Current Account (2)						
United States	0.0	0.1	0.1	0.1	0.1	0.1
Japan	0.1	0.2	0.2	0.2	0.2	0.4
European Union	-0.2	-0.3	-0.3	-0.1	0.1	-0.1
Germany	-0.3	-0.4	-0.4	-0.5	-0.3	-0.7
France	-0.7	-0.8	-0.1	0.6	0.8	0.0
Italy	-0.4	-0.6	-0.8	-0.5	-0.3	-0.5
United Kingdom	-0.4	-0.7	-0.8	-0.8	-0.6	-0.3
Northern EU	0.1	-0.1	-0.2	-0.1	0.0	-0.3
Southern EU	0.3	0.5	0.4	0.4	0.4	1.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar. Source: Mimoso Model.

**2. A RISE IN PUBLIC INVESTMENT – FIXED REAL
INTEREST RATES**

**Table 2.1: a rise in public investment, 1 % of GDP, in the United States
(fixed real interest rates)**

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	2.4	2.7	2.6	2.9	3.2	2.6
Japan	0.5	0.8	1.0	1.0	0.9	1.2
European Union	0.7	1.2	1.1	0.7	0.6	1.9
Germany	0.8	1.3	1.1	0.8	0.6	2.3
France	0.8	1.2	1.0	0.5	0.3	1.4
Italy	0.8	1.4	1.4	1.2	1.1	2.4
United Kingdom	0.5	0.8	0.7	0.4	0.3	1.0
Northern EU	1.0	1.9	1.6	0.7	0.6	2.5
Southern EU	0.4	0.7	0.7	0.6	0.5	1.2
Unemployment (1)						
United States	-0.8	-1.3	-1.4	-1.6	-1.8	-1.3
Japan	-0.1	-0.3	-0.4	-0.4	-0.4	-0.5
European Union	-0.2	-0.5	-0.6	-0.5	-0.4	-0.9
Germany	-0.3	-0.8	-0.9	-0.7	-0.6	-1.7
France	-0.2	-0.5	-0.5	-0.4	-0.3	-0.7
Italy	-0.2	-0.4	-0.6	-0.6	-0.6	-0.8
United Kingdom	-0.1	-0.2	-0.3	-0.4	-0.3	-0.3
Northern EU	-0.4	-0.9	-0.9	-0.4	-0.1	-1.1
Southern EU	-0.1	-0.2	-0.2	-0.2	-0.2	-0.4
Consumption deflator						
United States	0.1	0.7	1.5	2.6	4.0	14.3
Japan	-0.1	0.0	0.2	0.6	1.1	5.0
European Union	0.0	0.2	0.5	0.8	1.2	3.4
Germany	0.1	0.4	0.8	1.1	1.3	4.2
France	-0.3	-0.3	0.1	0.6	1.1	2.9
Italy	-0.1	-0.2	-0.1	0.2	0.6	2.7
United Kingdom	0.1	0.3	0.7	1.1	1.5	3.5
Northern EU	0.1	0.5	1.1	1.6	1.9	4.5
Southern EU	0.0	0.2	0.4	0.6	0.9	2.4
Public Sector Balance (2)						
United States	-0.3	-0.2	-0.3	-0.4	-0.4	-1.3
Japan	0.1	0.3	0.3	0.3	0.2	0.1
European Union	0.2	0.5	0.6	0.5	0.5	1.1
Germany	0.3	0.7	0.8	0.7	0.6	1.9
France	0.2	0.6	0.7	0.5	0.3	1.1
Italy	0.2	0.3	0.4	0.4	0.3	0.5
United Kingdom	0.2	0.3	0.4	0.3	0.3	0.4
Northern EU	0.3	0.5	0.5	0.4	0.2	0.6
Southern EU	0.2	0.4	0.4	0.3	0.3	0.9
Current Account (2)						
United States	-0.6	-0.6	-0.6	-0.8	-1.1	-1.8
Japan	0.3	0.3	0.2	0.3	0.4	0.9
European Union	0.2	0.2	0.3	0.3	0.5	0.8
Germany	0.2	0.3	0.3	0.4	0.5	1.1
France	0.1	0.1	0.3	0.6	0.7	0.7
Italy	0.1	0.2	0.1	0.1	0.3	0.6
United Kingdom	0.2	0.2	0.2	0.2	0.3	0.6
Northern EU	0.1	-0.1	-0.1	0.2	0.3	0.1
Southern EU	0.3	0.5	0.4	0.4	0.5	1.2
Short term interest rates						
United States	0.1	0.6	0.8	1.1	1.4	2.1
Japan	-0.1	0.1	0.2	0.4	0.5	0.9
European Union	0.0	0.2	0.3	0.4	0.3	0.6
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

**Table 2.2: a rise in public investment, 1 % of GDP, in the United States
(fixed real interest rates)**

Difference % from baseline except (1) & (2)

United States	1	2	3	4	5	10
Real GDP	2.4	2.7	2.6	2.9	3.2	2.6
Imports	6.2	6.8	5.9	6.6	7.9	9.7
Consumption	1.3	1.9	2.2	2.8	3.5	4.2
Government expenditure	5.1	5.0	4.9	4.9	5.0	5.1
Investment						
<i>Business Investment</i>	3.6	4.9	3.3	2.5	2.3	-3.2
<i>Housing</i>	4.7	6.1	5.4	6.1	7.0	9.2
Inventory Investment	0.3	0.1	0.0	0.0	0.1	0.2
Exports	1.3	1.7	1.1	0.5	-0.1	-4.6
Employment	1.1	1.8	2.0	2.2	2.4	1.7
Unemployment rate (1)	-0.8	-1.3	-1.4	-1.6	-1.8	-1.3
GDP deflator	0.4	1.1	2.1	3.4	5.0	16.8
Consumer expenditure deflator	0.1	0.7	1.5	2.6	4.0	14.3
Labour productivity (per head)	1.2	0.9	0.6	0.7	0.8	0.9
Profit margin (1)	0.5	0.0	-0.5	-0.9	-1.2	-2.5
Compensation per employee	0.6	1.8	3.2	5.1	7.5	21.2
Real Compensation per employee	0.5	1.1	1.7	2.5	3.5	6.9
Real disposable income	1.5	2.0	2.7	3.4	4.1	6.1
Public sector balance (2)	-0.3	-0.2	-0.3	-0.4	-0.4	-1.3
Short term interest rates (1)	0.1	0.6	0.8	1.1	1.4	2.1
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.1	0.6	1.5	2.7	4.1	16.0
Price of imports	0.2	0.7	0.9	1.8	2.7	10.0
Current Balance (2)	-0.6	-0.6	-0.6	-0.8	-1.1	-1.8

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

**Table 2.3: a rise in public investment, 1 % of GDP, in Japan
(fixed real interest rates)**

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.1	0.2	0.2	0.2	0.2	0.4
Japan	1.6	2.1	2.4	1.9	1.2	- 1.3
European Union	0.2	0.4	0.4	0.2	0.1	0.5
Germany	0.3	0.4	0.4	0.2	0.1	0.6
France	0.3	0.4	0.4	0.1	0.0	0.4
Italy	0.3	0.5	0.5	0.4	0.3	0.7
United Kingdom	0.2	0.3	0.3	0.1	0.0	0.3
Northern EU	0.4	0.6	0.6	0.2	- 0.1	0.7
Southern EU	0.1	0.2	0.2	0.2	0.1	0.4
Unemployment (1)						
United States	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.2
Japan	- 0.4	- 0.7	- 0.9	- 0.9	- 0.8	0.5
European Union	- 0.1	- 0.2	- 0.2	- 0.2	- 0.1	- 0.3
Germany	- 0.1	- 0.3	- 0.3	- 0.2	- 0.1	- 0.5
France	- 0.1	- 0.2	- 0.2	- 0.1	- 0.1	- 0.2
Italy	- 0.1	- 0.2	- 0.2	- 0.2	- 0.2	- 0.2
United Kingdom	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
Northern EU	- 0.1	- 0.3	- 0.3	- 0.1	0.1	- 0.4
Southern EU	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
Consumption deflator						
United States	0.0	0.0	0.1	0.2	0.3	1.4
Japan	- 0.2	0.1	0.7	1.8	3.0	7.9
European Union	0.0	0.0	0.2	0.3	0.4	0.9
Germany	0.0	0.1	0.3	0.4	0.4	1.2
France	- 0.1	- 0.1	0.0	0.2	0.4	0.7
Italy	0.0	- 0.1	- 0.1	0.1	0.3	0.7
United Kingdom	0.0	0.1	0.2	0.4	0.5	0.8
Northern EU	0.0	0.2	0.4	0.6	0.6	1.1
Southern EU	0.0	0.0	0.1	0.2	0.3	0.7
Public Sector Balance (2)						
United States	0.0	0.1	0.1	0.1	0.0	0.1
Japan	- 0.7	- 0.5	- 0.5	- 0.6	- 0.9	- 1.8
European Union	0.1	0.2	0.2	0.1	0.1	0.3
Germany	0.1	0.2	0.3	0.2	0.2	0.5
France	0.1	0.2	0.2	0.2	0.1	0.3
Italy	0.1	0.1	0.2	0.1	0.1	0.2
United Kingdom	0.1	0.1	0.1	0.1	0.0	0.1
Northern EU	0.1	0.2	0.2	0.1	0.0	0.2
Southern EU	0.1	0.1	0.1	0.1	0.1	0.3
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	- 0.6	- 0.7	- 0.6	- 0.5	- 0.4	- 0.6
European Union	0.1	0.1	0.1	0.1	0.1	0.2
Germany	0.1	0.1	0.1	0.1	0.1	0.2
France	0.0	0.0	0.1	0.2	0.2	0.2
Italy	0.0	0.1	0.0	0.0	0.1	0.1
United Kingdom	0.1	0.1	0.1	0.0	0.0	0.1
Northern EU	0.1	0.0	0.0	0.0	0.1	0.1
Southern EU	0.1	0.1	0.1	0.1	0.1	0.4
Short term interest rates						
United States	0.0	0.0	0.1	0.1	0.1	0.3
Japan	- 0.2	0.3	0.7	1.1	1.2	0.7
European Union	0.0	0.1	0.1	0.1	0.1	0.2
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

**Table 2.4: a rise in public investment, 1 % of GDP, in Japan
(fixed real interest rates)**

Difference % from baseline except (1) & (2)

Japan	1	2	3	4	5	10
Real GDP	1.6	2.1	2.4	1.9	1.2	- 1.3
Imports	2.7	3.7	4.7	4.4	4.1	3.3
Consumption	0.6	1.0	1.4	1.5	1.5	0.5
Government expenditure	6.4	6.7	6.6	6.6	6.8	6.6
Investment						
<i>Business Investment</i>	1.8	2.8	4.0	1.4	- 1.1	- 8.8
<i>Housing</i>	6.3	6.0	5.0	2.0	0.1	- 1.8
Inventory Investment	0.0	0.1	0.1	0.1	0.0	0.0
Exports	- 0.8	- 0.8	- 1.0	- 1.3	- 1.8	- 6.0
Employment	0.7	1.3	1.7	1.8	1.5	- 0.8
Unemployment rate (1)	- 0.4	- 0.7	- 0.9	- 0.9	- 0.8	0.5
GDP deflator	- 0.3	0.0	0.9	2.1	3.5	8.3
Consumer expenditure deflator	- 0.2	0.1	0.7	1.8	3.0	7.9
Labour productivity (per head)	0.9	0.8	0.6	0.1	- 0.3	- 0.5
Profit margin (1)	0.2	- 0.1	- 0.4	- 0.8	- 1.1	- 1.1
Compensation per employee	0.2	0.9	2.2	3.7	5.2	10.0
Real Compensation per employee	0.4	0.9	1.5	1.9	2.2	2.1
Real disposable income	0.9	1.6	2.4	2.9	3.0	1.6
Public sector balance (2)	- 0.7	- 0.5	- 0.5	- 0.6	- 0.9	- 1.8
Short term interest rates (1)	- 0.2	0.3	0.7	1.1	1.2	0.7
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	- 0.2	- 0.1	0.5	1.6	2.8	6.7
Price of imports	0.0	- 0.1	0.1	0.3	0.6	2.1
Current Balance (2)	- 0.6	- 0.7	- 0.6	- 0.5	- 0.4	- 0.6

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

**Table 2.5: a rise in public investment, 1 % of GDP, in Germany
(fixed real interest rates)**

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.1	0.1	0.1	0.2
Japan	0.0	0.1	0.1	0.1	0.1	0.2
European Union	0.8	1.0	0.7	0.4	0.0	0.3
Germany	2.0	2.3	1.9	1.4	0.7	0.2
France	0.4	0.5	0.2	-0.1	-0.4	0.2
Italy	0.6	0.8	0.7	0.4	-0.1	0.3
United Kingdom	0.2	0.3	0.2	0.0	-0.2	0.2
Northern EU	0.6	0.8	0.4	-0.1	-0.3	0.5
Southern EU	0.2	0.2	0.1	0.0	-0.1	0.2
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	-0.1
Japan	0.0	0.0	0.0	-0.1	-0.1	-0.1
European Union	-0.3	-0.5	-0.5	-0.4	-0.2	-0.3
Germany	-0.8	-1.5	-1.4	-1.2	-0.8	-0.7
France	-0.1	-0.2	-0.2	-0.1	0.1	-0.2
Italy	-0.1	-0.3	-0.3	-0.3	-0.2	-0.1
United Kingdom	0.0	-0.1	-0.1	-0.1	0.0	-0.1
Northern EU	-0.2	-0.5	-0.3	0.0	0.2	-0.3
Southern EU	0.0	-0.1	-0.1	0.0	0.0	-0.1
Consumption deflator						
United States	0.0	0.0	0.0	0.1	0.1	0.5
Japan	0.0	0.0	0.0	0.1	0.1	0.6
European Union	0.1	0.3	0.6	0.9	1.1	1.9
Germany	0.3	1.0	1.6	2.1	2.5	4.9
France	-0.1	-0.1	0.2	0.5	0.7	0.8
Italy	-0.1	-0.1	0.0	0.3	0.6	1.0
United Kingdom	0.0	0.1	0.3	0.4	0.5	0.6
Northern EU	0.1	0.3	0.6	0.7	0.7	1.5
Southern EU	0.0	0.1	0.2	0.2	0.3	0.5
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.2	0.2	0.1	-0.1	-0.1
Germany	-0.2	0.3	0.2	0.1	-0.2	-0.7
France	0.1	0.3	0.2	0.0	-0.1	0.2
Italy	0.1	0.2	0.2	0.1	0.0	0.1
United Kingdom	0.1	0.1	0.1	0.0	0.0	0.1
Northern EU	0.1	0.2	0.1	0.0	-0.2	0.0
Southern EU	0.1	0.1	0.0	0.0	-0.1	0.0
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2
Germany	-0.6	-0.7	-0.7	-0.7	-0.6	-1.0
France	0.0	0.1	0.2	0.3	0.2	0.1
Italy	0.1	0.1	0.0	0.0	0.0	0.0
United Kingdom	0.1	0.0	0.0	0.0	0.0	0.0
Northern EU	0.1	-0.1	0.0	0.2	0.2	0.0
Southern EU	0.1	0.2	0.2	0.1	0.1	0.3
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.0	0.1	0.1
European Union	0.1	0.3	0.3	0.3	0.2	0.3
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

**Table 2.6: a rise in public investment, 1 % of GDP, in Germany
(fixed real interest rates)**

Difference % from baseline except (1) & (2)

Germany	1	2	3	4	5	10
Real GDP	2.0	2.3	1.9	1.4	0.7	0.2
Imports	2.6	3.0	2.2	1.6	0.5	1.4
Consumption	0.9	1.5	1.5	1.2	0.8	0.2
Government expenditure	4.3	4.4	4.5	4.6	4.7	5.4
Investment						
<i>Business Investment</i>	6.1	7.4	4.9	2.5	-2.0	-0.7
<i>Housing</i>	0.2	0.9	2.0	2.9	3.0	0.9
Inventory Investment	0.2	0.1	-0.1	-0.1	-0.1	-0.1
Exports	0.5	0.4	-0.3	-1.1	-1.7	-1.8
Employment	1.0	1.8	1.8	1.5	0.9	0.1
Unemployment rate (1)	-0.8	-1.5	-1.4	-1.2	-0.8	-0.7
GDP deflator	0.4	1.3	2.0	2.4	2.7	5.2
Consumer expenditure deflator	0.3	1.0	1.6	2.1	2.5	4.9
Labour productivity (per head)	1.0	0.5	0.1	-0.1	-0.2	0.1
Profit margin (1)	-0.1	-1.0	-1.3	-1.4	-1.3	-1.4
Compensation per employee	1.5	3.2	3.8	4.2	4.4	7.3
Real Compensation per employee	1.2	2.2	2.2	2.1	1.9	2.5
Real disposable income	1.3	1.8	1.6	1.2	0.7	0.3
Public sector balance (2)	-0.2	0.3	0.2	0.1	-0.2	-0.7
Short term interest rates (1)	0.1	0.3	0.3	0.3	0.2	0.3
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.1	0.8	1.5	1.9	2.2	4.1
Price of imports	-0.1	0.2	0.7	1.0	1.2	2.4
Current Balance (2)	-0.6	-0.7	-0.7	-0.7	-0.6	-1.0

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

**Table 2.7: a rise in public investment, 1 % of GDP, in France
(fixed real interest rates)**

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.1	0.0	0.0	0.0	0.1
Japan	0.1	0.1	0.1	0.0	0.0	0.1
European Union	0.5	0.7	0.4	0.1	0.0	0.3
Germany	0.4	0.5	0.2	-0.1	-0.3	0.1
France	1.5	1.8	1.4	0.9	0.7	1.2
Italy	0.4	0.5	0.4	0.1	-0.1	0.2
United Kingdom	0.2	0.2	0.1	-0.1	-0.1	0.1
Northern EU	0.5	0.7	0.3	-0.3	-0.4	0.1
Southern EU	0.2	0.2	0.1	0.0	-0.1	0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	-0.2	-0.3	-0.2	-0.1	0.0	-0.2
Germany	-0.2	-0.3	-0.2	0.0	0.1	-0.2
France	-0.4	-0.7	-0.7	-0.5	-0.3	-0.4
Italy	-0.1	-0.2	-0.2	-0.1	-0.1	-0.1
United Kingdom	0.0	-0.1	-0.1	0.0	0.0	0.0
Northern EU	-0.2	-0.4	-0.2	0.1	0.3	-0.1
Southern EU	0.0	-0.1	-0.1	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.1	0.1	0.2
Japan	0.0	0.0	0.0	0.1	0.1	0.3
European Union	0.0	0.1	0.2	0.4	0.5	0.9
Germany	0.1	0.2	0.3	0.3	0.2	0.7
France	-0.3	-0.1	0.4	1.0	1.4	2.6
Italy	0.0	-0.1	0.0	0.2	0.3	0.5
United Kingdom	0.0	0.1	0.2	0.3	0.3	0.3
Northern EU	0.0	0.2	0.4	0.5	0.4	0.7
Southern EU	0.0	0.1	0.1	0.2	0.2	0.3
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.1	-0.1	-0.2	0.0
Germany	0.2	0.3	0.2	0.0	-0.1	0.2
France	-0.4	0.0	-0.2	-0.5	-0.7	-0.5
Italy	0.1	0.1	0.1	0.1	0.0	0.1
United Kingdom	0.1	0.1	0.1	0.0	0.0	0.0
Northern EU	0.1	0.2	0.1	0.0	-0.1	0.0
Southern EU	0.1	0.1	0.1	0.0	0.0	0.0
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	-0.1	-0.1	-0.1	0.0	0.0	0.0
Germany	0.1	0.1	0.1	0.1	0.1	0.1
France	-0.8	-0.9	-0.5	-0.3	-0.3	-0.5
Italy	0.0	0.1	0.0	0.0	0.0	0.0
United Kingdom	0.1	0.0	0.0	0.0	0.0	0.0
Northern EU	0.1	-0.1	0.0	0.1	0.2	0.1
Southern EU	0.1	0.2	0.1	0.1	0.1	0.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.2	0.2	0.1	0.2
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

**Table 2.8: a rise in public investment, 1 % of GDP, in France
(fixed real interest rates)**

Difference % from baseline except (1) & (2)

France	1	2	3	4	5	10
Real GDP	1.5	1.8	1.4	0.9	0.7	1.2
Imports	3.1	3.4	2.0	0.7	0.4	1.8
Consumption	0.7	0.7	0.4	0.1	0.1	0.7
Government expenditure	4.5	4.7	5.0	5.2	5.4	5.7
Investment						
<i>Business Investment</i>	2.7	3.9	2.4	-0.4	-1.8	-0.5
<i>Housing</i>	2.5	4.7	3.1	0.4	-0.7	2.2
Inventory Investment	0.3	0.3	0.0	-0.2	-0.1	-0.1
Exports	0.0	0.3	0.3	-0.1	-0.4	-0.3
Employment	0.5	0.9	0.9	0.6	0.4	0.5
Unemployment rate (1)	-0.4	-0.7	-0.7	-0.5	-0.3	-0.4
GDP deflator	-0.2	0.0	0.5	1.1	1.5	3.0
Consumer expenditure deflator	-0.3	-0.1	0.4	1.0	1.4	2.6
Labour productivity (per head)	0.9	0.9	0.5	0.2	0.2	0.7
Profit margin (1)	0.2	-0.1	-0.5	-0.7	-0.8	-1.0
Compensation per employee	0.2	0.6	1.3	2.0	2.5	4.5
Real Compensation per employee	0.4	0.7	0.9	1.0	1.0	1.9
Real disposable income	0.6	0.7	0.6	0.6	0.6	1.1
Public sector balance (2)	-0.4	0.0	-0.2	-0.5	-0.7	-0.5
Short term interest rates (1)	0.0	0.1	0.2	0.2	0.1	0.2
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	-0.1	0.1	0.3	0.6	0.8	1.6
Price of imports	-0.1	0.0	0.2	0.3	0.4	0.9
Current Balance (2)	-0.8	-0.9	-0.5	-0.3	-0.3	-0.5

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

**Table 2.9: a rise in public investment, 1 % of GDP, in Italy
(fixed real interest rates)**

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.1	0.0	0.0	0.1
Japan	0.0	0.1	0.1	0.1	0.0	0.1
European Union	0.4	0.6	0.7	0.4	0.3	0.3
Germany	0.2	0.4	0.4	0.1	0.0	0.1
France	0.2	0.4	0.4	0.1	-0.1	0.1
Italy	1.7	2.2	2.7	2.4	2.4	1.5
United Kingdom	0.1	0.2	0.2	0.1	0.0	0.1
Northern EU	0.3	0.5	0.5	0.1	-0.1	0.1
Southern EU	0.1	0.2	0.2	0.1	0.1	0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	-0.1	-0.2	-0.3	-0.3	-0.2	-0.2
Germany	-0.1	-0.2	-0.3	-0.2	-0.1	-0.2
France	-0.1	-0.2	-0.2	-0.1	-0.1	-0.1
Italy	-0.4	-0.7	-1.0	-1.1	-1.1	-0.6
United Kingdom	0.0	-0.1	-0.1	-0.1	0.0	0.0
Northern EU	-0.1	-0.2	-0.3	-0.1	0.1	-0.1
Southern EU	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.1	0.3
Japan	0.0	0.0	0.0	0.0	0.1	0.3
European Union	0.0	-0.1	0.0	0.2	0.3	0.9
Germany	0.0	0.1	0.2	0.3	0.3	0.7
France	-0.1	-0.1	0.0	0.2	0.4	0.6
Italy	-0.3	-0.6	-0.5	-0.2	0.3	2.7
United Kingdom	0.0	0.1	0.1	0.2	0.3	0.3
Northern EU	0.0	0.1	0.3	0.4	0.4	0.7
Southern EU	0.0	0.0	0.1	0.1	0.2	0.4
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.2	0.1	0.0	0.1
Germany	0.1	0.2	0.2	0.2	0.1	0.2
France	0.1	0.2	0.2	0.2	0.0	0.2
Italy	-0.6	-0.3	0.0	0.0	-0.1	-0.3
United Kingdom	0.0	0.1	0.1	0.1	0.0	0.0
Northern EU	0.1	0.1	0.1	0.1	0.0	0.1
Southern EU	0.1	0.1	0.1	0.1	0.0	0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	0.0	0.0	0.0	0.0	0.1	0.1
Germany	0.1	0.1	0.1	0.1	0.1	0.1
France	0.0	0.0	0.1	0.2	0.2	0.2
Italy	-0.6	-0.9	-1.0	-0.7	-0.7	-1.1
United Kingdom	0.0	0.1	0.1	0.0	0.0	0.0
Northern EU	0.1	-0.1	-0.2	-0.1	0.0	-0.3
Southern EU	0.3	0.5	0.4	0.4	0.4	1.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	0.0	0.1	0.1	0.1	0.0	0.1
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

**Table 2.10: a rise in public investment, 1 % of GDP, in Italy
(fixed real interest rates)**

Difference % from baseline except (1) & (2)

Italy	1	2	3	4	5	10
Real GDP	1.7	2.2	2.7	2.4	2.4	1.5
Imports	2.0	3.1	3.6	2.4	2.3	2.0
Consumption	0.9	1.4	1.8	1.9	2.0	1.7
Government expenditure	5.4	5.3	5.4	5.3	5.4	5.5
Investment						
<i>Business Investment</i>	<i>1.3</i>	<i>6.2</i>	<i>8.5</i>	<i>5.6</i>	<i>3.7</i>	<i>0.7</i>
<i>Housing</i>	<i>0.2</i>	<i>0.8</i>	<i>1.5</i>	<i>2.2</i>	<i>2.5</i>	<i>1.8</i>
Inventory Investment	0.3	0.3	0.1	0.0	0.0	0.4
Exports	-0.2	-0.1	-0.1	-0.1	-0.2	-0.5
Employment	0.5	0.9	1.3	1.5	1.6	1.2
Unemployment rate (1)	-0.4	-0.7	-1.0	-1.1	-1.1	-0.6
GDP deflator	-0.2	-0.6	-0.5	-0.2	0.3	2.6
Consumer expenditure deflator	-0.3	-0.6	-0.5	-0.2	0.3	2.7
Labour productivity (per head)	1.2	1.3	1.4	0.9	0.8	0.3
Profit margin (1)	0.3	0.2	0.0	-0.3	-0.4	-0.2
Compensation per employee	-0.1	-0.2	0.5	1.5	2.3	5.5
Real Compensation per employee	0.2	0.4	1.0	1.6	1.9	2.8
Real disposable income	1.0	1.3	2.0	2.3	2.5	2.1
Public sector balance (2)	-0.6	-0.3	0.0	0.0	-0.1	-0.3
Short term interest rates (1)	-0.3	-0.3	0.1	0.3	0.5	0.6
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	-0.1	-0.1	-0.1	0.1	0.3	1.3
Price of imports	-0.1	-0.1	0.5	0.5	0.6	1.5
Current Balance (2)	-0.6	-0.9	-1.0	-0.7	-0.7	-1.1

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

**Table 2.11: a rise in public investment, 1 % of GDP, in the United Kingdom
(fixed real interest rates)**

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.1	0.1	0.1	0.1	0.0
European Union	0.3	0.5	0.4	0.3	0.1	0.1
Germany	0.2	0.3	0.3	0.1	0.0	0.1
France	0.2	0.3	0.2	0.1	-0.1	0.1
Italy	0.2	0.3	0.3	0.2	0.1	0.1
United Kingdom	1.3	1.7	1.5	1.2	0.8	0.1
Northern EU	0.3	0.5	0.4	0.1	-0.1	0.1
Southern EU	0.1	0.2	0.2	0.1	0.1	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	-0.1	-0.2	-0.2	-0.2	-0.1	0.0
Germany	-0.1	-0.2	-0.2	-0.1	-0.1	-0.2
France	-0.1	-0.1	-0.1	-0.1	0.0	0.0
Italy	0.0	-0.1	-0.1	-0.1	-0.1	0.0
United Kingdom	-0.2	-0.5	-0.8	-0.8	-0.7	0.2
Northern EU	-0.1	-0.3	-0.2	-0.1	0.1	0.0
Southern EU	0.0	-0.1	-0.1	-0.1	-0.1	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.1	0.1	0.3
Japan	0.0	0.0	0.0	0.1	0.1	0.4
European Union	0.0	0.2	0.4	0.6	0.8	1.1
Germany	0.0	0.1	0.2	0.3	0.3	0.7
France	-0.1	-0.1	0.0	0.2	0.3	0.5
Italy	0.0	0.0	0.0	0.1	0.2	0.5
United Kingdom	0.3	1.0	2.0	3.0	4.0	4.2
Northern EU	0.0	0.2	0.3	0.5	0.5	0.6
Southern EU	0.0	0.1	0.1	0.2	0.3	0.5
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.1	0.0	-0.1	-0.1
Germany	0.1	0.2	0.2	0.1	0.1	0.2
France	0.1	0.1	0.2	0.1	0.0	0.1
Italy	0.0	0.1	0.1	0.1	0.0	0.0
United Kingdom	-0.7	-0.5	-0.4	-0.5	-0.7	-1.1
Northern EU	0.1	0.1	0.1	0.1	0.0	0.0
Southern EU	0.1	0.1	0.1	0.1	0.1	0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	-0.1	0.0	0.0	0.0	0.0
Germany	0.1	0.1	0.1	0.1	0.1	0.0
France	0.0	0.0	0.1	0.1	0.1	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	-0.6	-0.7	-0.7	-0.6	-0.4	-0.6
Northern EU	0.0	0.0	0.0	0.0	0.1	0.1
Southern EU	0.1	0.1	0.1	0.1	0.1	0.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	0.0	0.0	0.1	0.1	0.1	0.1
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

**Table 2.12: a rise in public investment, 1 % of GDP, in the United Kingdom
(fixed real interest rates)**

Difference % from baseline except (1) & (2)

United Kingdom	1	2	3	4	5	10
Real GDP	1.3	1.7	1.5	1.2	0.8	0.1
Imports	2.1	2.8	2.7	2.4	2.2	1.9
Consumption	0.5	0.9	0.9	0.8	0.6	- 0.4
Government expenditure	3.4	3.7	3.8	3.9	3.9	4.0
Investment						
<i>Business Investment</i>	2.0	4.1	4.3	2.7	1.1	0.2
<i>Housing</i>	0.6	1.8	0.8	- 0.1	- 0.7	- 0.1
Inventory Investment	0.1	0.1	0.0	- 0.1	- 0.1	0.0
Exports	- 0.1	- 0.1	- 0.2	- 0.5	- 0.8	- 1.5
Employment	0.3	0.9	1.3	1.4	1.2	- 0.3
Unemployment rate (1)	- 0.2	- 0.5	- 0.8	- 0.8	- 0.7	0.2
GDP deflator	0.4	1.1	2.2	3.3	4.4	3.9
Consumer expenditure deflator	0.3	1.0	2.0	3.0	4.0	4.2
Labour productivity (per head)	1.0	0.8	0.2	- 0.2	- 0.3	0.4
Profit margin (1)	0.6	0.4	0.0	- 0.2	- 0.2	0.1
Compensation per employee	0.4	1.3	2.4	3.4	4.3	4.3
Real Compensation per employee	0.1	0.3	0.5	0.5	0.4	0.2
Real disposable income	0.8	1.3	1.3	1.2	1.1	- 0.4
Public sector balance (2)	- 0.7	- 0.5	- 0.4	- 0.5	- 0.7	- 1.1
Short term interest rates (1)	0.3	0.7	1.0	1.0	1.0	- 0.6
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.1	0.3	0.8	1.3	1.8	2.1
Price of imports	- 0.1	0.0	0.4	0.6	0.9	1.2
Current Balance (2)	- 0.6	- 0.7	- 0.7	- 0.6	- 0.4	- 0.6

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

**Table 2.13: a rise in public investment, 1 % of GDP, in the EU
(fixed real interest rates)**

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.2	0.3	0.3	0.2	0.1	0.4
Japan	0.2	0.4	0.5	0.3	0.1	0.3
European Union	2.7	3.7	3.3	2.0	1.0	1.9
Germany	3.4	4.5	3.7	2.2	0.9	1.5
France	2.7	3.7	2.9	1.3	0.3	2.2
Italy	3.3	4.6	5.1	3.9	2.9	3.0
United Kingdom	2.0	2.7	2.3	1.5	0.8	0.7
Northern EU	3.2	4.7	3.4	1.0	0.0	2.4
Southern EU	1.7	2.1	2.1	1.6	1.2	1.9
Unemployment (1)						
United States	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2
Japan	-0.1	-0.1	-0.2	-0.2	-0.1	-0.1
European Union	-0.9	-1.7	-1.8	-1.4	-0.9	-1.2
Germany	-1.4	-2.8	-2.9	-2.2	-1.4	-2.2
France	-0.8	-1.5	-1.5	-1.0	-0.5	-1.0
Italy	-0.8	-1.5	-2.0	-2.1	-1.8	-1.1
United Kingdom	-0.3	-0.9	-1.3	-1.3	-1.0	-0.1
Northern EU	-1.2	-2.5	-2.1	-0.6	0.4	-1.2
Southern EU	-0.3	-0.6	-0.8	-0.8	-0.7	-0.8
Consumption deflator						
United States	0.0	0.1	0.1	0.2	0.4	1.2
Japan	0.0	0.0	0.1	0.3	0.5	1.4
European Union	0.1	0.7	1.8	3.1	4.1	8.5
Germany	0.5	1.8	3.1	4.0	4.6	11.0
France	-0.6	-0.4	0.8	2.5	3.8	7.3
Italy	-0.4	-0.9	-0.4	0.8	2.4	7.5
United Kingdom	0.4	1.5	3.1	4.9	6.6	9.6
Northern EU	0.3	1.5	3.1	4.2	4.6	8.4
Southern EU	0.1	0.6	1.4	2.1	2.8	5.8
Public Sector Balance (2)						
United States	0.1	0.1	0.1	0.1	0.0	0.1
Japan	0.1	0.1	0.1	0.1	0.0	0.0
European Union	-0.1	0.5	0.6	0.2	-0.3	0.1
Germany	0.4	1.4	1.5	1.0	0.4	1.0
France	0.0	0.9	0.8	0.1	-0.6	0.5
Italy	-0.2	0.3	0.6	0.4	0.0	0.2
United Kingdom	-0.5	-0.1	0.0	-0.2	-0.6	-0.8
Northern EU	-0.2	0.1	0.0	-0.7	-1.3	-1.3
Southern EU	-0.2	-0.1	-0.3	-0.8	-1.1	-1.3
Current Account (2)						
United States	0.0	0.1	0.1	0.1	0.0	0.0
Japan	0.1	0.2	0.1	0.1	0.1	0.2
European Union	-0.2	-0.3	-0.2	-0.1	0.1	0.0
Germany	-0.3	-0.3	-0.3	-0.3	-0.1	-0.3
France	-0.7	-0.7	0.0	0.6	0.7	0.2
Italy	-0.4	-0.7	-1.0	-0.7	-0.5	-0.7
United Kingdom	-0.3	-0.5	-0.4	-0.4	-0.3	-0.3
Northern EU	0.1	-0.1	-0.2	-0.1	0.0	-0.3
Southern EU	0.3	0.5	0.4	0.4	0.4	1.2
Short term interest rates						
United States	0.0	0.1	0.1	0.1	0.1	0.2
Japan	0.0	0.0	0.1	0.2	0.2	0.3
European Union	0.0	0.6	1.0	1.1	0.9	1.2
Exchange rates (3)						
Japan	-0.1	-0.1	0.0	0.1	0.2	0.2
European Union	0.0	0.7	1.7	2.7	3.4	7.1

(1) % point difference from baseline, (2) % from baseline GDP, (3) An increase is a depreciation of the currency vis-à-vis the dollar. Source: Mimosa Model.

**3. A RISE IN PUBLIC INVESTMENT WITH A
MONETARY POLICY RULE**

**Table 3.1: a rise in public investment, 1 % of GDP, in the United States
(with a monetary policy rule)**

Ecart en % au compte central sauf (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	2.3	2.4	2.2	2.4	2.5	2.6
Japan	0.5	0.8	0.9	0.9	0.7	0.8
European Union	0.7	1.0	0.8	0.4	0.3	0.9
Germany	0.7	1.1	0.8	0.4	0.3	1.2
France	0.7	1.0	0.6	0.1	0.0	0.7
Italy	0.8	1.2	1.2	1.0	0.9	1.3
United Kingdom	0.4	0.6	0.5	0.3	0.2	0.0
Northern EU	1.0	1.6	1.1	0.4	0.4	1.7
Southern EU	0.4	0.5	0.4	0.3	0.2	0.5
Unemployment (1)						
United States	- 0.8	- 1.2	- 1.3	- 1.4	- 1.6	- 1.7
Japan	- 0.1	- 0.3	- 0.4	- 0.4	- 0.4	- 0.3
European Union	- 0.2	- 0.5	- 0.5	- 0.3	- 0.3	- 0.5
Germany	- 0.3	- 0.7	- 0.7	- 0.5	- 0.4	- 1.0
France	- 0.2	- 0.4	- 0.4	- 0.2	- 0.1	- 0.4
Italy	- 0.2	- 0.4	- 0.5	- 0.6	- 0.5	- 0.5
United Kingdom	- 0.1	- 0.2	- 0.3	- 0.3	- 0.3	- 0.1
Northern EU	- 0.4	- 0.8	- 0.7	- 0.2	- 0.1	- 0.7
Southern EU	- 0.1	- 0.1	- 0.2	- 0.1	- 0.1	- 0.2
Consumption deflator						
United States	0.1	0.6	1.3	2.4	3.8	14.7
Japan	0.0	0.1	0.3	0.7	1.2	4.4
European Union	0.1	0.3	0.6	0.9	1.2	2.2
Germany	0.2	0.5	0.7	0.9	1.1	2.7
France	- 0.2	- 0.1	0.3	0.8	1.1	1.7
Italy	0.0	- 0.1	0.1	0.4	0.9	2.2
United Kingdom	0.2	0.4	0.8	1.2	1.7	2.0
Northern EU	0.1	0.5	1.1	1.5	1.7	3.3
Southern EU	0.1	0.3	0.5	0.7	0.8	1.2
Public Sector Balance (2)						
United States	- 0.4	- 0.4	- 0.6	- 0.8	- 0.9	- 2.0
Japan	0.1	0.2	0.2	0.2	0.0	- 0.2
European Union	0.2	0.4	0.4	0.3	0.3	0.5
Germany	0.3	0.6	0.6	0.5	0.5	1.2
France	0.2	0.5	0.5	0.2	0.1	0.6
Italy	0.2	0.3	0.3	0.2	0.1	0.2
United Kingdom	0.1	0.3	0.3	0.3	0.2	0.1
Northern EU	0.2	0.4	0.3	0.1	0.0	0.3
Southern EU	0.2	0.3	0.2	0.0	0.1	0.3
Current Account (2)						
United States	- 0.6	- 0.6	- 0.7	- 0.9	- 1.2	- 2.1
Japan	0.2	0.3	0.3	0.4	0.4	1.0
European Union	0.2	0.3	0.3	0.4	0.5	0.8
Germany	0.2	0.4	0.5	0.5	0.7	1.2
France	0.1	0.2	0.4	0.6	0.6	0.7
Italy	0.0	0.1	0.0	0.1	0.2	0.3
United Kingdom	0.2	0.3	0.4	0.4	0.5	0.8
Northern EU	0.2	0.0	0.1	0.4	0.5	0.6
Southern EU	0.2	0.4	0.4	0.4	0.5	1.1
Short term interest rates						
United States	0.5	1.4	1.8	2.3	2.8	4.7
Japan	0.0	0.3	0.6	0.8	0.9	1.3
European Union	0.2	0.5	0.6	0.6	0.5	0.7
Exchange rates (3)						
Japan	1.0	1.4	1.0	0.7	0.4	- 5.3
European Union	0.9	1.3	1.2	1.1	0.8	- 6.8

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

**Table 3.2: a rise in public investment, 1 % of GDP, in the United States
(with a monetary policy rule)**

Ecart en % au compte central sauf (1) & (2)

United States	1	2	3	4	5	10
Real GDP	2.3	2.4	2.2	2.4	2.5	2.6
Imports	6.1	6.2	5.1	5.5	6.0	7.5
Consumption	1.2	1.7	2.0	2.5	3.0	4.5
Government expenditure	5.1	5.0	4.9	4.9	5.0	5.1
Investment						
<i>Business Investment</i>	3.4	4.1	2.1	0.5	-0.6	-7.4
<i>Housing</i>	4.0	4.4	3.7	4.2	4.8	8.4
Inventory Investment	0.3	0.1	0.0	0.0	0.0	0.1
Exports	1.0	0.8	0.1	-0.7	-1.3	-3.6
Employment	1.1	1.6	1.8	1.9	2.1	2.2
Unemployment rate (1)	-0.8	-1.2	-1.3	-1.4	-1.6	-1.7
GDP deflator	0.4	1.0	1.9	3.1	4.6	16.8
Consumer expenditure deflator	0.1	0.6	1.3	2.4	3.8	14.7
Labour productivity (per head)	1.2	0.8	0.5	0.4	0.4	0.4
Profit margin (1)	0.5	-0.1	-0.5	-0.9	-1.2	-2.8
Compensation per employee	0.6	1.6	2.9	4.6	6.7	21.3
Real Compensation per employee	0.5	1.0	1.6	2.3	3.0	6.7
Real disposable income	1.5	2.0	2.6	3.4	4.0	6.8
Public sector balance (2)	-0.4	-0.4	-0.6	-0.8	-0.9	-2.0
Short term interest rates (1)	0.5	1.4	1.8	2.3	2.8	4.7
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.1	0.5	1.3	2.5	3.8	16.0
Price of imports	-0.3	0.1	0.4	1.3	2.2	12.2
Current Balance (2)	-0.6	-0.6	-0.7	-0.9	-1.2	-2.1

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

**Table 3.3: a rise in public investment, 1 % of GDP, in Japan
(with a monetary policy rule)**

Ecart en % au compte central sauf (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.1	0.1	0.2	0.2	0.1	0.3
Japan	1.6	1.9	2.1	1.6	1.1	- 0.2
European Union	0.2	0.4	0.3	0.1	0.0	0.2
Germany	0.3	0.4	0.3	0.1	0.0	0.3
France	0.2	0.4	0.3	0.0	- 0.2	0.2
Italy	0.3	0.5	0.5	0.3	0.2	0.3
United Kingdom	0.2	0.2	0.2	0.1	0.0	0.0
Northern EU	0.4	0.6	0.4	- 0.1	- 0.3	0.3
Southern EU	0.1	0.2	0.2	0.1	0.0	0.1
Unemployment (1)						
United States	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.2
Japan	- 0.4	- 0.7	- 0.9	- 0.8	- 0.7	- 0.1
European Union	- 0.1	- 0.2	- 0.2	- 0.1	0.0	- 0.1
Germany	- 0.1	- 0.2	- 0.2	- 0.1	0.0	- 0.3
France	- 0.1	- 0.1	- 0.1	- 0.1	0.0	- 0.1
Italy	- 0.1	- 0.1	- 0.2	- 0.2	- 0.2	- 0.1
United Kingdom	0.0	- 0.1	- 0.1	- 0.1	- 0.1	0.0
Northern EU	- 0.1	- 0.3	- 0.2	0.0	0.2	- 0.2
Southern EU	0.0	0.0	- 0.1	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.1	0.1	0.3	0.4	1.1
Japan	- 0.2	0.0	0.6	1.7	2.8	8.8
European Union	0.0	0.0	0.1	0.3	0.3	0.5
Germany	0.0	0.1	0.2	0.3	0.3	0.8
France	- 0.1	- 0.1	0.0	0.2	0.4	0.4
Italy	0.0	- 0.1	0.0	0.1	0.3	0.6
United Kingdom	0.0	0.1	0.2	0.3	0.5	0.5
Northern EU	0.0	0.2	0.4	0.5	0.4	0.6
Southern EU	0.0	0.0	0.1	0.2	0.2	0.3
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	- 0.7	- 0.6	- 0.6	- 0.7	- 1.1	- 1.9
European Union	0.1	0.1	0.1	0.1	0.0	0.1
Germany	0.1	0.2	0.2	0.1	0.1	0.3
France	0.1	0.2	0.2	0.1	0.0	0.2
Italy	0.1	0.1	0.1	0.1	0.0	0.1
United Kingdom	0.0	0.1	0.1	0.0	0.0	0.0
Northern EU	0.1	0.1	0.1	0.0	- 0.1	0.0
Southern EU	0.1	0.1	0.1	0.0	0.0	0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	- 0.6	- 0.7	- 0.6	- 0.5	- 0.3	- 0.3
European Union	0.1	0.1	0.1	0.1	0.1	0.1
Germany	0.1	0.1	0.1	0.1	0.1	0.2
France	0.0	0.0	0.1	0.2	0.2	0.1
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.1	0.1	0.1	0.0	0.0	0.1
Northern EU	0.0	0.0	0.0	0.1	0.2	0.1
Southern EU	0.1	0.2	0.2	0.1	0.1	0.2
Short term interest rates						
United States	0.0	0.1	0.2	0.2	0.2	0.4
Japan	- 0.1	0.7	1.4	1.9	2.0	2.0
European Union	0.0	0.1	0.2	0.2	0.1	0.2
Exchange rates (3)						
Japan	- 0.5	- 1.2	- 1.5	- 1.1	0.0	6.1
European Union	0.0	- 0.1	- 0.1	0.0	0.1	- 0.3

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

**Table 3.4: a rise in public investment, 1 % of GDP, in Japan
(with a monetary policy rule)**

Ecart en % au compte central sauf (1) & (2)

Japan	1	2	3	4	5	10
Real GDP	1.6	1.9	2.1	1.6	1.1	- 0.2
Imports	2.7	3.9	5.0	4.6	4.1	2.2
Consumption	0.6	1.0	1.3	1.6	1.7	2.1
Government expenditure	6.4	6.7	6.6	6.6	6.8	6.5
Investment						
<i>Business Investment</i>	1.8	2.5	3.5	0.6	- 1.9	- 10.9
<i>Housing</i>	6.2	5.4	4.2	1.3	0.0	0.2
Inventory Investment	0.0	0.1	0.1	0.1	0.0	0.1
Exports	- 1.0	- 1.2	- 1.7	- 2.0	- 2.2	- 2.9
Employment	0.7	1.2	1.6	1.6	1.4	0.2
Unemployment rate (1)	- 0.4	- 0.7	- 0.9	- 0.8	- 0.7	- 0.1
GDP deflator	- 0.3	0.0	0.9	2.0	3.2	9.2
Consumer expenditure deflator	- 0.2	0.0	0.6	1.7	2.8	8.8
Labour productivity (per head)	0.9	0.7	0.5	0.0	- 0.3	- 0.4
Profit margin (1)	0.2	- 0.1	- 0.4	- 0.8	- 1.0	- 1.6
Compensation per employee	0.2	0.8	2.0	3.4	4.8	11.9
Real Compensation per employee	0.4	0.8	1.4	1.7	2.0	3.1
Real disposable income	0.9	1.7	2.6	3.2	3.6	4.4
Public sector balance (2)	- 0.7	- 0.6	- 0.6	- 0.7	- 1.1	- 1.9
Short term interest rates (1)	- 0.1	0.7	1.4	1.9	2.0	2.0
US dollar rate	- 0.5	- 1.2	- 1.5	- 1.1	0.0	6.1
Price of exports	- 0.4	- 0.5	0.2	1.4	2.8	9.1
Price of imports	- 0.4	- 1.0	- 1.1	- 0.5	0.6	7.0
Current Balance (2)	- 0.6	- 0.7	- 0.6	- 0.5	- 0.3	- 0.3

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

**Table 3.5: a rise in public investment, 1 % of GDP, in Germany
(with a monetary policy rule)**

Ecart en % au compte central sauf (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.1	0.1	0.1	0.0	0.1
European Union	0.7	0.7	0.4	0.2	0.1	0.2
Germany	1.9	1.9	1.4	1.1	0.7	0.2
France	0.3	0.2	-0.1	-0.3	-0.3	0.0
Italy	0.5	0.6	0.4	0.2	0.0	0.3
United Kingdom	0.2	0.0	-0.1	-0.1	-0.1	-0.2
Northern EU	0.5	0.4	-0.2	-0.4	-0.2	0.4
Southern EU	0.1	0.0	-0.1	-0.2	-0.2	0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	-0.1
Japan	0.0	0.0	0.0	0.0	0.0	-0.1
European Union	-0.3	-0.4	-0.4	-0.3	-0.2	-0.2
Germany	-0.8	-1.3	-1.1	-0.9	-0.7	-0.6
France	-0.1	-0.1	0.0	0.1	0.1	-0.1
Italy	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2
United Kingdom	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Northern EU	-0.2	-0.3	0.0	0.2	0.2	-0.2
Southern EU	0.0	0.0	0.0	0.0	0.1	0.0
Consumption deflator						
United States	0.0	0.0	0.1	0.1	0.1	0.3
Japan	0.0	0.0	0.0	0.1	0.1	0.5
European Union	0.0	0.2	0.4	0.6	0.8	1.8
Germany	0.3	0.9	1.3	1.7	2.0	4.4
France	-0.1	-0.1	0.1	0.3	0.4	0.5
Italy	-0.1	-0.2	0.0	0.2	0.5	1.2
United Kingdom	0.0	0.0	0.0	0.2	0.4	1.3
Northern EU	0.0	0.2	0.3	0.3	0.2	1.3
Southern EU	0.0	0.0	0.0	0.0	0.0	0.4
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.0	-0.1	-0.2	-0.3
Germany	-0.2	0.1	0.0	-0.2	-0.4	-0.7
France	0.1	0.2	0.0	-0.1	-0.2	0.0
Italy	0.1	0.1	0.1	0.0	-0.1	0.0
United Kingdom	0.0	0.0	-0.1	-0.1	-0.1	-0.2
Northern EU	0.1	0.0	-0.1	-0.3	-0.3	-0.3
Southern EU	0.0	0.0	-0.1	-0.2	-0.2	-0.3
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2
Germany	-0.6	-0.7	-0.7	-0.7	-0.6	-0.9
France	0.1	0.1	0.2	0.2	0.1	0.2
Italy	0.1	0.0	-0.1	-0.1	0.0	-0.1
United Kingdom	0.1	0.1	0.1	0.1	0.0	0.2
Northern EU	0.1	0.0	0.2	0.4	0.3	0.1
Southern EU	0.2	0.2	0.2	0.2	0.2	0.4
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.1	0.1	0.1	0.2
European Union	0.2	0.5	0.5	0.4	0.3	0.6
Exchange rates (3)						
Japan	0.0	0.0	-0.1	-0.1	0.0	0.1
European Union	-0.4	-0.7	-0.4	0.0	0.3	1.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

**Table 3.6: a rise in public investment, 1 % of GDP, in Germany
(with a monetary policy rule)**

Ecart en % au compte central sauf (1) & (2)

Germany	1	2	3	4	5	10
Real GDP	1.9	1.9	1.4	1.1	0.7	0.2
Imports	2.5	2.5	1.7	1.3	0.6	1.1
Consumption	0.8	1.3	1.2	0.9	0.7	0.3
Government expenditure	4.3	4.4	4.5	4.5	4.7	5.4
Investment						
<i>Business Investment</i>	5.7	6.2	3.4	1.6	-1.7	-1.4
<i>Housing</i>	0.1	0.4	0.9	1.3	1.5	0.3
Inventory Investment	0.2	0.0	-0.1	-0.1	-0.1	-0.1
Exports	0.4	-0.1	-0.8	-1.3	-1.5	-1.7
Employment	0.9	1.6	1.4	1.1	0.8	0.2
Unemployment rate (1)	-0.8	-1.3	-1.1	-0.9	-0.7	-0.6
GDP deflator	0.3	1.1	1.7	2.0	2.3	4.7
Consumer expenditure deflator	0.3	0.9	1.3	1.7	2.0	4.4
Labour productivity (per head)	0.9	0.3	0.0	0.0	-0.1	0.1
Profit margin (1)	-0.1	-0.9	-1.1	-1.1	-1.1	-1.3
Compensation per employee	1.4	2.8	3.1	3.4	3.7	6.7
Real Compensation per employee	1.1	1.9	1.8	1.7	1.7	2.3
Real disposable income	1.3	1.7	1.4	1.1	0.8	0.5
Public sector balance (2)	-0.2	0.1	0.0	-0.2	-0.4	-0.7
Short term interest rates (1)	0.2	0.5	0.5	0.4	0.3	0.6
US dollar rate	-0.4	-0.7	-0.4	0.0	0.3	1.0
Price of exports	0.1	0.6	1.2	1.5	1.8	3.9
Price of imports	-0.2	-0.1	0.4	0.7	1.0	2.4
Current Balance (2)	-0.6	-0.7	-0.7	-0.7	-0.6	-0.9

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

**Table 3.7: a rise in public investment, 1 % of GDP, in France
(with a monetary policy rule)**

Ecart en % au compte central sauf (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.1	0.1	0.1	0.0	0.0	0.0
European Union	0.5	0.5	0.2	0.0	0.0	0.2
Germany	0.3	0.3	- 0.1	- 0.3	- 0.3	0.1
France	1.4	1.7	1.2	0.8	0.7	1.1
Italy	0.4	0.4	0.3	0.1	0.0	0.2
United Kingdom	0.2	0.1	- 0.1	- 0.1	- 0.1	- 0.1
Northern EU	0.5	0.6	0.0	- 0.5	- 0.3	0.0
Southern EU	0.2	0.1	0.0	- 0.1	- 0.1	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.2	- 0.2	- 0.2	0.0	0.0	- 0.1
Germany	- 0.1	- 0.2	- 0.1	0.1	0.2	- 0.1
France	- 0.4	- 0.7	- 0.6	- 0.4	- 0.3	- 0.4
Italy	- 0.1	- 0.2	- 0.2	- 0.1	- 0.1	- 0.1
United Kingdom	0.0	- 0.1	- 0.1	0.0	0.0	0.0
Northern EU	- 0.2	- 0.3	- 0.1	0.3	0.3	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.1	0.1	0.2
Japan	0.0	0.0	0.0	0.1	0.1	0.2
European Union	0.0	0.0	0.2	0.3	0.3	0.8
Germany	0.0	0.1	0.2	0.1	0.1	0.4
France	- 0.3	- 0.1	0.4	0.9	1.3	2.5
Italy	0.0	- 0.1	0.0	0.1	0.3	0.6
United Kingdom	0.0	0.0	0.1	0.1	0.2	0.6
Northern EU	0.0	0.2	0.3	0.3	0.1	0.6
Southern EU	0.0	0.0	0.0	0.1	0.1	0.2
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.0	- 0.2	- 0.2	- 0.1
Germany	0.1	0.2	0.1	- 0.1	- 0.1	0.1
France	- 0.4	- 0.1	- 0.3	- 0.6	- 0.7	- 0.6
Italy	0.1	0.1	0.1	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	- 0.1	0.0	- 0.1
Northern EU	0.1	0.1	0.0	- 0.2	- 0.2	- 0.1
Southern EU	0.1	0.1	0.0	- 0.1	- 0.1	- 0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.1	- 0.1	0.0	0.0	0.0	0.0
Germany	0.1	0.1	0.1	0.1	0.1	0.1
France	- 0.8	- 0.9	- 0.5	- 0.3	- 0.3	- 0.5
Italy	0.1	0.0	0.0	0.0	0.0	- 0.1
United Kingdom	0.1	0.1	0.1	0.0	0.0	0.1
Northern EU	0.1	- 0.1	0.1	0.3	0.3	0.2
Southern EU	0.1	0.2	0.1	0.1	0.1	0.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.1	0.1	0.1	0.1
European Union	0.0	0.2	0.3	0.2	0.1	0.3
Exchange rates (3)						
Japan	0.0	0.0	- 0.1	- 0.1	0.0	0.0
European Union	- 0.2	- 0.4	- 0.3	0.0	0.2	0.3

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

**Table 3.8: a rise in public investment, 1 % of GDP, in France
(with a monetary policy rule)**

Ecart en % au compte central sauf (1) & (2)

France	1	2	3	4	5	10
Real GDP	1.4	1.7	1.2	0.8	0.7	1.1
Imports	3.0	3.2	1.6	0.5	0.6	1.5
Consumption	0.7	0.7	0.3	0.1	0.1	0.6
Government expenditure	4.5	4.7	5.0	5.2	5.4	5.7
Investment						
<i>Business Investment</i>	2.7	3.6	1.9	-0.8	-1.7	-1.2
<i>Housing</i>	2.4	4.3	2.5	0.0	-0.6	1.6
Inventory Investment	0.3	0.3	-0.1	-0.2	-0.1	-0.1
Exports	0.0	0.1	-0.1	-0.4	-0.5	-0.5
Employment	0.5	0.9	0.8	0.6	0.4	0.5
Unemployment rate (1)	-0.4	-0.7	-0.6	-0.4	-0.3	-0.4
GDP deflator	-0.2	0.0	0.5	1.0	1.4	2.9
Consumer expenditure deflator	-0.3	-0.1	0.4	0.9	1.3	2.5
Labour productivity (per head)	0.9	0.8	0.4	0.2	0.3	0.6
Profit margin (1)	0.2	-0.1	-0.5	-0.7	-0.7	-1.0
Compensation per employee	0.1	0.6	1.2	1.8	2.2	4.3
Real Compensation per employee	0.4	0.7	0.8	0.9	1.0	1.8
Real disposable income	0.6	0.6	0.6	0.5	0.6	1.0
Public sector balance (2)	-0.4	-0.1	-0.3	-0.6	-0.7	-0.6
Short term interest rates (1)	0.0	0.2	0.3	0.2	0.1	0.3
US dollar rate	-0.2	-0.4	-0.3	0.0	0.2	0.3
Price of exports	-0.1	0.0	0.2	0.5	0.7	1.6
Price of imports	-0.2	-0.1	0.1	0.2	0.4	0.9
Current Balance (2)	-0.8	-0.9	-0.5	-0.3	-0.3	-0.5

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

**Table 3.9: a rise in public investment, 1 % of GDP, in Italy
(with a monetary policy rule)**

Ecart en % au compte central sauf (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.1	0.1	0.0	0.0	0.1
European Union	0.4	0.6	0.6	0.3	0.1	0.3
Germany	0.2	0.4	0.3	-0.1	-0.3	0.1
France	0.2	0.4	0.3	0.0	-0.2	0.1
Italy	1.7	2.3	2.7	2.3	2.2	1.4
United Kingdom	0.1	0.2	0.1	-0.1	-0.1	-0.1
Northern EU	0.3	0.5	0.4	-0.2	-0.4	0.1
Southern EU	0.1	0.2	0.1	0.0	-0.1	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	-0.1	-0.2	-0.3	-0.2	-0.1	-0.1
Germany	-0.1	-0.2	-0.2	-0.1	0.1	-0.2
France	-0.1	-0.2	-0.2	-0.1	0.0	-0.1
Italy	-0.4	-0.8	-1.1	-1.1	-1.1	-0.5
United Kingdom	0.0	-0.1	-0.1	-0.1	0.0	-0.1
Northern EU	-0.1	-0.3	-0.2	0.0	0.3	-0.1
Southern EU	0.0	0.0	-0.1	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.1	0.2
Japan	0.0	0.0	0.0	0.0	0.1	0.2
European Union	0.0	0.0	0.0	0.2	0.3	0.7
Germany	0.0	0.1	0.2	0.2	0.2	0.4
France	-0.1	-0.1	0.0	0.2	0.4	0.3
Italy	-0.3	-0.6	-0.5	-0.1	0.5	2.5
United Kingdom	0.0	0.1	0.1	0.2	0.2	0.4
Northern EU	0.0	0.1	0.3	0.4	0.3	0.4
Southern EU	0.0	0.0	0.1	0.1	0.1	0.1
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.1	0.0	-0.1	0.0
Germany	0.1	0.2	0.2	0.1	-0.1	0.1
France	0.1	0.2	0.2	0.1	-0.1	0.1
Italy	-0.6	-0.3	0.0	-0.1	-0.2	-0.3
United Kingdom	0.0	0.1	0.1	0.0	0.0	-0.1
Northern EU	0.1	0.1	0.1	-0.1	-0.2	-0.1
Southern EU	0.1	0.1	0.1	-0.1	-0.1	-0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.1	0.1
Germany	0.1	0.1	0.1	0.1	0.1	0.1
France	0.0	0.0	0.1	0.2	0.2	0.1
Italy	-0.6	-0.9	-1.0	-0.8	-0.8	-1.1
United Kingdom	0.0	0.1	0.1	0.1	0.1	0.1
Northern EU	0.1	-0.1	-0.2	-0.1	0.0	-0.3
Southern EU	0.3	0.5	0.4	0.4	0.4	1.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.1	0.1	0.1
European Union	0.0	0.1	0.3	0.3	0.2	0.3
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

**Table 3.10: a rise in public investment, 1 % of GDP, in Italy
(with a monetary policy rule)**

Ecart en % au compte central sauf (1) & (2)

Italy	1	2	3	4	5	10
Real GDP	1.7	2.3	2.7	2.3	2.2	1.4
Imports	2.1	3.2	3.8	2.4	2.0	1.9
Consumption	0.9	1.6	2.0	2.0	1.9	1.4
Government expenditure	5.4	5.3	5.4	5.3	5.4	5.5
Investment						
<i>Business Investment</i>	<i>1.4</i>	<i>6.3</i>	<i>8.7</i>	<i>5.5</i>	<i>3.3</i>	<i>1.0</i>
<i>Housing</i>	<i>0.3</i>	<i>0.9</i>	<i>1.7</i>	<i>2.3</i>	<i>2.5</i>	<i>1.4</i>
Inventory Investment	0.3	0.3	0.1	0.0	0.0	0.4
Exports	-0.2	-0.1	-0.2	-0.3	-0.5	-0.6
Employment	0.5	0.9	1.3	1.5	1.6	1.0
Unemployment rate (1)	-0.4	-0.8	-1.1	-1.1	-1.1	-0.5
GDP deflator	-0.2	-0.6	-0.5	-0.1	0.4	2.4
Consumer expenditure deflator	-0.3	-0.6	-0.5	-0.1	0.5	2.5
Labour productivity (per head)	1.2	1.4	1.4	0.8	0.6	0.4
Profit margin (1)	0.3	0.2	0.0	-0.3	-0.4	-0.2
Compensation per employee	-0.1	-0.2	0.5	1.6	2.4	5.2
Real Compensation per employee	0.2	0.4	1.0	1.7	2.0	2.7
Real disposable income	1.1	1.6	2.2	2.3	2.3	1.8
Public sector balance (2)	-0.6	-0.3	0.0	-0.1	-0.2	-0.3
Short term interest rates (1)	0.0	0.1	0.3	0.3	0.2	0.3
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	-0.1	-0.1	-0.1	0.1	0.3	1.2
Price of imports	-0.1	-0.1	0.5	0.5	0.6	1.3
Current Balance (2)	-0.6	-0.9	-1.0	-0.8	-0.8	-1.1

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

**Table 3.11: a rise in public investment, 1 % of GDP, in the United Kingdom
(with a monetary policy rule)**

Ecart en % au compte central sauf (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.1	0.0	0.0	0.0
Japan	0.0	0.1	0.1	0.1	0.1	0.0
European Union	0.4	0.5	0.5	0.3	0.2	0.1
Germany	0.2	0.3	0.2	0.1	0.0	0.1
France	0.2	0.3	0.2	0.1	-0.1	0.0
Italy	0.2	0.3	0.4	0.3	0.2	0.0
United Kingdom	1.3	1.8	1.7	1.3	0.9	0.2
Northern EU	0.3	0.5	0.4	0.1	-0.1	0.0
Southern EU	0.1	0.2	0.2	0.1	0.1	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	-0.1	-0.2	-0.2	-0.2	-0.1	0.0
Germany	-0.1	-0.2	-0.2	-0.1	-0.1	-0.1
France	-0.1	-0.1	-0.1	-0.1	0.0	0.0
Italy	-0.1	-0.1	-0.2	-0.2	-0.1	0.0
United Kingdom	-0.2	-0.5	-0.8	-0.7	-0.5	0.1
Northern EU	-0.1	-0.3	-0.3	-0.1	0.1	0.0
Southern EU	0.0	-0.1	-0.1	-0.1	-0.1	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.1	0.1	0.3
Japan	0.0	0.0	0.0	0.1	0.1	0.4
European Union	0.0	0.2	0.4	0.6	0.8	0.9
Germany	0.0	0.1	0.2	0.2	0.3	0.6
France	-0.1	-0.1	0.0	0.2	0.3	0.5
Italy	0.0	-0.1	0.0	0.1	0.2	0.7
United Kingdom	0.3	1.0	2.0	2.9	3.7	3.0
Northern EU	0.0	0.1	0.3	0.4	0.5	0.6
Southern EU	0.0	0.0	0.1	0.2	0.2	0.4
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.1	0.0	0.0	-0.1
Germany	0.1	0.2	0.2	0.1	0.1	0.1
France	0.1	0.2	0.2	0.1	0.0	0.0
Italy	0.0	0.1	0.1	0.1	0.0	0.0
United Kingdom	-0.7	-0.4	-0.3	-0.3	-0.6	-1.1
Northern EU	0.1	0.1	0.1	0.0	0.0	-0.1
Southern EU	0.1	0.1	0.1	0.0	0.0	0.0
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	-0.1	-0.1	0.0	0.0	0.0
Germany	0.1	0.1	0.1	0.1	0.1	0.0
France	0.0	0.0	0.1	0.1	0.2	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	-0.6	-0.9	-0.9	-0.8	-0.6	-0.5
Northern EU	0.0	0.0	0.0	0.1	0.2	0.1
Southern EU	0.1	0.2	0.2	0.1	0.1	0.2
Short term interest rates						
United States	0.0	0.0	0.0	0.1	0.1	0.1
Japan	0.0	0.0	0.1	0.1	0.1	0.1
European Union	0.0	0.1	0.2	0.2	0.1	0.1
Exchange rates (3)						
Japan	0.0	0.0	0.0	-0.1	0.0	0.1
European Union	-0.1	-0.2	-0.2	0.0	0.1	0.2

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

**Table 3.12: a rise in public investment, 1 % of GDP, in the United Kingdom
(with a monetary policy rule)**

Ecart en % au compte central sauf (1) & (2)

United Kingdom	1	2	3	4	5	10
Real GDP	1.3	1.8	1.7	1.3	0.9	0.2
Imports	2.2	3.2	3.2	2.9	2.6	1.4
Consumption	0.6	0.9	0.9	0.7	0.5	- 0.2
Government expenditure	3.5	3.8	3.9	3.9	3.9	3.9
Investment						
<i>Business Investment</i>	2.5	5.7	7.0	5.5	3.5	- 1.8
<i>Housing</i>	1.0	2.4	1.4	0.1	- 0.6	0.0
Inventory Investment	0.1	0.2	0.1	- 0.1	- 0.1	0.0
Exports	- 0.2	- 0.3	- 0.5	- 0.8	- 1.0	- 1.0
Employment	0.3	0.9	1.3	1.2	0.9	- 0.2
Unemployment rate (1)	- 0.2	- 0.5	- 0.8	- 0.7	- 0.5	0.1
GDP deflator	0.4	1.1	2.2	3.2	4.1	2.8
Consumer expenditure deflator	0.3	1.0	2.0	2.9	3.7	3.0
Labour productivity (per head)	1.1	0.9	0.4	0.1	0.1	0.3
Profit margin (1)	0.7	0.5	0.1	- 0.1	0.1	0.1
Compensation per employee	0.4	1.4	2.5	3.4	4.1	3.1
Real Compensation per employee	0.1	0.3	0.5	0.5	0.4	0.1
Real disposable income	0.8	1.1	1.0	0.8	0.7	- 0.1
Public sector balance (2)	- 0.7	- 0.4	- 0.3	- 0.3	- 0.6	- 1.1
Short term interest rates (1)	0.0	0.1	0.2	0.2	0.1	0.1
US dollar rate	- 0.1	- 0.2	- 0.2	0.0	0.1	0.2
Price of exports	0.1	0.3	0.8	1.2	1.7	1.6
Price of imports	- 0.1	0.0	0.3	0.6	0.8	1.0
Current Balance (2)	- 0.6	- 0.9	- 0.9	- 0.8	- 0.6	- 0.5

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

**Table 3.13: a rise in public investment, 1 % of GDP, in the EU
(with a monetary policy rule)**

Ecart en % au compte central sauf (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.2	0.2	0.3	0.2	0.2	0.4
Japan	0.2	0.5	0.5	0.4	0.2	0.3
European Union	2.6	3.0	2.2	1.1	0.7	1.1
Germany	3.1	3.4	2.1	0.9	0.3	0.8
France	2.5	3.0	1.9	0.5	0.1	1.3
Italy	3.2	4.1	4.3	3.3	2.7	2.4
United Kingdom	1.9	2.3	1.7	1.0	0.7	-0.3
Northern EU	3.0	3.7	1.7	-0.4	-0.4	1.3
Southern EU	1.5	1.6	1.3	0.8	0.7	1.2
Unemployment (1)						
United States	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3
Japan	-0.1	-0.2	-0.2	-0.2	-0.2	-0.1
European Union	-0.8	-1.4	-1.3	-0.9	-0.6	-0.8
Germany	-1.3	-2.3	-1.9	-1.2	-0.7	-1.4
France	-0.8	-1.2	-1.1	-0.6	-0.2	-0.7
Italy	-0.8	-1.4	-1.8	-1.9	-1.8	-1.1
United Kingdom	-0.3	-0.8	-1.1	-1.0	-0.9	-0.2
Northern EU	-1.1	-2.1	-1.2	0.2	0.7	-0.5
Southern EU	-0.3	-0.5	-0.5	-0.5	-0.4	-0.5
Consumption deflator						
United States	0.0	0.1	0.3	0.4	0.5	1.7
Japan	0.0	0.0	0.1	0.4	0.7	2.0
European Union	0.0	0.4	1.2	2.0	2.7	5.9
Germany	0.4	1.4	2.2	2.7	2.9	7.4
France	-0.7	-0.5	0.5	1.8	2.6	4.9
Italy	-0.5	-1.1	-0.7	0.3	1.7	6.3
United Kingdom	0.3	1.0	2.3	3.6	4.9	7.0
Northern EU	0.2	1.2	2.3	2.7	2.6	5.7
Southern EU	0.0	0.3	0.7	1.1	1.5	3.6
Public Sector Balance (2)						
United States	0.1	0.1	0.1	0.0	0.0	0.0
Japan	0.1	0.1	0.1	0.1	0.0	-0.1
European Union	-0.1	0.3	0.0	-0.4	-0.8	-0.6
Germany	0.3	0.9	0.6	0.1	-0.3	0.1
France	-0.1	0.6	0.3	-0.5	-0.9	-0.3
Italy	-0.3	0.2	0.3	0.1	-0.2	-0.2
United Kingdom	-0.5	-0.3	-0.3	-0.4	-0.7	-1.4
Northern EU	-0.3	-0.2	-0.6	-1.5	-1.9	-2.4
Southern EU	-0.3	-0.4	-0.9	-1.3	-1.5	-2.4
Current Account (2)						
United States	0.1	0.1	0.1	0.1	0.0	0.0
Japan	0.1	0.2	0.2	0.2	0.2	0.4
European Union	-0.2	-0.3	-0.2	-0.1	0.0	0.0
Germany	-0.2	-0.2	-0.2	-0.3	-0.1	-0.4
France	-0.6	-0.6	0.1	0.5	0.4	0.2
Italy	-0.4	-0.8	-1.2	-0.9	-0.7	-1.2
United Kingdom	-0.3	-0.5	-0.5	-0.5	-0.4	0.1
Northern EU	0.1	-0.1	-0.2	-0.1	0.0	-0.3
Southern EU	0.3	0.5	0.4	0.4	0.4	1.2
Short term interest rates						
United States	0.1	0.2	0.2	0.3	0.3	0.6
Japan	0.0	0.1	0.3	0.5	0.5	0.7
European Union	0.3	1.3	1.7	1.5	1.1	1.7
Exchange rates (3)						
Japan	0.0	-0.1	-0.3	-0.3	-0.1	0.4
European Union	-1.0	-1.9	-1.6	-0.5	0.5	2.3

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar. Source: Mimosa Model.

4. A RISE IN INTEREST RATES

Table 4.1: a rise in interest rates, 1 point, in the United States

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	-0.2	-0.2	-0.2	-0.1	0.0	0.0
Japan	0.0	-0.1	-0.1	-0.1	0.0	0.2
European Union	-0.1	-0.1	-0.1	0.0	0.0	0.2
Germany	-0.1	-0.1	-0.1	0.0	0.1	0.2
France	-0.1	-0.2	-0.1	-0.1	0.0	0.1
Italy	-0.1	-0.2	-0.1	-0.1	0.0	0.2
United Kingdom	-0.1	-0.1	-0.1	-0.1	0.0	0.1
Northern EU	0.0	-0.1	0.0	0.2	0.3	0.3
Southern EU	0.0	-0.1	-0.1	-0.1	0.0	0.1
Unemployment (1)						
United States	0.1	0.1	0.0	0.0	-0.1	-0.2
Japan	0.0	0.0	0.0	0.0	0.0	-0.1
European Union	0.0	0.1	0.1	0.0	0.0	-0.1
Germany	0.0	0.1	0.1	0.0	0.0	-0.1
France	0.0	0.1	0.1	0.1	0.0	0.0
Italy	0.0	0.0	0.1	0.1	0.0	-0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	-0.1	-0.1	-0.1
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.1	0.9
Japan	0.0	0.0	0.0	-0.1	-0.1	0.0
European Union	0.0	0.0	0.0	-0.1	-0.1	0.1
Germany	0.0	0.0	-0.1	-0.1	-0.1	0.1
France	0.0	0.0	0.0	-0.1	-0.1	-0.1
Italy	0.0	0.0	0.0	0.0	-0.1	0.0
United Kingdom	0.0	0.0	-0.1	-0.1	-0.2	0.2
Northern EU	0.0	0.0	0.0	0.0	0.0	0.6
Southern EU	0.0	0.0	0.0	-0.1	-0.1	0.0
Public Sector Balance (2)						
United States	-0.1	-0.2	-0.2	-0.3	-0.3	-0.5
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	0.0	0.0	0.0	0.0	0.0	0.1
Germany	0.0	-0.1	-0.1	0.0	0.0	0.2
France	0.0	-0.1	-0.1	0.0	0.0	0.1
Italy	0.0	0.0	0.0	0.0	0.0	0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.1
Northern EU	0.0	0.0	0.0	0.0	0.1	0.2
Southern EU	0.0	-0.1	-0.1	0.0	0.0	0.0
Current Account (2)						
United States	0.0	0.0	-0.1	-0.1	-0.1	-0.3
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	0.0	0.0	0.0	0.1	0.1	0.2
Germany	0.0	0.0	0.1	0.1	0.1	0.3
France	0.0	0.0	0.0	0.0	0.0	0.1
Italy	0.0	0.0	0.0	0.0	0.0	0.1
United Kingdom	0.0	0.1	0.2	0.2	0.2	0.2
Northern EU	0.0	0.0	0.0	0.0	0.0	0.1
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Short term interest rates						
United States	1.0	1.0	1.0	1.0	1.0	1.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 4.2: a rise in interest rates, 1 point, in the United States

Difference % from baseline except (1) & (2)

United States	1	2	3	4	5	10
Real GDP	-0.2	-0.2	-0.2	-0.1	0.0	0.0
Imports	-0.6	-0.7	-0.5	-0.4	-0.4	0.2
Consumption	-0.1	-0.1	0.0	0.1	0.2	0.4
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Investment						
<i>Business Investment</i>	-0.5	-0.9	-1.1	-1.4	-1.9	-2.3
<i>Housing</i>	-1.8	-1.9	-1.1	-0.4	0.0	0.7
Inventory Investment	0.0	0.0	0.0	0.0	0.0	0.0
Exports	-0.1	-0.2	-0.2	-0.2	-0.2	-0.4
Employment	-0.1	-0.1	-0.1	0.0	0.1	0.2
Unemployment rate (1)	0.1	0.1	0.0	0.0	-0.1	-0.2
GDP deflator	0.0	-0.1	-0.1	0.0	0.1	1.0
Consumer expenditure deflator	0.0	0.0	0.0	0.0	0.1	0.9
Labour productivity (per head)	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2
Profit margin (1)	0.0	0.0	0.0	0.0	0.0	-0.2
Compensation per employee	0.0	-0.1	-0.1	-0.1	0.0	1.1
Real Compensation per employee	0.0	-0.1	-0.1	-0.1	-0.1	0.2
Real disposable income	0.0	0.1	0.2	0.3	0.4	0.7
Public sector balance (2)	-0.1	-0.2	-0.2	-0.3	-0.3	-0.5
Short term interest rates (1)	1.0	1.0	1.0	1.0	1.0	1.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.0	0.0	0.0	0.0	0.0	0.9
Price of imports	-0.1	-0.1	0.0	-0.1	-0.1	0.4
Current Balance (2)	0.0	0.0	-0.1	-0.1	-0.1	-0.3

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 4.3: a rise in interest rates, 1 point, in Japan

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	-0.1	0.0	0.1	0.2	0.2	-0.4
European Union	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Germany	0.0	0.0	-0.1	-0.1	-0.1	0.0
France	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Italy	0.0	0.0	-0.1	-0.1	-0.1	-0.1
United Kingdom	0.0	0.0	0.0	-0.1	-0.1	0.0
Northern EU	0.0	-0.1	-0.1	-0.2	-0.2	-0.1
Southern EU	0.0	0.0	0.0	0.0	-0.1	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	-0.1	-0.1	0.1
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.1	0.1	0.0
France	0.0	0.0	0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.1	0.1	0.1	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.0	-0.1
Japan	0.0	0.0	0.0	0.0	0.1	1.0
European Union	0.0	0.0	0.0	0.0	-0.1	-0.2
Germany	0.0	0.0	0.0	0.0	-0.1	-0.2
France	0.0	0.0	0.0	0.0	0.0	-0.2
Italy	0.0	0.0	0.0	0.0	0.0	-0.1
United Kingdom	0.0	0.0	0.0	0.0	-0.1	-0.1
Northern EU	0.0	0.0	0.0	-0.1	-0.1	-0.4
Southern EU	0.0	0.0	0.0	0.0	0.0	-0.1
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	-0.1	-0.2	-0.3	-0.2	-0.2	-0.6
European Union	0.0	0.0	0.0	0.0	-0.1	-0.1
Germany	0.0	0.0	0.0	0.0	-0.1	-0.1
France	0.0	0.0	0.0	0.0	-0.1	-0.1
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	-0.1
Northern EU	0.0	0.0	0.0	-0.1	-0.1	-0.1
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.1	0.1	0.1	0.1	0.2
European Union	0.0	0.0	0.0	0.0	0.0	-0.1
Germany	0.0	0.0	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.0	-0.1	-0.1
Italy	0.0	0.0	0.0	0.0	0.0	-0.1
United Kingdom	0.0	0.0	0.0	-0.1	-0.1	-0.1
Northern EU	0.0	0.0	0.0	0.0	0.0	-0.1
Southern EU	0.0	0.0	0.0	0.0	0.0	-0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	1.0	1.0	1.0	1.0	1.0	1.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 4.4: a rise in interest rates, 1 point, in Japan

Difference % from baseline except (1) & (2)

Japan	1	2	3	4	5	10
Real GDP	-0.1	0.0	0.1	0.2	0.2	-0.4
Imports	-0.1	0.0	0.1	0.2	0.3	-0.1
Consumption	-0.1	0.1	0.3	0.5	0.7	1.0
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Investment						
<i>Business Investment</i>	-0.2	-0.3	-0.7	-0.8	-1.1	-5.0
<i>Housing</i>	-0.7	-0.4	0.1	0.4	0.3	-0.7
Inventory Investment	0.0	0.0	0.0	0.0	0.0	0.0
Exports	0.1	0.1	0.2	0.3	0.3	-0.4
Employment	0.0	0.0	0.1	0.2	0.2	-0.1
Unemployment rate (1)	0.0	0.0	0.0	-0.1	-0.1	0.1
GDP deflator	0.0	0.0	0.0	0.0	0.1	1.1
Consumer expenditure deflator	0.0	0.0	0.0	0.0	0.1	1.0
Labour productivity (per head)	0.0	0.0	0.0	0.0	0.0	-0.3
Profit margin (1)	0.0	0.0	0.0	0.0	-0.1	-0.3
Compensation per employee	0.0	0.0	0.0	0.1	0.2	1.3
Real Compensation per employee	0.0	0.0	0.0	0.1	0.2	0.3
Real disposable income	0.3	0.6	0.9	1.1	1.3	1.7
Public sector balance (2)	-0.1	-0.2	-0.3	-0.2	-0.2	-0.6
Short term interest rates (1)	1.0	1.0	1.0	1.0	1.0	1.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.0	0.0	0.0	0.1	0.2	1.0
Price of imports	0.0	0.0	0.0	0.0	0.0	0.2
Current Balance (2)	0.0	0.1	0.1	0.1	0.1	0.2

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 4.5: a rise in interest rates, 1 point, in Germany

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	-0.1	0.0	0.0
European Union	-0.2	-0.3	-0.3	-0.3	-0.1	0.0
Germany	-0.4	-0.7	-0.8	-0.7	-0.3	0.3
France	-0.1	-0.2	-0.2	-0.1	0.0	-0.1
Italy	-0.1	-0.2	-0.3	-0.2	0.0	0.0
United Kingdom	-0.1	-0.1	-0.1	-0.1	0.0	-0.1
Northern EU	-0.1	-0.3	-0.3	-0.2	0.0	-0.1
Southern EU	0.0	-0.1	-0.1	-0.1	-0.1	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.1	0.2	0.2	0.1	0.0
Germany	0.2	0.4	0.5	0.5	0.4	-0.1
France	0.0	0.1	0.1	0.1	0.0	0.0
Italy	0.0	0.1	0.1	0.1	0.1	-0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.1	0.1	0.2	0.1	0.0	0.1
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.0	-0.1
Japan	0.0	0.0	0.0	0.0	0.0	-0.2
European Union	0.0	-0.1	-0.2	-0.3	-0.4	-0.5
Germany	-0.1	-0.2	-0.5	-0.7	-0.8	-1.2
France	0.0	0.0	0.0	-0.1	-0.2	-0.3
Italy	0.0	0.0	0.0	0.0	-0.2	-0.2
United Kingdom	0.0	0.0	-0.1	-0.1	-0.2	-0.1
Northern EU	0.0	-0.1	-0.2	-0.3	-0.4	-0.3
Southern EU	0.0	0.0	-0.1	-0.1	-0.1	-0.2
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	-0.1	-0.1	-0.2	-0.2	-0.1	0.0
Germany	-0.2	-0.4	-0.5	-0.5	-0.4	-0.1
France	0.0	-0.1	-0.1	-0.1	0.0	-0.1
Italy	0.0	-0.1	-0.1	-0.1	0.0	0.0
United Kingdom	0.0	0.0	-0.1	-0.1	0.0	0.0
Northern EU	0.0	-0.1	-0.1	-0.1	0.0	-0.1
Southern EU	0.0	0.0	-0.1	-0.1	0.0	-0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.1	0.2	0.3	0.3	0.2	0.1
France	0.0	0.0	0.0	-0.1	-0.1	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	0.0	0.0	-0.1	0.0	0.0	-0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	1.0	1.0	1.0	1.0	1.0	1.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 4.6: a rise in interest rates, 1 point, in Germany

Difference % from baseline except (1) & (2)

Germany	1	2	3	4	5	10
Real GDP	-0.4	-0.7	-0.8	-0.7	-0.3	0.3
Imports	-0.6	-0.9	-1.0	-0.8	-0.2	0.1
Consumption	-0.3	-0.5	-0.6	-0.5	-0.2	0.7
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Investment						
<i>Business Investment</i>	-1.4	-2.4	-2.6	-2.1	-0.4	0.2
<i>Housing</i>	-0.9	-2.6	-4.4	-5.6	-5.3	-1.9
Inventory Investment	-0.1	-0.1	-0.1	-0.1	0.0	-0.1
Exports	-0.1	-0.2	-0.1	0.1	0.4	0.4
Employment	-0.2	-0.5	-0.6	-0.6	-0.4	0.3
Unemployment rate (1)	0.2	0.4	0.5	0.5	0.4	-0.1
GDP deflator	-0.1	-0.2	-0.5	-0.8	-0.9	-1.2
Consumer expenditure deflator	-0.1	-0.2	-0.5	-0.7	-0.8	-1.2
Labour productivity (per head)	-0.2	-0.2	-0.2	-0.1	0.1	0.0
Profit margin (1)	0.0	0.2	0.4	0.5	0.5	0.1
Compensation per employee	-0.3	-0.8	-1.2	-1.5	-1.5	-1.4
Real Compensation per employee	-0.2	-0.6	-0.7	-0.8	-0.7	-0.2
Real disposable income	-0.1	-0.1	-0.1	0.1	0.5	1.4
Public sector balance (2)	-0.2	-0.4	-0.5	-0.5	-0.4	-0.1
Short term interest rates (1)	1.0	1.0	1.0	1.0	1.0	1.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.0	-0.1	-0.4	-0.6	-0.7	-0.9
Price of imports	0.0	0.0	-0.2	-0.3	-0.4	-0.6
Current Balance (2)	0.1	0.2	0.3	0.3	0.2	0.1

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 4.7: a rise in interest rates, 1 point, in France

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.1	- 0.2	- 0.2	- 0.1	- 0.1	0.0
Germany	- 0.1	- 0.1	- 0.1	- 0.1	0.0	0.0
France	- 0.2	- 0.4	- 0.4	- 0.3	- 0.2	- 0.2
Italy	- 0.1	- 0.1	- 0.1	- 0.1	0.0	0.1
United Kingdom	0.0	- 0.1	- 0.1	0.0	0.0	0.0
Northern EU	- 0.1	- 0.2	- 0.2	- 0.1	0.0	0.0
Southern EU	0.0	- 0.1	- 0.1	- 0.1	- 0.1	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.1	0.1	0.0	0.0
Germany	0.0	0.1	0.1	0.1	0.0	0.0
France	0.1	0.1	0.2	0.2	0.1	0.1
Italy	0.0	0.0	0.1	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.1	0.1	0.1	0.0	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.0	- 0.1
Japan	0.0	0.0	0.0	0.0	0.0	- 0.1
European Union	0.0	0.0	0.0	- 0.1	- 0.2	- 0.3
Germany	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.2
France	0.1	0.0	0.0	- 0.2	- 0.4	- 1.1
Italy	0.0	0.0	0.0	0.0	- 0.1	- 0.1
United Kingdom	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.1
Northern EU	0.0	0.0	- 0.1	- 0.2	- 0.2	- 0.2
Southern EU	0.0	0.0	0.0	- 0.1	- 0.1	- 0.1
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
Germany	0.0	- 0.1	- 0.1	- 0.1	0.0	0.0
France	- 0.1	- 0.2	- 0.3	- 0.3	- 0.2	- 0.4
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	- 0.1	- 0.1	0.0	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	- 0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.0	0.0
France	0.1	0.2	0.1	0.1	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	- 0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 4.8: a rise in interest rates, 1 point, in France

Difference % from baseline except (1) & (2)

France	1	2	3	4	5	10
Real GDP	-0.2	-0.4	-0.4	-0.3	-0.2	-0.2
Imports	-0.5	-0.9	-0.8	-0.6	-0.4	-0.6
Consumption	-0.1	-0.2	-0.2	-0.1	-0.1	-0.1
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.1
Investment						
<i>Business Investment</i>	-0.5	-1.5	-1.6	-1.3	-0.9	-1.3
<i>Housing</i>	-1.9	-2.5	-2.4	-1.9	-1.3	-0.7
Inventory Investment	-0.1	-0.1	-0.1	-0.1	0.0	-0.1
Exports	0.0	-0.2	-0.3	-0.3	-0.3	-0.2
Employment	-0.1	-0.2	-0.2	-0.2	-0.2	-0.1
Unemployment rate (1)	0.1	0.1	0.2	0.2	0.1	0.1
GDP deflator	0.0	0.0	-0.1	-0.3	-0.4	-1.2
Consumer expenditure deflator	0.1	0.0	0.0	-0.2	-0.4	-1.1
Labour productivity (per head)	-0.1	-0.2	-0.1	-0.1	0.0	-0.1
Profit margin (1)	0.0	0.0	0.1	0.2	0.2	0.2
Compensation per employee	0.0	-0.1	-0.3	-0.5	-0.7	-1.6
Real Compensation per employee	-0.1	-0.1	-0.2	-0.3	-0.3	-0.5
Real disposable income	-0.1	-0.2	-0.2	-0.1	-0.1	-0.3
Public sector balance (2)	-0.1	-0.2	-0.3	-0.3	-0.2	-0.4
Short term interest rates (1)	1.0	1.0	1.0	1.0	1.0	1.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.0	0.0	-0.1	-0.2	-0.3	-0.7
Price of imports	0.0	0.0	-0.1	-0.1	-0.1	-0.3
Current Balance (2)	0.1	0.2	0.1	0.1	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 4.9: a rise in interest rates, 1 point, in Italy

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.1	0.1	0.1	0.1
Germany	0.0	0.1	0.1	0.1	0.1	0.1
France	0.0	0.1	0.1	0.1	0.1	0.1
Italy	0.1	0.3	0.4	0.5	0.5	0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.1	0.1	0.1	0.1	0.1
Southern EU	0.0	0.0	0.0	0.1	0.0	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.1
Germany	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.1
France	0.0	0.0	0.0	0.0	0.0	0.0
Italy	0.0	- 0.1	- 0.2	- 0.3	- 0.4	- 0.2
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	- 0.1	- 0.1	0.0	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	0.0	0.0	0.0	0.1	0.1	0.3
Germany	0.0	0.0	0.0	0.1	0.1	0.2
France	0.0	0.0	0.0	0.0	0.0	0.2
Italy	0.0	0.0	0.0	0.1	0.3	1.3
United Kingdom	0.0	0.0	0.0	0.0	0.1	0.1
Northern EU	0.0	0.0	0.0	0.1	0.1	0.2
Southern EU	0.0	0.0	0.0	0.0	0.0	0.1
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.1	0.1	0.1
France	0.0	0.0	0.0	0.1	0.0	0.1
Italy	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.3
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	0.0	0.1
Southern EU	0.0	0.0	0.0	0.0	0.0	0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.0	0.0	0.1
Italy	- 0.1	- 0.1	- 0.2	- 0.2	- 0.2	- 0.4
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 4.10: a rise in interest rates, 1 point, in Italy

Difference % from baseline except (1) & (2)

Italy	1	2	3	4	5	10
Real GDP	0.1	0.3	0.4	0.5	0.5	0.1
Imports	0.2	0.4	0.7	0.7	0.7	0.6
Consumption	0.2	0.4	0.6	0.7	0.7	0.6
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Investment						
<i>Business Investment</i>	<i>0.1</i>	<i>0.4</i>	<i>0.8</i>	<i>1.0</i>	<i>0.8</i>	<i>- 0.7</i>
<i>Housing</i>	<i>0.1</i>	<i>0.3</i>	<i>0.6</i>	<i>0.9</i>	<i>1.0</i>	<i>0.7</i>
Inventory Investment	0.0	0.0	0.1	0.0	0.0	0.0
Exports	0.0	0.0	0.0	0.0	0.0	- 0.3
Employment	0.0	0.1	0.3	0.4	0.5	0.4
Unemployment rate (1)	0.0	- 0.1	- 0.2	- 0.3	- 0.4	- 0.2
GDP deflator	0.0	0.0	0.0	0.1	0.3	1.2
Consumer expenditure deflator	0.0	0.0	0.0	0.1	0.3	1.3
Labour productivity (per head)	0.1	0.1	0.1	0.1	0.0	- 0.3
Profit margin (1)	0.0	0.0	0.0	- 0.1	- 0.2	- 0.3
Compensation per employee	0.0	0.0	0.1	0.4	0.6	1.9
Real Compensation per employee	0.0	0.0	0.1	0.2	0.3	0.6
Real disposable income	0.4	0.7	0.9	0.9	1.0	0.9
Public sector balance (2)	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.3
Short term interest rates (1)	1.0	1.0	1.0	1.0	1.0	1.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.0	0.0	0.0	0.1	0.1	0.5
Price of imports	0.0	0.0	0.1	0.2	0.2	0.6
Current Balance (2)	- 0.1	- 0.1	- 0.2	- 0.2	- 0.2	- 0.4

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 4.11: a rise in interest rates, 1 point, in the United Kingdom

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.1	- 0.2	- 0.2	- 0.1	0.0	- 0.2
Germany	- 0.1	- 0.1	- 0.1	- 0.1	0.0	- 0.1
France	- 0.1	- 0.1	- 0.1	- 0.1	0.0	- 0.1
Italy	- 0.1	- 0.1	- 0.2	- 0.1	- 0.1	- 0.1
United Kingdom	- 0.2	- 0.5	- 0.3	- 0.1	0.0	- 0.8
Northern EU	- 0.1	- 0.2	- 0.2	- 0.1	0.0	- 0.1
Southern EU	0.0	- 0.1	- 0.1	- 0.1	0.0	- 0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.1	0.0	0.0	0.1
Germany	0.0	0.1	0.1	0.1	0.0	0.1
France	0.0	0.0	0.1	0.1	0.0	0.1
Italy	0.0	0.0	0.1	0.1	0.1	0.0
United Kingdom	0.0	0.0	0.0	- 0.2	- 0.4	0.0
Northern EU	0.0	0.1	0.1	0.1	0.0	0.1
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.0	- 0.1
Japan	0.0	0.0	0.0	0.0	0.0	- 0.1
European Union	0.0	0.0	- 0.1	- 0.1	0.0	0.0
Germany	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.2
France	0.0	0.0	0.0	0.0	- 0.1	- 0.1
Italy	0.0	0.0	0.0	0.0	- 0.1	- 0.1
United Kingdom	- 0.1	- 0.2	- 0.2	0.0	0.4	1.1
Northern EU	0.0	0.0	- 0.1	- 0.2	- 0.2	- 0.2
Southern EU	0.0	0.0	0.0	- 0.1	- 0.1	- 0.1
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	- 0.1	- 0.1	- 0.1	0.0	- 0.1
Germany	0.0	- 0.1	- 0.1	- 0.1	0.0	- 0.1
France	0.0	- 0.1	- 0.1	- 0.1	0.0	- 0.1
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	- 0.1	- 0.3	- 0.3	- 0.2	- 0.1	- 0.6
Northern EU	0.0	- 0.1	- 0.1	- 0.1	0.0	- 0.1
Southern EU	0.0	0.0	- 0.1	0.0	0.0	- 0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.0	- 0.1	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.2	0.3	0.3	0.2	0.2	0.3
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	- 0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 4.12: a rise in interest rates, 1 point, in the United Kingdom

Difference % from baseline except (1) & (2)

United Kingdom	1	2	3	4	5	10
Real GDP	-0.2	-0.5	-0.3	-0.1	0.0	-0.8
Imports	-0.5	-0.9	-0.8	-0.5	-0.2	-0.8
Consumption	0.0	0.0	0.1	0.2	0.3	-0.3
Government expenditure	-0.2	-0.2	-0.1	0.0	0.0	-0.2
Investment						
<i>Business Investment</i>	-1.7	-4.1	-4.5	-3.7	-2.3	-6.4
<i>Housing</i>	-1.2	-1.1	-0.6	0.2	0.0	-1.7
Inventory Investment	-0.1	-0.2	-0.1	0.0	0.0	-0.1
Exports	0.1	0.2	0.3	0.3	0.3	-0.1
Employment	0.0	0.0	0.1	0.4	0.6	-0.1
Unemployment rate (1)	0.0	0.0	0.0	-0.2	-0.4	0.0
GDP deflator	-0.1	-0.2	-0.1	0.1	0.6	1.3
Consumer expenditure deflator	-0.1	-0.2	-0.2	0.0	0.4	1.1
Labour productivity (per head)	-0.2	-0.4	-0.4	-0.4	-0.5	-0.8
Profit margin (1)	-0.2	-0.3	-0.2	-0.2	-0.3	-0.3
Compensation per employee	-0.1	-0.2	-0.3	0.0	0.4	1.1
Real Compensation per employee	0.0	-0.1	-0.1	-0.1	0.0	-0.1
Real disposable income	0.2	0.3	0.5	0.7	0.7	0.3
Public sector balance (2)	-0.1	-0.3	-0.3	-0.2	-0.1	-0.6
Short term interest rates (1)	1.0	1.0	1.0	1.0	1.0	1.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.0	-0.1	0.0	0.0	0.2	0.6
Price of imports	0.0	0.0	0.0	0.0	0.0	0.2
Current Balance (2)	0.2	0.3	0.3	0.2	0.2	0.3

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 4.13: a rise in interest rates, 1 point, in the EU

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Japan	0.0	-0.1	-0.1	-0.2	-0.1	0.0
European Union	-0.4	-0.8	-0.9	-0.7	-0.3	-0.1
Germany	-0.6	-1.1	-1.3	-1.1	-0.5	0.4
France	-0.4	-0.8	-0.9	-0.7	-0.3	-0.4
Italy	-0.2	-0.4	-0.4	-0.2	0.1	0.1
United Kingdom	-0.3	-0.7	-0.6	-0.3	0.0	-0.8
Northern EU	-0.4	-1.2	-1.6	-1.2	-0.4	0.0
Southern EU	-0.3	-0.6	-0.9	-0.9	-0.7	-0.2
Unemployment (1)						
United States	0.0	0.0	0.0	0.1	0.1	0.0
Japan	0.0	0.0	0.1	0.1	0.1	0.0
European Union	0.1	0.3	0.4	0.4	0.2	0.0
Germany	0.2	0.6	0.8	0.8	0.6	0.0
France	0.1	0.3	0.4	0.4	0.3	0.2
Italy	0.0	0.1	0.1	0.0	-0.1	-0.3
United Kingdom	0.0	0.1	0.1	-0.1	-0.3	0.0
Northern EU	0.1	0.6	0.9	0.7	0.2	0.0
Southern EU	0.1	0.2	0.3	0.3	0.3	0.1
Consumption deflator						
United States	0.0	0.0	0.0	-0.1	-0.1	-0.4
Japan	0.0	0.0	0.0	-0.1	-0.1	-0.5
European Union	0.0	-0.1	-0.3	-0.6	-0.7	-0.9
Germany	-0.1	-0.3	-0.7	-1.1	-1.3	-1.9
France	0.1	0.1	0.0	-0.4	-0.8	-1.8
Italy	0.0	0.1	0.1	0.1	0.0	0.4
United Kingdom	-0.1	-0.2	-0.4	-0.3	-0.1	0.9
Northern EU	0.0	-0.2	-0.7	-1.2	-1.5	-1.2
Southern EU	0.0	-0.1	-0.3	-0.6	-0.8	-1.2
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	-0.2	-0.4	-0.6	-0.6	-0.5	-0.5
Germany	-0.2	-0.5	-0.8	-0.8	-0.6	-0.1
France	-0.2	-0.4	-0.5	-0.5	-0.4	-0.6
Italy	-0.1	-0.2	-0.3	-0.3	-0.3	-0.3
United Kingdom	-0.2	-0.3	-0.4	-0.3	-0.2	-0.5
Northern EU	-0.2	-0.5	-0.8	-1.0	-0.9	-1.2
Southern EU	-0.2	-0.5	-0.6	-0.7	-0.7	-1.3
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.1	0.1	0.1	0.1	0.0
Germany	0.1	0.1	0.2	0.2	0.1	0.1
France	0.1	0.2	0.1	-0.1	-0.2	0.0
Italy	-0.1	-0.2	-0.3	-0.3	-0.3	-0.5
United Kingdom	0.1	0.2	0.2	0.2	0.2	0.2
Northern EU	0.0	0.5	0.8	0.8	0.6	0.1
Southern EU	0.1	0.1	0.2	0.4	0.5	0.4
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	1.0	1.0	1.0	1.0	1.0	1.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar. Source: Mimosa Model.

5. AN EXCHANGE RATE DEPRECIATION

An exchange rate depreciation: United States

Table 5.1: a 10 % depreciation of the dollar

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.1	0.4	0.5	0.7	0.4
Japan	-0.4	-1.0	-1.2	-1.1	-0.7	1.0
European Union	-0.7	-1.4	-1.5	-1.0	-0.4	-0.1
Germany	-0.9	-1.9	-2.1	-1.4	-0.7	0.1
France	-0.6	-1.2	-1.2	-0.6	0.1	-0.2
Italy	-0.6	-1.2	-1.4	-0.9	-0.3	0.2
United Kingdom	-0.4	-1.3	-1.2	-0.6	-0.1	-0.2
Northern EU	-0.9	-2.1	-2.3	-1.3	-0.3	-0.4
Southern EU	-0.6	-0.9	-1.0	-0.8	-0.5	-0.4
Unemployment (1)						
United States	0.0	-0.1	-0.2	-0.2	-0.3	-0.2
Japan	0.1	0.3	0.4	0.5	0.4	-0.4
European Union	0.2	0.6	0.8	0.7	0.4	0.1
Germany	0.4	1.1	1.4	1.3	0.9	0.5
France	0.2	0.5	0.6	0.5	0.2	0.1
Italy	0.2	0.4	0.5	0.4	0.3	-0.2
United Kingdom	0.1	0.3	0.5	0.4	0.1	-0.1
Northern EU	0.3	1.0	1.3	0.8	0.1	0.2
Southern EU	0.1	0.2	0.3	0.3	0.3	0.2
Consumption deflator						
United States	0.7	0.9	1.1	1.3	1.5	3.2
Japan	-0.3	-0.4	-0.7	-1.3	-1.9	-4.2
European Union	-0.7	-1.3	-1.8	-2.5	-3.1	-4.2
Germany	-0.7	-1.3	-1.9	-2.5	-2.9	-5.2
France	-0.6	-0.9	-1.2	-2.0	-2.9	-4.3
Italy	-0.5	-0.9	-1.3	-1.8	-2.5	-3.9
United Kingdom	-1.0	-2.0	-2.8	-3.7	-4.3	-3.7
Northern EU	-0.5	-1.3	-2.2	-3.1	-3.6	-3.7
Southern EU	-0.7	-1.4	-1.9	-2.4	-2.8	-3.7
Public Sector Balance (2)						
United States	0.0	0.0	0.1	0.2	0.2	0.2
Japan	-0.1	-0.2	-0.3	-0.3	-0.1	0.3
European Union	-0.2	-0.6	-0.8	-0.7	-0.3	-0.3
Germany	-0.4	-0.9	-1.2	-1.2	-0.9	-0.6
France	-0.2	-0.5	-0.6	-0.5	-0.2	-0.3
Italy	-0.1	-0.3	-0.4	-0.3	-0.2	-0.1
United Kingdom	-0.2	-0.5	-0.7	-0.6	-0.2	0.0
Northern EU	-0.2	-0.4	-0.7	-0.6	-0.4	-0.4
Southern EU	-0.1	-0.4	-0.5	-0.3	-0.2	-0.2
Current Account (2)						
United States	0.0	0.1	0.2	0.2	0.2	0.1
Japan	0.1	-0.2	-0.2	-0.1	-0.1	0.0
European Union	0.2	0.0	-0.1	-0.1	-0.2	-0.1
Germany	0.1	-0.1	-0.3	-0.2	-0.3	-0.3
France	0.4	0.1	-0.2	-0.4	-0.5	0.0
Italy	0.4	0.0	-0.1	-0.2	-0.2	-0.4
United Kingdom	-0.2	-0.1	-0.1	0.0	0.0	0.0
Northern EU	0.0	0.6	0.6	0.4	0.0	-0.2
Southern EU	0.7	0.4	0.2	0.4	0.5	0.3
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0
European Union	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0

An exchange rate depreciation: United States

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 5.2: a 10 % depreciation of the dollar

Difference % from baseline except (1) & (2)

United States	1	2	3	4	5	10
Real GDP	0.0	0.1	0.4	0.5	0.7	0.4
Imports	-2.6	-2.6	-2.7	-1.9	-1.1	0.1
Consumption	-0.3	-0.3	-0.1	0.1	0.4	0.5
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Investment						
<i>Business Investment</i>	-0.4	-0.4	0.0	0.4	0.7	-0.2
<i>Housing</i>	-0.3	-0.3	0.1	0.5	1.2	1.3
Inventory Investment	0.0	0.0	0.0	0.0	0.0	0.0
Exports	1.5	2.2	2.1	2.4	2.5	0.6
Employment	0.0	0.1	0.2	0.3	0.4	0.2
Unemployment rate (1)	0.0	-0.1	-0.2	-0.2	-0.3	-0.2
GDP deflator	0.3	0.6	0.9	1.2	1.5	3.4
Consumer expenditure deflator	0.7	0.9	1.1	1.3	1.5	3.2
Labour productivity (per head)	0.0	0.1	0.2	0.2	0.2	0.2
Profit margin (1)	0.1	0.1	0.0	0.0	-0.1	-0.4
Compensation per employee	0.3	0.6	1.0	1.4	1.8	4.3
Real Compensation per employee	-0.4	-0.3	0.0	0.1	0.3	1.0
Real disposable income	-0.4	-0.2	0.1	0.3	0.4	0.8
Public sector balance (2)	0.0	0.0	0.1	0.2	0.2	0.2
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.6	1.0	1.2	1.3	1.6	3.6
Price of imports	4.9	4.5	4.2	4.0	3.7	4.1
Current Balance (2)	0.0	0.1	0.2	0.2	0.2	0.1

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 5.3: a 10 % depreciation of the yen

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	- 0.1	- 0.2	- 0.2	0.0
Japan	0.7	1.7	1.9	1.8	1.2	- 1.5
European Union	- 0.1	- 0.2	- 0.2	- 0.1	- 0.1	0.2
Germany	- 0.2	- 0.4	- 0.4	- 0.3	- 0.2	0.2
France	0.0	- 0.1	0.0	0.0	0.1	0.1
Italy	- 0.1	- 0.3	- 0.2	- 0.2	- 0.1	0.2
United Kingdom	- 0.1	- 0.1	- 0.1	0.0	0.0	0.1
Northern EU	- 0.1	- 0.2	- 0.2	- 0.1	- 0.1	0.2
Southern EU	- 0.1	- 0.2	- 0.2	- 0.1	- 0.1	0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.1	0.1	0.0
Japan	- 0.2	- 0.5	- 0.7	- 0.8	- 0.7	0.6
European Union	0.0	0.1	0.1	0.1	0.1	- 0.1
Germany	0.1	0.2	0.3	0.3	0.2	- 0.1
France	0.0	0.0	0.0	0.0	0.0	- 0.1
Italy	0.0	0.1	0.1	0.1	0.1	- 0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	- 0.1
Northern EU	0.0	0.1	0.1	0.1	0.0	- 0.1
Southern EU	0.0	0.1	0.1	0.1	0.1	0.0
Consumption deflator						
United States	- 0.2	- 0.3	- 0.4	- 0.4	- 0.5	- 1.0
Japan	0.3	0.6	1.1	1.9	3.0	7.1
European Union	- 0.1	- 0.1	- 0.2	- 0.3	- 0.4	- 0.5
Germany	0.0	- 0.2	- 0.3	- 0.4	- 0.5	- 0.8
France	- 0.1	- 0.1	- 0.2	- 0.3	- 0.3	- 0.4
Italy	0.0	0.0	- 0.1	- 0.2	- 0.3	- 0.5
United Kingdom	- 0.1	- 0.2	- 0.3	- 0.4	- 0.4	- 0.2
Northern EU	- 0.1	- 0.2	- 0.3	- 0.4	- 0.4	- 0.3
Southern EU	- 0.1	- 0.2	- 0.3	- 0.4	- 0.4	- 0.3
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	- 0.1	0.0
Japan	0.2	0.4	0.5	0.5	0.2	- 0.5
European Union	0.0	- 0.1	- 0.1	- 0.1	- 0.1	0.0
Germany	- 0.1	- 0.2	- 0.2	- 0.2	- 0.2	0.0
France	0.0	0.0	0.0	0.0	0.0	0.1
Italy	0.0	- 0.1	- 0.1	- 0.1	- 0.1	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.1
Northern EU	0.0	0.0	0.0	0.0	0.0	0.1
Southern EU	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1	0.0
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	- 0.1	0.4	0.4	0.3	0.3	0.2
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	- 0.1	0.0
France	0.0	0.0	0.0	0.0	0.0	0.1
Italy	0.0	- 0.1	0.0	- 0.1	- 0.1	- 0.1
United Kingdom	0.0	0.0	0.1	0.0	0.0	0.0
Northern EU	0.1	0.1	0.2	0.1	0.1	0.0
Southern EU	0.0	- 0.1	0.0	0.0	0.0	- 0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	10.0	10.0	10.0	10.0	10.0	10.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 5.4: a 10 % depreciation of the yen

Difference % from baseline except (1) & (2)

Japan	1	2	3	4	5	10
Real GDP	0.7	1.7	1.9	1.8	1.2	- 1.5
Imports	- 1.1	- 3.1	- 1.7	- 1.2	- 1.6	- 2.7
Consumption	0.1	0.5	0.9	1.1	1.0	- 0.6
Government expenditure	- 0.1	- 0.1	- 0.1	0.0	0.0	0.1
Investment						
<i>Business Investment</i>	<i>0.7</i>	<i>1.8</i>	<i>2.3</i>	<i>1.9</i>	<i>- 0.5</i>	<i>- 6.3</i>
<i>Housing</i>	<i>2.1</i>	<i>4.8</i>	<i>4.3</i>	<i>2.8</i>	<i>0.9</i>	<i>- 2.5</i>
Inventory Investment	0.1	0.0	0.1	0.1	0.0	0.0
Exports	2.9	5.2	5.6	5.5	4.9	- 0.7
Employment	0.3	0.9	1.3	1.5	1.3	- 1.0
Unemployment rate (1)	- 0.2	- 0.5	- 0.7	- 0.8	- 0.7	0.6
GDP deflator	0.1	0.5	1.0	2.0	3.0	7.1
Consumer expenditure deflator	0.3	0.6	1.1	1.9	3.0	7.1
Labour productivity (per head)	0.4	0.7	0.6	0.3	- 0.1	- 0.4
Profit margin (1)	0.0	0.0	- 0.3	- 0.7	- 1.0	- 1.0
Compensation per employee	0.4	1.1	2.1	3.4	4.7	8.5
Real Compensation per employee	0.1	0.5	1.0	1.4	1.7	1.4
Real disposable income	0.2	1.0	1.5	1.8	1.8	- 0.3
Public sector balance (2)	0.2	0.4	0.5	0.5	0.2	- 0.5
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	10.0	10.0	10.0	10.0	10.0	10.0
Price of exports	3.4	2.5	2.9	3.4	4.3	8.1
Price of imports	9.2	8.6	8.2	8.1	8.3	8.8
Current Balance (2)	- 0.1	0.4	0.4	0.3	0.3	0.2

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 5.5: a 10 % depreciation of the DM

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	-0.1	-0.1	-0.1	-0.1	-0.1	0.0
Japan	-0.1	-0.2	-0.3	-0.3	-0.2	0.3
European Union	0.6	1.0	1.0	0.7	0.3	0.1
Germany	2.1	3.1	3.3	2.8	1.8	-0.1
France	0.2	0.4	0.3	0.1	-0.2	0.2
Italy	0.2	0.5	0.5	0.3	-0.2	-0.1
United Kingdom	0.1	0.1	0.1	0.0	-0.2	0.2
Northern EU	0.1	0.3	-0.1	-0.2	-0.4	0.4
Southern EU	-0.1	-0.1	0.0	0.0	-0.1	0.1
Unemployment (1)						
United States	0.0	0.0	0.1	0.1	0.1	0.0
Japan	0.0	0.1	0.1	0.1	0.1	-0.1
European Union	-0.2	-0.5	-0.7	-0.6	-0.4	-0.3
Germany	-0.9	-1.9	-2.3	-2.3	-1.8	-0.9
France	-0.1	-0.1	-0.2	-0.1	0.0	-0.1
Italy	-0.1	-0.1	-0.2	-0.2	-0.1	0.1
United Kingdom	0.0	-0.1	0.0	0.0	0.0	-0.1
Northern EU	0.0	-0.1	0.0	0.1	0.2	-0.3
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	-0.1	-0.1	-0.1	-0.2	-0.3	-0.6
Japan	0.0	0.0	-0.1	-0.2	-0.4	-0.9
European Union	0.1	0.3	0.5	0.7	1.0	2.2
Germany	1.2	2.4	3.4	4.4	5.3	9.8
France	-0.4	-0.6	-0.6	-0.5	-0.4	-0.5
Italy	-0.2	-0.5	-0.6	-0.6	-0.4	-0.5
United Kingdom	-0.2	-0.2	-0.3	-0.3	-0.4	-0.6
Northern EU	-0.3	-0.5	-0.6	-0.6	-0.7	-0.5
Southern EU	-0.2	-0.3	-0.4	-0.4	-0.4	-0.2
Public Sector Balance (2)						
United States	0.0	0.0	-0.1	-0.1	-0.1	0.0
Japan	0.0	-0.1	-0.1	-0.1	-0.1	0.1
European Union	0.3	0.5	0.6	0.6	0.5	0.3
Germany	0.8	1.5	2.0	2.1	1.8	1.2
France	0.1	0.2	0.2	0.1	0.0	0.1
Italy	0.1	0.1	0.1	0.1	0.0	-0.1
United Kingdom	0.1	0.1	0.1	0.1	0.0	0.1
Northern EU	0.2	0.2	0.2	0.2	0.0	0.1
Southern EU	-0.1	0.0	0.0	0.0	-0.1	0.0
Current Account (2)						
United States	0.0	0.0	-0.1	-0.1	-0.1	0.0
Japan	0.0	-0.1	-0.1	-0.1	-0.1	0.0
European Union	0.1	0.1	0.2	0.1	0.2	0.0
Germany	-0.4	0.1	0.3	0.3	0.5	0.5
France	0.2	0.0	0.1	0.1	0.1	-0.1
Italy	0.0	0.0	0.0	-0.1	0.0	-0.2
United Kingdom	0.2	0.1	0.1	0.0	-0.1	-0.1
Northern EU	0.8	0.5	0.3	0.3	0.2	-0.2
Southern EU	0.1	0.1	0.1	0.0	-0.1	-0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	10.0	10.0	10.0	10.0	10.0	10.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 5.6: a 10 % depreciation of the DM

Difference % from baseline except (1) & (2)

Germany	1	2	3	4	5	10
Real GDP	2.1	3.1	3.3	2.8	1.8	- 0.1
Imports	0.8	1.1	1.6	0.6	- 0.8	- 0.5
Consumption	0.5	1.4	2.0	1.8	1.2	- 0.6
Government expenditure	0.0	0.0	0.1	0.1	0.2	0.2
Investment						
<i>Business Investment</i>	<i>5.8</i>	<i>9.7</i>	<i>9.5</i>	<i>6.7</i>	<i>0.9</i>	<i>- 2.3</i>
<i>Housing</i>	<i>0.4</i>	<i>1.4</i>	<i>3.2</i>	<i>5.2</i>	<i>6.1</i>	<i>1.7</i>
Inventory Investment	0.4	0.2	0.0	- 0.1	- 0.1	0.0
Exports	3.3	4.6	4.9	3.6	2.5	0.6
Employment	1.0	2.3	2.9	2.8	2.1	0.0
Unemployment rate (1)	- 0.9	- 1.9	- 2.3	- 2.3	- 1.8	- 0.9
GDP deflator	- 0.1	1.8	3.3	4.4	5.3	9.6
Consumer expenditure deflator	1.2	2.4	3.4	4.4	5.3	9.8
Labour productivity (per head)	1.0	0.8	0.4	0.0	- 0.4	- 0.1
Profit margin (1)	- 0.8	- 1.5	- 2.1	- 2.5	- 2.6	- 2.3
Compensation per employee	2.1	4.8	6.6	7.8	8.5	13.2
Real Compensation per employee	0.9	2.4	3.2	3.4	3.2	3.4
Real disposable income	0.3	1.5	2.0	1.6	0.9	- 0.8
Public sector balance (2)	0.8	1.5	2.0	2.1	1.8	1.2
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	10.0	10.0	10.0	10.0	10.0	10.0
Price of exports	1.9	3.5	4.5	5.5	6.4	9.9
Price of imports	7.1	7.5	7.5	7.8	8.1	9.7
Current Balance (2)	- 0.4	0.1	0.3	0.3	0.5	0.5

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 5.7: a 10 % depreciation of the franc

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	-0.1	0.0
Japan	0.0	0.0	-0.1	-0.1	-0.1	0.0
European Union	0.1	0.1	0.0	-0.1	-0.2	0.0
Germany	0.0	-0.1	-0.2	-0.3	-0.3	0.0
France	0.5	0.7	0.4	0.2	0.0	0.1
Italy	0.1	0.1	0.0	-0.1	-0.2	0.0
United Kingdom	0.1	0.0	0.0	-0.1	-0.1	0.0
Northern EU	0.2	0.1	-0.2	-0.4	-0.3	0.0
Southern EU	0.0	0.0	-0.1	-0.1	-0.2	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	-0.1	0.0	0.0	0.1	0.0
Germany	0.0	0.0	0.1	0.2	0.2	0.0
France	-0.1	-0.3	-0.3	-0.2	-0.1	-0.1
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	-0.1	-0.1	0.1	0.2	0.2	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	-0.1	-0.2
Japan	0.0	0.0	0.0	0.0	0.0	-0.3
European Union	0.2	0.4	0.5	0.6	0.6	0.9
Germany	0.0	-0.1	-0.1	-0.2	-0.3	-0.6
France	1.6	2.6	3.3	4.1	4.8	6.6
Italy	-0.1	-0.2	-0.3	-0.3	-0.3	-0.5
United Kingdom	0.0	-0.1	-0.1	-0.1	-0.2	-0.3
Northern EU	-0.1	-0.1	-0.1	-0.2	-0.4	-0.4
Southern EU	-0.1	-0.1	-0.2	-0.2	-0.2	-0.3
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.1	0.0	0.0	-0.1	0.0
Germany	0.0	0.0	-0.1	-0.2	-0.2	-0.1
France	0.1	0.3	0.2	0.2	0.1	0.2
Italy	0.0	0.0	0.0	0.0	-0.1	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.1	0.1	0.0	-0.1	-0.1	0.0
Southern EU	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	-0.1	0.0	0.0	0.0	0.0	0.0
Germany	0.1	0.0	0.0	0.0	0.0	0.0
France	-0.8	-0.1	0.1	0.2	0.3	0.3
Italy	0.0	0.0	0.0	-0.1	0.0	-0.1
United Kingdom	0.1	0.0	0.0	0.0	0.0	0.0
Northern EU	0.2	0.1	0.1	0.1	0.1	0.0
Southern EU	0.1	0.0	0.0	-0.1	-0.1	-0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 5.8: a 10 % depreciation of the franc

Difference % from baseline except (1) & (2)

France	1	2	3	4	5	10
Real GDP	0.5	0.7	0.4	0.2	0.0	0.1
Imports	0.4	-0.5	-1.0	-1.6	-1.7	-1.0
Consumption	-0.4	-0.4	-0.6	-0.8	-0.8	-0.6
Government expenditure	0.1	0.1	0.1	0.1	0.1	0.1
Investment						
<i>Business Investment</i>	<i>0.6</i>	<i>0.8</i>	<i>1.4</i>	<i>0.4</i>	<i>-0.3</i>	<i>0.4</i>
<i>Housing</i>	<i>3.1</i>	<i>2.1</i>	<i>0.5</i>	<i>-1.1</i>	<i>-1.9</i>	<i>-1.3</i>
Inventory Investment	0.3	0.2	0.0	0.0	0.0	0.0
Exports	0.8	1.8	1.5	1.3	1.2	1.0
Employment	0.2	0.4	0.4	0.3	0.2	0.2
Unemployment rate (1)	-0.1	-0.3	-0.3	-0.2	-0.1	-0.1
GDP deflator	1.0	2.2	3.0	3.8	4.4	6.3
Consumer expenditure deflator	1.6	2.6	3.3	4.1	4.8	6.6
Labour productivity (per head)	0.3	0.3	0.1	-0.1	-0.1	0.0
Profit margin (1)	0.0	0.1	0.1	0.0	0.1	0.0
Compensation per employee	1.1	2.1	2.9	3.6	4.2	6.2
Real Compensation per employee	-0.6	-0.4	-0.4	-0.5	-0.6	-0.4
Real disposable income	-0.8	-0.5	-0.4	-0.5	-0.6	-0.4
Public sector balance (2)	0.1	0.3	0.2	0.2	0.1	0.2
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	10.0	10.0	10.0	10.0	10.0	10.0
Price of exports	4.9	5.9	6.3	6.8	7.1	8.0
Price of imports	8.2	8.4	8.3	8.4	8.5	8.9
Current Balance (2)	-0.8	-0.1	0.1	0.2	0.3	0.3

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 5.9: a 10 % depreciation of the lira

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	-0.1	-0.1	-0.1
Japan	0.0	-0.1	-0.1	-0.1	-0.1	0.0
European Union	0.0	0.1	0.1	-0.1	0.0	-0.1
Germany	-0.2	-0.2	-0.1	-0.3	-0.2	-0.1
France	-0.1	-0.1	0.0	-0.2	-0.1	-0.2
Italy	0.9	1.0	1.2	0.7	0.9	-0.1
United Kingdom	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Northern EU	-0.1	-0.2	-0.2	-0.4	-0.3	-0.2
Southern EU	-0.1	-0.1	-0.1	-0.2	-0.1	-0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.1
Germany	0.1	0.1	0.1	0.2	0.2	0.2
France	0.0	0.0	0.0	0.1	0.1	0.1
Italy	-0.3	-0.4	-0.5	-0.3	-0.2	0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.1	0.1	0.2	0.2	0.1
Southern EU	0.0	0.0	0.0	0.0	0.1	0.0
Consumption deflator						
United States	0.0	0.0	-0.1	-0.1	-0.1	-0.3
Japan	0.0	0.0	0.0	-0.1	-0.1	-0.4
European Union	0.1	0.2	0.3	0.4	0.5	0.5
Germany	0.0	-0.1	-0.2	-0.2	-0.3	-0.7
France	-0.1	-0.1	-0.2	-0.2	-0.2	-0.5
Italy	1.1	2.3	3.2	4.0	4.6	6.5
United Kingdom	-0.1	-0.1	-0.2	-0.2	-0.3	-0.3
Northern EU	-0.1	-0.1	-0.2	-0.3	-0.4	-0.6
Southern EU	-0.1	-0.1	-0.2	-0.2	-0.2	-0.3
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	-0.1
Germany	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2
France	0.0	0.0	0.0	-0.1	-0.1	-0.2
Italy	0.1	0.3	0.4	0.3	0.3	0.4
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Southern EU	0.0	-0.1	-0.1	-0.1	-0.1	-0.2
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.1
Germany	0.0	0.0	0.0	-0.1	-0.1	-0.1
France	0.0	0.0	0.0	-0.1	0.0	-0.1
Italy	-0.3	0.1	0.3	0.6	0.5	1.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	-0.1
Northern EU	0.1	0.1	0.0	0.0	0.0	-0.1
Southern EU	0.0	0.0	0.0	-0.1	-0.1	-0.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 5.10: a 10 % depreciation of the lira

Difference % from baseline except (1) & (2)

Italy	1	2	3	4	5	10
Real GDP	0.9	1.0	1.2	0.7	0.9	- 0.1
Imports	- 0.2	- 0.4	0.2	- 1.3	- 0.7	- 1.4
Consumption	0.1	0.2	0.3	0.1	0.2	- 0.5
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Investment						
<i>Business Investment</i>	<i>0.4</i>	<i>3.8</i>	<i>4.5</i>	<i>1.3</i>	<i>1.6</i>	<i>- 1.4</i>
<i>Housing</i>	<i>0.0</i>	<i>0.0</i>	<i>0.2</i>	<i>0.3</i>	<i>0.2</i>	<i>- 0.6</i>
Inventory Investment	0.3	0.1	0.1	- 0.2	0.1	- 0.1
Exports	2.1	1.5	1.9	1.6	1.4	0.6
Employment	0.3	0.5	0.6	0.5	0.4	- 0.1
Unemployment rate (1)	- 0.3	- 0.4	- 0.5	- 0.3	- 0.2	0.1
GDP deflator	0.4	1.7	2.7	3.4	3.9	5.8
Consumer expenditure deflator	1.1	2.3	3.2	4.0	4.6	6.5
Labour productivity (per head)	0.6	0.5	0.6	0.2	0.5	- 0.1
Profit margin (1)	0.1	0.2	0.1	- 0.1	0.1	0.0
Compensation per employee	0.9	2.1	3.5	4.5	5.2	7.2
Real Compensation per employee	- 0.3	- 0.1	0.3	0.5	0.6	0.7
Real disposable income	- 0.1	0.2	0.5	0.3	0.3	- 0.6
Public sector balance (2)	0.1	0.3	0.4	0.3	0.3	0.4
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	10.0	10.0	10.0	10.0	10.0	10.0
Price of exports	5.4	6.9	7.4	7.8	8.0	8.7
Price of imports	8.7	8.6	8.5	8.4	8.6	8.8
Current Balance (2)	- 0.3	0.1	0.3	0.6	0.5	1.0

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 5.11: a 10 % depreciation of the UK pound

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.3	0.3	0.1	0.0	0.1
Germany	0.0	0.1	0.0	0.0	-0.1	0.1
France	0.0	0.2	0.2	0.1	-0.1	0.1
Italy	0.0	0.2	0.2	0.1	0.0	0.0
United Kingdom	0.4	1.6	1.5	0.9	0.4	0.2
Northern EU	0.0	0.2	0.1	-0.1	-0.2	0.1
Southern EU	-0.1	0.0	0.0	0.0	0.0	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	-0.1	-0.1	-0.1	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.1	0.0
France	0.0	-0.1	-0.1	-0.1	0.0	0.0
Italy	0.0	0.0	-0.1	-0.1	0.0	0.0
United Kingdom	-0.1	-0.3	-0.6	-0.5	-0.2	0.2
Northern EU	0.0	-0.1	-0.1	0.0	0.1	-0.1
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	-0.1	-0.1	-0.1	-0.2
Japan	0.0	0.0	0.0	0.0	0.0	-0.2
European Union	0.2	0.3	0.5	0.7	0.9	0.7
Germany	0.0	-0.1	0.0	-0.1	-0.1	-0.2
France	-0.1	-0.2	-0.2	-0.1	0.0	-0.1
Italy	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
United Kingdom	1.7	3.3	4.6	6.0	6.8	6.2
Northern EU	-0.1	-0.1	-0.1	0.0	-0.1	-0.3
Southern EU	-0.1	-0.2	-0.2	-0.2	-0.1	-0.2
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.1	0.1	0.0	0.0
Germany	0.0	0.0	0.0	0.0	-0.1	0.0
France	0.0	0.1	0.1	0.1	0.0	0.1
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.4	0.6	0.6	0.2	0.0
Northern EU	0.1	0.1	0.1	0.0	0.0	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.1	0.1	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	-0.4	-0.1	-0.1	0.0	0.1	0.2
Northern EU	0.2	0.1	0.0	0.0	0.0	0.0
Southern EU	0.0	0.1	0.0	0.0	0.0	0.0
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 5.12: a 10 % depreciation of the UK pound

Difference % from baseline except (1) & (2)

United Kingdom	1	2	3	4	5	10
Real GDP	0.4	1.6	1.5	0.9	0.4	0.2
Imports	-0.7	0.3	-0.1	-0.5	-1.0	-0.9
Consumption	-0.1	0.4	0.4	0.1	-0.3	-0.3
Government expenditure	0.1	0.3	0.4	0.3	0.3	0.4
Investment						
<i>Business Investment</i>	-0.2	5.7	7.5	5.2	2.6	-1.7
<i>Housing</i>	0.5	1.3	1.4	-0.4	-1.4	0.8
Inventory Investment	0.2	0.3	0.1	-0.1	-0.1	0.1
Exports	0.9	1.5	0.8	0.5	0.2	0.5
Employment	0.2	0.6	1.0	0.8	0.3	-0.4
Unemployment rate (1)	-0.1	-0.3	-0.6	-0.5	-0.2	0.2
GDP deflator	1.4	3.3	4.6	6.1	6.8	6.0
Consumer expenditure deflator	1.7	3.3	4.6	6.0	6.8	6.2
Labour productivity (per head)	0.3	1.1	0.5	0.0	0.0	0.6
Profit margin (1)	0.1	0.8	0.2	0.0	0.0	0.4
Compensation per employee	1.4	3.2	4.7	6.1	6.8	5.9
Real Compensation per employee	-0.3	-0.1	0.1	0.1	0.0	-0.3
Real disposable income	-0.4	0.3	0.3	0.0	-0.3	-0.3
Public sector balance (2)	0.0	0.4	0.6	0.6	0.2	0.0
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	10.0	10.0	10.0	10.0	10.0	10.0
Price of exports	4.6	6.1	6.8	7.6	8.1	8.2
Price of imports	8.2	8.5	8.7	9.0	9.2	9.0
Current Balance (2)	-0.4	-0.1	-0.1	0.0	0.1	0.2

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 5.13: a 10 % depreciation of the euro

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3
Japan	-0.2	-0.5	-0.6	-0.6	-0.5	0.4
European Union	0.9	1.8	1.8	1.2	0.4	0.0
Germany	1.4	2.5	2.6	1.9	0.9	-0.3
France	0.6	1.3	1.2	0.6	-0.2	0.2
Italy	0.9	1.6	1.7	1.1	0.5	-0.4
United Kingdom	0.5	1.5	1.4	0.7	0.0	0.2
Northern EU	1.1	2.4	2.6	1.5	0.4	0.3
Southern EU	0.8	1.3	1.3	1.0	0.7	0.3
Unemployment (1)						
United States	0.0	0.0	0.1	0.1	0.2	0.1
Japan	0.1	0.2	0.2	0.3	0.3	-0.1
European Union	-0.3	-0.8	-1.0	-0.8	-0.5	-0.1
Germany	-0.6	-1.4	-1.9	-1.7	-1.2	-0.4
France	-0.2	-0.5	-0.6	-0.5	-0.2	-0.1
Italy	-0.2	-0.5	-0.7	-0.6	-0.4	0.3
United Kingdom	-0.1	-0.3	-0.6	-0.5	-0.1	0.2
Northern EU	-0.4	-1.2	-1.5	-0.9	-0.1	-0.1
Southern EU	-0.2	-0.3	-0.4	-0.4	-0.4	-0.2
Consumption deflator						
United States	-0.2	-0.3	-0.4	-0.6	-0.7	-1.7
Japan	0.0	-0.1	-0.2	-0.5	-0.8	-2.4
European Union	0.8	1.5	2.3	3.1	3.7	4.9
Germany	0.8	1.7	2.5	3.2	3.8	6.4
France	0.7	1.1	1.6	2.5	3.5	4.9
Italy	0.5	1.0	1.5	2.2	3.1	4.6
United Kingdom	1.2	2.3	3.3	4.4	5.1	4.0
Northern EU	0.6	1.6	2.7	3.7	4.3	4.2
Southern EU	0.9	1.7	2.3	2.9	3.3	4.2
Public Sector Balance (2)						
United States	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Japan	0.0	-0.1	-0.2	-0.2	-0.1	0.1
European Union	0.3	0.7	0.9	0.8	0.5	0.4
Germany	0.5	1.2	1.6	1.5	1.2	0.6
France	0.2	0.6	0.7	0.5	0.2	0.2
Italy	0.2	0.4	0.5	0.4	0.3	0.1
United Kingdom	0.2	0.5	0.7	0.6	0.2	0.0
Northern EU	0.2	0.5	0.7	0.6	0.4	0.4
Southern EU	0.3	0.6	0.6	0.4	0.3	0.3
Current Account (2)						
United States	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Japan	0.0	-0.2	-0.2	-0.2	-0.2	-0.2
European Union	-0.2	0.0	0.1	0.2	0.2	0.2
Germany	-0.1	0.2	0.3	0.3	0.4	0.3
France	-0.4	-0.1	0.2	0.4	0.6	-0.1
Italy	-0.3	0.1	0.2	0.3	0.3	0.5
United Kingdom	0.1	0.1	0.0	0.0	0.0	0.0
Northern EU	-0.2	-0.8	-0.8	-0.6	-0.1	0.2
Southern EU	-0.7	-0.3	-0.1	-0.4	-0.4	-0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	10.0	10.0	10.0	10.0	10.0	10.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar. Source: Mimosa Model.

**6. A DECREASE IN EMPLOYER SOCIAL SECURITY
CONTRIBUTIONS**

Table 6.1: a 1 % of GDP decrease in employer social security contributions in the United States

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.9	1.5	1.9	2.3	2.6	2.3
Japan	0.2	0.3	0.4	0.4	0.4	0.8
European Union	0.2	0.5	0.6	0.5	0.4	1.1
Germany	0.2	0.5	0.6	0.5	0.5	1.4
France	0.3	0.6	0.6	0.5	0.4	1.0
Italy	0.3	0.6	0.7	0.7	0.6	1.3
United Kingdom	0.2	0.3	0.4	0.3	0.3	0.7
Northern EU	0.3	0.8	0.8	0.6	0.5	1.4
Southern EU	0.1	0.3	0.4	0.4	0.4	0.8
Unemployment (1)						
United States	- 0.3	- 0.7	- 1.0	- 1.2	- 1.5	- 1.0
Japan	0.0	- 0.1	- 0.1	- 0.2	- 0.2	- 0.3
European Union	- 0.1	- 0.2	- 0.3	- 0.3	- 0.3	- 0.5
Germany	- 0.1	- 0.3	- 0.4	- 0.4	- 0.4	- 0.9
France	- 0.1	- 0.2	- 0.3	- 0.3	- 0.3	- 0.4
Italy	- 0.1	- 0.2	- 0.3	- 0.3	- 0.3	- 0.4
United Kingdom	0.0	- 0.1	- 0.2	- 0.2	- 0.1	- 0.1
Northern EU	- 0.1	- 0.4	- 0.5	- 0.3	- 0.2	- 0.6
Southern EU	0.0	- 0.1	- 0.1	- 0.1	- 0.2	- 0.2
Consumption deflator						
United States	- 0.9	- 1.0	- 1.1	- 0.7	- 0.2	5.1
Japan	0.0	0.0	0.0	0.2	0.4	1.7
European Union	0.0	0.0	0.1	0.3	0.5	1.5
Germany	0.0	0.1	0.3	0.5	0.6	2.0
France	- 0.1	- 0.2	- 0.1	0.1	0.3	1.3
Italy	0.0	- 0.1	- 0.1	0.0	0.2	1.0
United Kingdom	0.0	0.1	0.2	0.4	0.6	1.3
Northern EU	0.0	0.1	0.4	0.7	0.9	1.9
Southern EU	0.0	0.0	0.1	0.2	0.3	1.2
Public Sector Balance (2)						
United States	- 0.5	- 0.3	- 0.2	- 0.1	0.0	- 0.3
Japan	0.0	0.1	0.1	0.1	0.1	0.2
European Union	0.1	0.2	0.3	0.3	0.3	0.6
Germany	0.1	0.3	0.4	0.4	0.4	1.0
France	0.1	0.3	0.3	0.3	0.3	0.7
Italy	0.1	0.1	0.2	0.2	0.2	0.3
United Kingdom	0.1	0.1	0.2	0.2	0.2	0.3
Northern EU	0.1	0.2	0.3	0.3	0.3	0.5
Southern EU	0.1	0.2	0.2	0.2	0.3	0.7
Current Account (2)						
United States	- 0.2	- 0.3	- 0.3	- 0.4	- 0.5	- 0.8
Japan	0.1	0.1	0.1	0.1	0.1	0.3
European Union	0.1	0.1	0.1	0.1	0.2	0.3
Germany	0.1	0.1	0.1	0.1	0.1	0.3
France	0.0	0.0	0.1	0.2	0.3	0.3
Italy	0.0	0.1	0.0	0.1	0.1	0.4
United Kingdom	0.1	0.1	0.1	0.0	0.1	0.2
Northern EU	0.1	0.0	0.0	0.0	0.1	- 0.1
Southern EU	0.1	0.2	0.2	0.2	0.2	0.5
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 6.2: a 1 % of GDP decrease in employer social security contributions in the United States

Difference % from baseline except (1) & (2)

United States	1	2	3	4	5	10
Real GDP	0.9	1.5	1.9	2.3	2.6	2.3
Imports	2.3	3.6	3.7	4.4	5.2	7.1
Consumption	1.0	1.6	2.1	2.7	3.2	3.6
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Investment						
<i>Business Investment</i>	<i>1.6</i>	<i>3.0</i>	<i>3.4</i>	<i>3.5</i>	<i>3.4</i>	<i>1.6</i>
<i>Housing</i>	<i>2.5</i>	<i>4.9</i>	<i>5.6</i>	<i>7.2</i>	<i>8.0</i>	<i>8.5</i>
Inventory Investment	0.1	0.1	0.1	0.1	0.1	0.2
Exports	0.9	1.7	2.0	2.1	1.9	- 0.5
Employment	0.5	1.0	1.3	1.7	1.9	1.3
Unemployment rate (1)	- 0.3	- 0.7	- 1.0	- 1.2	- 1.5	- 1.0
GDP deflator	- 1.0	- 1.1	- 1.1	- 0.6	0.1	6.2
Consumer expenditure deflator	- 0.9	- 1.0	- 1.1	- 0.7	- 0.2	5.1
Labour productivity (per head)	0.5	0.6	0.6	0.6	0.7	1.0
Profit margin (1)	0.7	0.5	0.3	0.1	- 0.3	- 1.2
Compensation per employee	- 0.1	0.0	0.4	1.3	2.6	10.7
Real Compensation per employee	0.8	1.1	1.5	2.0	2.7	5.6
Real disposable income	1.1	1.6	2.1	2.7	3.3	4.6
Public sector balance (2)	- 0.5	- 0.3	- 0.2	- 0.1	0.0	- 0.3
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	- 0.7	- 1.2	- 1.2	- 0.8	- 0.2	5.8
Price of imports	- 0.4	- 0.3	- 0.5	- 0.1	0.2	3.9
Current Balance (2)	- 0.2	- 0.3	- 0.3	- 0.4	- 0.5	- 0.8

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 6.3: a 1 % of GDP decrease in employer social security contributions in Japan

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.1	0.1	0.1	0.1	0.2
Japan	0.7	1.5	2.4	2.8	2.6	- 1.4
European Union	0.0	0.1	0.2	0.1	0.1	0.3
Germany	0.0	0.1	0.2	0.1	0.0	0.4
France	0.1	0.2	0.2	0.2	0.1	0.2
Italy	0.1	0.1	0.2	0.2	0.1	0.3
United Kingdom	0.0	0.1	0.1	0.1	0.1	0.2
Northern EU	0.1	0.2	0.3	0.2	0.0	0.4
Southern EU	0.0	0.0	0.1	0.1	0.1	0.2
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	- 0.1	- 0.1
Japan	- 0.2	- 0.5	- 0.9	- 1.2	- 1.2	0.3
European Union	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.1
Germany	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.2
France	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
Italy	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.1
United Kingdom	0.0	0.0	0.0	- 0.1	0.0	0.0
Northern EU	0.0	- 0.1	- 0.2	- 0.1	0.0	- 0.2
Southern EU	0.0	0.0	0.0	0.0	0.0	- 0.1
Consumption deflator						
United States	0.0	0.0	- 0.1	0.0	0.0	0.4
Japan	- 1.3	- 2.0	- 2.3	- 2.1	- 1.4	4.4
European Union	0.0	0.0	0.0	0.0	0.1	0.3
Germany	0.0	0.0	0.1	0.1	0.1	0.4
France	0.0	- 0.1	- 0.1	0.0	0.1	0.3
Italy	0.0	0.0	- 0.1	0.0	0.0	0.1
United Kingdom	0.0	0.0	0.0	0.1	0.1	0.2
Northern EU	0.0	0.0	0.1	0.2	0.2	0.4
Southern EU	0.0	0.0	0.0	0.0	0.0	0.2
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	- 0.6	- 0.3	0.1	0.2	0.1	- 1.3
European Union	0.0	0.0	0.1	0.1	0.1	0.2
Germany	0.0	0.1	0.1	0.1	0.1	0.2
France	0.0	0.1	0.1	0.1	0.1	0.2
Italy	0.0	0.0	0.1	0.1	0.0	0.1
United Kingdom	0.0	0.0	0.1	0.1	0.1	0.1
Northern EU	0.0	0.1	0.1	0.1	0.1	0.1
Southern EU	0.0	0.0	0.1	0.1	0.0	0.2
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	- 0.2	- 0.2	- 0.3	- 0.3	- 0.2	- 0.2
European Union	0.0	0.0	0.0	0.0	0.0	0.1
Germany	0.0	0.0	0.0	0.0	0.0	0.1
France	0.0	0.0	0.0	0.1	0.1	0.1
Italy	0.0	0.0	0.0	0.0	0.0	0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.1
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	0.0	0.0	0.1	0.1	0.0	0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 6.4: a 1 % of GDP decrease in employer social security contributions in Japan

Difference % from baseline except (1) & (2)

Japan	1	2	3	4	5	10
Real GDP	0.7	1.5	2.4	2.8	2.6	- 1.4
Imports	0.5	1.0	2.4	3.0	3.0	0.8
Consumption	0.7	1.3	1.9	2.4	2.6	0.7
Government expenditure	- 0.3	- 0.3	- 0.3	- 0.2	- 0.2	0.2
Investment						
<i>Business Investment</i>	<i>1.1</i>	<i>2.8</i>	<i>5.8</i>	<i>6.2</i>	<i>4.7</i>	<i>- 7.1</i>
<i>Housing</i>	<i>4.1</i>	<i>6.9</i>	<i>8.0</i>	<i>6.4</i>	<i>4.5</i>	<i>- 3.0</i>
Inventory Investment	- 0.1	0.0	0.0	0.1	0.1	0.0
Exports	0.2	0.7	1.3	1.9	2.1	- 2.7
Employment	0.3	0.9	1.6	2.1	2.4	- 0.5
Unemployment rate (1)	- 0.2	- 0.5	- 0.9	- 1.2	- 1.2	0.3
GDP deflator	- 1.5	- 2.1	- 2.3	- 2.0	- 1.1	4.7
Consumer expenditure deflator	- 1.3	- 2.0	- 2.3	- 2.1	- 1.4	4.4
Labour productivity (per head)	0.3	0.6	0.8	0.7	0.3	- 0.9
Profit margin (1)	0.8	0.8	0.7	0.3	- 0.2	- 1.3
Compensation per employee	- 0.8	- 1.2	- 0.9	0.0	1.3	8.2
Real Compensation per employee	0.5	0.7	1.3	2.0	2.7	3.9
Real disposable income	0.7	1.4	2.1	2.8	3.3	1.6
Public sector balance (2)	- 0.6	- 0.3	0.1	0.2	0.1	- 1.3
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	- 0.8	- 1.7	- 1.9	- 1.8	- 1.1	3.8
Price of imports	0.0	- 0.2	- 0.4	- 0.4	- 0.3	0.9
Current Balance (2)	- 0.2	- 0.2	- 0.3	- 0.3	- 0.2	- 0.2

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 6.5: a 1 % of GDP decrease in employer social security contributions in Germany

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	0.2	0.4	0.5	0.5	0.4	0.3
Germany	0.4	0.9	1.2	1.3	1.2	0.8
France	0.1	0.2	0.3	0.2	0.1	0.2
Italy	0.1	0.3	0.4	0.4	0.2	0.1
United Kingdom	0.1	0.1	0.2	0.1	0.1	0.1
Northern EU	0.1	0.3	0.4	0.3	0.2	0.3
Southern EU	0.0	0.1	0.1	0.1	0.1	0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.1	- 0.2	- 0.3	- 0.3	- 0.3	- 0.3
Germany	- 0.2	- 0.5	- 0.8	- 0.9	- 1.0	- 1.0
France	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
Italy	0.0	- 0.1	- 0.1	- 0.2	- 0.1	0.0
United Kingdom	0.0	0.0	- 0.1	- 0.1	- 0.1	0.0
Northern EU	0.0	- 0.2	- 0.2	- 0.2	- 0.1	- 0.2
Southern EU	0.0	0.0	0.0	0.0	- 0.1	- 0.1
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	- 0.1	- 0.1	- 0.1	0.0	0.1	0.4
Germany	- 0.3	- 0.4	- 0.3	- 0.3	- 0.2	0.7
France	0.0	- 0.1	- 0.1	0.0	0.1	0.4
Italy	0.0	- 0.1	- 0.1	- 0.1	0.0	0.3
United Kingdom	0.0	0.0	0.1	0.1	0.2	0.2
Northern EU	0.0	0.0	0.1	0.3	0.4	0.6
Southern EU	0.0	0.0	0.0	0.1	0.1	0.3
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.1	0.0	0.0	0.1	0.1	0.0
Germany	- 0.6	- 0.4	- 0.2	- 0.1	- 0.1	- 0.2
France	0.0	0.1	0.1	0.2	0.1	0.2
Italy	0.0	0.1	0.1	0.1	0.1	0.0
United Kingdom	0.0	0.1	0.1	0.1	0.1	0.0
Northern EU	0.0	0.1	0.2	0.2	0.1	0.2
Southern EU	0.0	0.1	0.1	0.1	0.1	0.2
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	- 0.1
Germany	- 0.1	- 0.3	- 0.3	- 0.4	- 0.4	- 0.5
France	0.0	0.0	0.1	0.1	0.1	0.1
Italy	0.0	0.0	0.0	0.0	0.0	0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	0.0	0.1
Southern EU	0.0	0.1	0.1	0.1	0.1	0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 6.6: a 1 % of GDP decrease in employer social security contributions in Germany

Difference % from baseline except (1) & (2)

Germany	1	2	3	4	5	10
Real GDP	0.4	0.9	1.2	1.3	1.2	0.8
Imports	0.5	1.2	1.4	1.4	1.2	1.0
Consumption	0.5	1.1	1.5	1.7	1.8	1.6
Government expenditure	-0.1	-0.1	-0.1	-0.1	0.0	0.0
Investment						
<i>Business Investment</i>	1.6	3.1	3.7	3.5	2.4	0.1
<i>Housing</i>	0.2	0.5	1.2	2.1	2.9	2.4
Inventory Investment	0.0	0.1	0.1	0.0	0.0	0.0
Exports	0.2	0.5	0.7	0.6	0.4	0.2
Employment	0.2	0.6	1.0	1.1	1.1	0.8
Unemployment rate (1)	-0.2	-0.5	-0.8	-0.9	-1.0	-1.0
GDP deflator	-0.4	-0.5	-0.3	-0.2	-0.1	0.9
Consumer expenditure deflator	-0.3	-0.4	-0.3	-0.3	-0.2	0.7
Labour productivity (per head)	0.2	0.3	0.3	0.2	0.1	0.1
Profit margin (1)	0.9	0.6	0.3	0.0	-0.2	-0.8
Compensation per employee	0.1	0.6	1.1	1.5	1.9	4.0
Real Compensation per employee	0.4	0.9	1.4	1.8	2.0	3.4
Real disposable income	1.0	1.5	1.8	1.9	1.8	1.6
Public sector balance (2)	-0.6	-0.4	-0.2	-0.1	-0.1	-0.2
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	-0.3	-0.4	-0.4	-0.2	-0.1	0.7
Price of imports	-0.2	-0.2	-0.2	-0.1	0.0	0.5
Current Balance (2)	-0.1	-0.3	-0.3	-0.4	-0.4	-0.5

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 6.7: a 1 % of GDP decrease in employer social security contributions in France

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.4	0.4	0.4	0.2	0.4
Germany	0.1	0.2	0.3	0.2	0.0	0.2
France	0.4	1.1	1.3	1.2	1.0	1.3
Italy	0.1	0.3	0.3	0.3	0.1	0.3
United Kingdom	0.0	0.1	0.1	0.1	0.0	0.2
Northern EU	0.1	0.4	0.4	0.2	0.0	0.3
Southern EU	0.0	0.1	0.2	0.1	0.1	0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	- 0.1	- 0.2	- 0.2	- 0.2	- 0.2
Germany	0.0	- 0.1	- 0.2	- 0.1	- 0.1	- 0.2
France	- 0.2	- 0.4	- 0.6	- 0.7	- 0.7	- 0.8
Italy	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
United Kingdom	0.0	0.0	- 0.1	- 0.1	0.0	0.0
Northern EU	0.0	- 0.2	- 0.3	- 0.2	0.0	- 0.2
Southern EU	0.0	0.0	- 0.1	- 0.1	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	- 0.2	- 0.3	- 0.4	- 0.3	- 0.3	0.0
Germany	0.0	0.0	0.1	0.2	0.2	0.4
France	- 1.2	- 1.9	- 2.2	- 2.3	- 2.1	- 1.1
Italy	0.0	- 0.1	- 0.1	- 0.1	0.0	0.1
United Kingdom	0.0	0.0	0.0	0.1	0.1	0.1
Northern EU	0.0	0.0	0.2	0.3	0.3	0.4
Southern EU	0.0	0.0	0.0	0.1	0.1	0.2
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.2	0.0	0.0	0.0	- 0.1	0.0
Germany	0.0	0.1	0.2	0.1	0.1	0.2
France	- 1.0	- 0.6	- 0.5	- 0.5	- 0.7	- 0.8
Italy	0.0	0.1	0.1	0.1	0.1	0.1
United Kingdom	0.0	0.1	0.1	0.1	0.0	0.1
Northern EU	0.0	0.1	0.2	0.2	0.1	0.2
Southern EU	0.0	0.1	0.1	0.1	0.1	0.2
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	- 0.1	- 0.1	0.0	0.0	0.0
Germany	0.0	0.1	0.1	0.0	0.0	0.1
France	- 0.3	- 0.6	- 0.5	- 0.4	- 0.3	- 0.5
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	0.1	0.0
Southern EU	0.0	0.1	0.1	0.1	0.0	0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 6.8: a 1 % of GDP decrease in employer social security contributions in France

Difference % from baseline except (1) & (2)

France	1	2	3	4	5	10
Real GDP	0.4	1.1	1.3	1.2	1.0	1.3
Imports	0.6	1.9	2.0	1.6	0.9	2.0
Consumption	0.6	1.0	1.1	1.0	1.0	1.7
Government expenditure	0.2	0.1	0.1	0.1	0.1	- 0.1
Investment						
<i>Business Investment</i>	1.7	3.8	4.4	3.9	2.2	2.3
<i>Housing</i>	- 1.2	3.2	4.6	4.5	3.5	5.6
Inventory Investment	0.0	0.1	0.1	0.0	0.0	0.0
Exports	0.2	0.5	0.8	0.8	0.7	0.6
Employment	0.2	0.6	0.8	0.9	0.9	1.0
Unemployment rate (1)	- 0.2	- 0.4	- 0.6	- 0.7	- 0.7	- 0.8
GDP deflator	- 1.7	- 2.3	- 2.5	- 2.5	- 2.3	- 0.9
Consumer expenditure deflator	- 1.2	- 1.9	- 2.2	- 2.3	- 2.1	- 1.1
Labour productivity (per head)	0.2	0.5	0.5	0.3	0.1	0.3
Profit margin (1)	1.2	1.2	1.0	0.7	0.4	- 0.2
Compensation per employee	- 0.7	- 1.1	- 1.1	- 0.8	- 0.4	2.3
Real Compensation per employee	0.5	0.8	1.2	1.5	1.8	3.3
Real disposable income	0.7	0.9	1.1	1.2	1.3	2.2
Public sector balance (2)	- 1.0	- 0.6	- 0.5	- 0.5	- 0.7	- 0.8
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	- 0.7	- 1.1	- 1.2	- 1.1	- 1.0	- 0.4
Price of imports	- 0.3	- 0.4	- 0.5	- 0.5	- 0.5	- 0.1
Current Balance (2)	- 0.3	- 0.6	- 0.5	- 0.4	- 0.3	- 0.5

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 6.9: a 1 % of GDP decrease in employer social security contributions in Italy

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.2	0.3	0.3	0.2	0.2
Germany	0.0	0.1	0.1	0.1	0.0	0.0
France	0.0	0.1	0.1	0.1	0.0	0.1
Italy	0.4	0.8	1.2	1.3	1.4	1.3
United Kingdom	0.0	0.0	0.1	0.0	0.0	0.0
Northern EU	0.1	0.1	0.2	0.1	0.0	0.1
Southern EU	0.0	0.0	0.1	0.1	0.0	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	- 0.1	- 0.2	- 0.2	- 0.2	- 0.1
Germany	0.0	- 0.1	- 0.1	- 0.1	- 0.1	0.0
France	0.0	0.0	- 0.1	- 0.1	0.0	0.0
Italy	- 0.2	- 0.4	- 0.7	- 1.0	- 1.1	- 0.7
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	- 0.1	- 0.1	- 0.1	0.0	- 0.1
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.1	- 0.2	- 0.3	- 0.3	- 0.3	- 0.1
Germany	0.0	0.0	0.1	0.1	0.1	0.1
France	0.0	0.0	- 0.1	0.0	0.0	0.1
Italy	- 0.9	- 1.6	- 2.1	- 2.2	- 2.1	- 1.3
United Kingdom	0.0	0.0	0.0	0.0	0.1	0.0
Northern EU	0.0	0.0	0.1	0.1	0.1	0.1
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.1	0.1	0.1	0.0
Germany	0.0	0.0	0.1	0.1	0.1	0.0
France	0.0	0.0	0.1	0.1	0.0	0.1
Italy	- 0.3	- 0.1	0.0	0.2	0.2	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.1	0.1	0.0	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.0	0.1	0.0
Italy	- 0.1	- 0.2	- 0.3	- 0.2	- 0.2	- 0.2
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 6.10: a 1 % of GDP decrease in employer social security contributions in Italy

Difference % from baseline except (1) & (2)

Italy	1	2	3	4	5	10
Real GDP	0.4	0.8	1.2	1.3	1.4	1.3
Imports	0.5	0.8	1.3	1.2	1.0	0.9
Consumption	0.5	0.9	1.3	1.5	1.6	1.7
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Investment						
<i>Business Investment</i>	<i>0.2</i>	<i>1.7</i>	<i>3.0</i>	<i>3.2</i>	<i>2.6</i>	<i>1.4</i>
<i>Housing</i>	<i>0.2</i>	<i>0.6</i>	<i>1.2</i>	<i>1.8</i>	<i>2.1</i>	<i>2.1</i>
Inventory Investment	0.1	0.1	0.1	0.1	0.0	0.0
Exports	0.1	0.2	0.4	0.5	0.6	0.6
Employment	0.2	0.4	0.9	1.2	1.5	1.2
Unemployment rate (1)	-0.2	-0.4	-0.7	-1.0	-1.1	-0.7
GDP deflator	-0.8	-1.5	-1.9	-2.0	-1.9	-1.1
Consumer expenditure deflator	-0.9	-1.6	-2.1	-2.2	-2.1	-1.3
Labour productivity (per head)	0.2	0.4	0.3	0.1	-0.1	0.1
Profit margin (1)	0.8	0.7	0.5	0.3	0.1	-0.1
Compensation per employee	-0.7	-1.4	-1.6	-1.4	-1.0	0.8
Real Compensation per employee	0.2	0.2	0.4	0.8	1.1	2.1
Real disposable income	0.4	0.7	1.1	1.3	1.5	1.7
Public sector balance (2)	-0.3	-0.1	0.0	0.2	0.2	0.0
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	-0.2	-0.4	-0.6	-0.7	-0.7	-0.4
Price of imports	-0.2	-0.3	-0.3	-0.4	-0.3	-0.2
Current Balance (2)	-0.1	-0.2	-0.3	-0.2	-0.2	-0.2

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 6.11: a 1 % of GDP decrease in employer social security contributions in the United Kingdom

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.1	0.1	0.2	0.2	0.0
Germany	0.0	0.0	0.0	0.1	0.1	0.0
France	0.0	0.0	0.0	0.1	0.1	0.0
Italy	0.0	0.0	0.0	0.1	0.1	0.0
United Kingdom	0.4	0.2	0.7	1.0	1.2	0.4
Northern EU	0.1	0.1	0.1	0.1	0.2	0.0
Southern EU	0.0	0.0	0.0	0.1	0.1	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	- 0.1	- 0.1	- 0.2	0.0
Germany	0.0	0.0	0.0	0.0	- 0.1	0.0
France	0.0	0.0	0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	- 0.1	- 0.2	- 0.4	- 0.7	- 0.9	- 0.4
Northern EU	0.0	0.0	0.0	0.0	- 0.1	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.1	- 0.1	- 0.2	- 0.2	- 0.1	0.1
Germany	0.0	0.0	0.0	0.0	0.0	0.1
France	0.0	0.0	0.0	0.0	0.0	0.1
Italy	0.0	0.0	0.0	0.0	0.0	0.1
United Kingdom	- 0.6	- 1.0	- 1.3	- 1.2	- 0.9	- 0.2
Northern EU	0.0	0.0	0.0	0.0	0.1	0.2
Southern EU	0.0	0.0	0.0	0.0	0.0	0.1
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.1	- 0.1	- 0.1	0.0	0.0	- 0.1
Germany	0.0	0.0	0.0	0.0	0.1	0.0
France	0.0	0.0	0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	- 0.7	- 0.7	- 0.6	- 0.4	- 0.3	- 0.7
Northern EU	0.0	0.0	0.0	0.0	0.1	0.0
Southern EU	0.0	0.0	0.0	0.0	0.1	0.0
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	- 0.1	0.0	- 0.1	- 0.2	- 0.3	- 0.1
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 6.12: a 1 % of GDP decrease in employer social security contributions in the United Kingdom

Difference % from baseline except (1) & (2)

United Kingdom	1	2	3	4	5	10
Real GDP	0.4	0.2	0.7	1.0	1.2	0.4
Imports	0.4	0.2	0.5	0.9	1.2	0.4
Consumption	0.4	0.7	1.0	1.3	1.5	0.9
Government expenditure	-0.1	0.0	-0.1	0.0	0.0	-0.1
Investment						
<i>Business Investment</i>	1.5	-1.3	0.3	1.8	2.9	0.2
<i>Housing</i>	0.5	1.2	1.2	1.9	1.4	-0.1
Inventory Investment	0.0	0.0	0.1	0.1	0.1	-0.1
Exports	0.1	0.4	0.5	0.5	0.6	0.1
Employment	0.1	0.4	0.7	1.1	1.4	0.6
Unemployment rate (1)	-0.1	-0.2	-0.4	-0.7	-0.9	-0.4
GDP deflator	-1.0	-1.3	-1.5	-1.4	-1.0	-0.4
Consumer expenditure deflator	-0.6	-1.0	-1.3	-1.2	-0.9	-0.2
Labour productivity (per head)	0.2	-0.2	0.0	0.0	-0.2	-0.2
Profit margin (1)	0.9	0.6	0.7	0.6	0.5	0.5
Compensation per employee	-0.4	-0.7	-0.9	-0.7	-0.3	0.4
Real Compensation per employee	0.2	0.3	0.4	0.5	0.7	0.6
Real disposable income	0.6	0.7	1.0	1.3	1.5	0.9
Public sector balance (2)	-0.7	-0.7	-0.6	-0.4	-0.3	-0.7
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	-0.4	-0.6	-0.8	-0.8	-0.7	-0.2
Price of imports	-0.2	-0.3	-0.4	-0.4	-0.3	-0.1
Current Balance (2)	-0.1	0.0	-0.1	-0.2	-0.3	-0.1

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 6.13: a 1 % of GDP decrease in employer social security contributions in the EU

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.1	0.1	0.2	0.2	0.5
Japan	0.0	0.1	0.1	0.2	0.2	0.5
European Union	0.6	1.2	1.7	1.9	1.7	3.1
Germany	0.6	1.4	1.9	2.1	1.9	3.2
France	0.6	1.5	2.0	2.0	1.7	2.8
Italy	0.6	1.5	2.1	2.4	2.3	3.2
United Kingdom	0.5	0.6	1.1	1.5	1.6	1.4
Northern EU	1.1	1.6	2.2	2.3	2.1	3.8
Southern EU	0.3	0.9	1.3	1.6	1.7	2.4
Unemployment (1)						
United States	0.0	0.0	-0.1	-0.1	-0.1	-0.2
Japan	0.0	0.0	0.0	-0.1	-0.1	-0.2
European Union	-0.2	-0.5	-0.9	-1.1	-1.1	-1.5
Germany	-0.3	-0.8	-1.2	-1.4	-1.5	-2.2
France	-0.2	-0.6	-0.9	-1.1	-1.1	-1.4
Italy	-0.2	-0.5	-1.0	-1.4	-1.5	-1.1
United Kingdom	-0.1	-0.3	-0.6	-0.9	-1.1	-0.6
Northern EU	-0.4	-0.9	-1.1	-1.2	-1.0	-1.5
Southern EU	0.0	-0.2	-0.4	-0.5	-0.6	-0.8
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.1	0.7
Japan	0.0	0.0	0.0	0.0	0.1	0.6
European Union	-0.8	-1.1	-1.1	-0.9	-0.6	1.4
Germany	-0.3	-0.3	-0.1	0.2	0.5	2.8
France	-1.3	-2.1	-2.5	-2.4	-2.1	0.1
Italy	-0.9	-1.8	-2.3	-2.4	-2.1	-0.3
United Kingdom	-0.6	-1.0	-1.2	-0.9	-0.4	0.9
Northern EU	-1.4	-1.1	-0.6	0.0	0.7	3.0
Southern EU	-1.5	-1.4	-1.2	-0.8	-0.4	1.6
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.1	0.1	0.2
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	-0.6	-0.3	-0.1	0.0	0.1	-3.8
Germany	-0.6	-0.2	0.2	0.4	0.4	1.2
France	-0.9	-0.4	-0.1	-0.1	-0.2	0.2
Italy	-0.2	0.0	0.3	0.5	0.5	0.4
United Kingdom	-0.7	-0.6	-0.4	-0.2	-0.1	-0.3
Northern EU	-0.8	-0.7	-0.6	-0.5	-0.5	-0.4
Southern EU	-1.1	-0.9	-0.8	-0.9	-0.9	-0.7
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.0	0.1	0.2
European Union	-0.1	-0.2	-0.2	-0.2	-0.2	-0.4
Germany	-0.1	-0.2	-0.2	-0.2	-0.2	0.0
France	-0.2	-0.5	-0.4	-0.2	0.1	0.0
Italy	-0.1	-0.1	-0.2	-0.2	-0.1	0.3
United Kingdom	0.0	0.1	0.0	-0.1	-0.2	0.3
Northern EU	-0.3	-0.3	-0.5	-0.8	-1.0	-1.3
Southern EU	0.1	-0.1	-0.2	-0.4	-0.7	-1.0
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar. Source: Mimosa Model.

7. A RISE IN HOUSEHOLD INCOME TAXES

Table 7.1: a 1 % of GDP increase in household income tax in the United States

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	- 1.2	- 2.0	- 2.5	- 3.0	- 3.2	- 2.8
Japan	- 0.3	- 0.6	- 0.9	- 1.0	- 1.0	- 1.0
European Union	- 0.4	- 0.9	- 1.1	- 1.1	- 0.9	- 1.6
Germany	- 0.4	- 1.0	- 1.2	- 1.2	- 1.1	- 1.9
France	- 0.4	- 0.9	- 1.1	- 1.0	- 0.8	- 1.3
Italy	- 0.4	- 1.0	- 1.3	- 1.3	- 1.3	- 1.9
United Kingdom	- 0.3	- 0.6	- 0.7	- 0.7	- 0.6	- 1.0
Northern EU	- 0.5	- 1.3	- 1.6	- 1.3	- 1.1	- 2.0
Southern EU	- 0.2	- 0.5	- 0.7	- 0.8	- 0.8	- 1.2
Unemployment (1)						
United States	0.4	0.9	1.2	1.6	1.8	1.3
Japan	0.1	0.2	0.3	0.4	0.4	0.4
European Union	0.1	0.4	0.5	0.6	0.5	0.8
Germany	0.2	0.5	0.8	0.9	0.9	1.5
France	0.1	0.4	0.5	0.5	0.5	0.6
Italy	0.1	0.3	0.5	0.6	0.6	0.6
United Kingdom	0.0	0.2	0.3	0.3	0.3	0.2
Northern EU	0.2	0.6	0.9	0.8	0.5	0.9
Southern EU	0.0	0.1	0.2	0.3	0.3	0.4
Consumption deflator						
United States	0.0	- 0.4	- 0.9	- 1.7	- 2.8	- 10.8
Japan	0.0	0.0	- 0.1	- 0.4	- 0.8	- 4.2
European Union	0.0	- 0.1	- 0.3	- 0.6	- 1.0	- 3.1
Germany	- 0.1	- 0.3	- 0.6	- 1.0	- 1.3	- 3.9
France	0.1	0.2	0.1	- 0.2	- 0.7	- 3.0
Italy	0.0	0.2	0.2	0.0	- 0.3	- 2.3
United Kingdom	0.0	- 0.2	- 0.5	- 0.8	- 1.3	- 2.7
Northern EU	0.0	- 0.3	- 0.8	- 1.3	- 1.8	- 3.8
Southern EU	0.0	- 0.1	- 0.3	- 0.5	- 0.8	- 2.4
Public Sector Balance (2)						
United States	0.7	0.4	0.2	0.1	0.1	0.6
Japan	- 0.1	- 0.2	- 0.3	- 0.3	- 0.3	- 0.2
European Union	- 0.1	- 0.4	- 0.5	- 0.6	- 0.6	- 0.9
Germany	- 0.2	- 0.5	- 0.7	- 0.8	- 0.9	- 1.6
France	- 0.1	- 0.4	- 0.6	- 0.6	- 0.6	- 1.1
Italy	- 0.1	- 0.3	- 0.4	- 0.4	- 0.4	- 0.5
United Kingdom	- 0.1	- 0.2	- 0.4	- 0.4	- 0.3	- 0.4
Northern EU	- 0.1	- 0.4	- 0.5	- 0.6	- 0.6	- 0.8
Southern EU	- 0.1	- 0.3	- 0.4	- 0.5	- 0.5	- 1.2
Current Account (2)						
United States	0.3	0.5	0.6	0.7	0.9	1.5
Japan	- 0.1	- 0.2	- 0.2	- 0.3	- 0.3	- 0.6
European Union	- 0.1	- 0.2	- 0.2	- 0.2	- 0.3	- 0.5
Germany	- 0.1	- 0.2	- 0.2	- 0.2	- 0.3	- 0.6
France	0.0	- 0.1	- 0.2	- 0.4	- 0.6	- 0.5
Italy	- 0.1	- 0.1	- 0.1	- 0.2	- 0.3	- 0.7
United Kingdom	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1	- 0.3
Northern EU	- 0.1	0.0	0.1	0.1	0.0	0.3
Southern EU	- 0.2	- 0.3	- 0.4	- 0.3	- 0.3	- 0.9
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 7.2: a 1 % of GDP increase in household income tax in the United States

Difference % from baseline except (1) & (2)

United States	1	2	3	4	5	10
Real GDP	-1.2	-2.0	-2.5	-3.0	-3.2	-2.8
Imports	-3.3	-5.4	-6.2	-7.1	-7.7	-9.1
Consumption	-1.3	-2.3	-3.0	-3.8	-4.2	-5.2
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Investment						
<i>Business Investment</i>	-1.7	-3.4	-4.0	-4.3	-4.1	-0.4
<i>Housing</i>	-3.8	-7.6	-9.0	-11.5	-12.0	-11.4
Inventory Investment	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1
Exports	-0.8	-1.5	-1.7	-1.5	-1.0	3.6
Employment	-0.6	-1.2	-1.7	-2.1	-2.3	-1.7
Unemployment rate (1)	0.4	0.9	1.2	1.6	1.8	1.3
GDP deflator	-0.1	-0.5	-1.3	-2.3	-3.6	-12.4
Consumer expenditure deflator	0.0	-0.4	-0.9	-1.7	-2.8	-10.8
Labour productivity (per head)	-0.6	-0.8	-0.9	-1.0	-0.9	-1.1
Profit margin (1)	-0.2	-0.1	0.2	0.6	1.0	2.3
Compensation per employee	-0.3	-1.1	-2.2	-3.8	-5.7	-17.1
Real Compensation per employee	-0.3	-0.7	-1.3	-2.1	-2.9	-6.4
Real disposable income	-2.1	-2.8	-3.5	-4.3	-4.8	-6.5
Public sector balance (2)	0.7	0.4	0.2	0.1	0.1	0.6
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.0	-0.2	-0.8	-1.7	-2.9	-12.0
Price of imports	0.0	-0.4	-0.5	-1.2	-2.0	-8.1
Current Balance (2)	0.3	0.5	0.6	0.7	0.9	1.5

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 7.3: a 1 % of GDP increase in household income tax in Japan

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	- 0.1	- 0.1	- 0.2	- 0.2	- 0.3	- 0.4
Japan	- 1.0	- 1.6	- 1.9	- 1.8	- 1.3	1.1
European Union	- 0.1	- 0.3	- 0.3	- 0.3	- 0.3	- 0.5
Germany	- 0.2	- 0.3	- 0.4	- 0.4	- 0.3	- 0.5
France	- 0.2	- 0.3	- 0.3	- 0.3	- 0.2	- 0.4
Italy	- 0.2	- 0.3	- 0.4	- 0.4	- 0.4	- 0.6
United Kingdom	- 0.1	- 0.2	- 0.2	- 0.2	- 0.2	- 0.3
Northern EU	- 0.2	- 0.4	- 0.5	- 0.4	- 0.3	- 0.7
Southern EU	- 0.1	- 0.2	- 0.2	- 0.2	- 0.2	- 0.4
Unemployment (1)						
United States	0.0	0.1	0.1	0.1	0.1	0.2
Japan	0.3	0.5	0.7	0.8	0.7	- 0.4
European Union	0.0	0.1	0.2	0.2	0.2	0.2
Germany	0.1	0.2	0.3	0.3	0.3	0.4
France	0.0	0.1	0.2	0.2	0.1	0.2
Italy	0.0	0.1	0.2	0.2	0.2	0.2
United Kingdom	0.0	0.1	0.1	0.1	0.1	0.1
Northern EU	0.1	0.2	0.3	0.2	0.1	0.3
Southern EU	0.0	0.0	0.1	0.1	0.1	0.1
Consumption deflator						
United States	0.0	0.0	- 0.1	- 0.1	- 0.2	- 1.2
Japan	0.2	0.1	- 0.3	- 1.1	- 2.1	- 6.3
European Union	0.0	0.0	- 0.1	- 0.2	- 0.3	- 0.9
Germany	0.0	- 0.1	- 0.2	- 0.3	- 0.4	- 1.2
France	0.1	0.1	0.0	- 0.1	- 0.3	- 0.8
Italy	0.0	0.1	0.0	0.0	- 0.1	- 0.7
United Kingdom	0.0	- 0.1	- 0.1	- 0.3	- 0.4	- 0.8
Northern EU	0.0	- 0.1	- 0.3	- 0.4	- 0.6	- 1.2
Southern EU	0.0	0.0	- 0.1	- 0.2	- 0.3	- 0.7
Public Sector Balance (2)						
United States	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.2
Japan	0.8	0.6	0.5	0.6	0.7	1.4
European Union	0.0	- 0.1	- 0.2	- 0.2	- 0.2	- 0.3
Germany	- 0.1	- 0.2	- 0.2	- 0.3	- 0.3	- 0.5
France	0.0	- 0.1	- 0.2	- 0.2	- 0.2	- 0.3
Italy	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.2
United Kingdom	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
Northern EU	- 0.1	- 0.1	- 0.2	- 0.2	- 0.2	- 0.3
Southern EU	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.4
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	- 0.1
Japan	0.3	0.5	0.5	0.5	0.4	0.7
European Union	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.2
Germany	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.2
France	0.0	0.0	- 0.1	- 0.1	- 0.2	- 0.2
Italy	0.0	0.0	0.0	- 0.1	- 0.1	- 0.2
United Kingdom	0.0	0.0	0.0	0.0	0.0	- 0.1
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1	- 0.3
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 7.4: a 1 % of GDP increase in household income tax in Japan

Difference % from baseline except (1) & (2)

Japan	1	2	3	4	5	10
Real GDP	-1.0	-1.6	-1.9	-1.8	-1.3	1.1
Imports	-1.5	-2.5	-3.3	-3.4	-3.3	-2.5
Consumption	-1.2	-1.9	-2.3	-2.5	-2.5	-1.0
Government expenditure	0.1	0.1	0.1	0.1	0.1	-0.1
Investment						
<i>Business Investment</i>	-1.1	-1.9	-2.9	-1.9	-0.4	4.9
<i>Housing</i>	-6.7	-8.5	-7.6	-5.1	-3.3	0.4
Inventory Investment	0.0	-0.1	-0.1	-0.1	0.0	0.0
Exports	0.4	0.5	0.6	0.8	1.3	5.2
Employment	-0.4	-0.9	-1.4	-1.5	-1.4	0.7
Unemployment rate (1)	0.3	0.5	0.7	0.8	0.7	-0.4
GDP deflator	0.3	0.2	-0.5	-1.4	-2.4	-6.6
Consumer expenditure deflator	0.2	0.1	-0.3	-1.1	-2.1	-6.3
Labour productivity (per head)	-0.6	-0.7	-0.6	-0.3	0.1	0.4
Profit margin (1)	-0.1	0.0	0.2	0.5	0.8	1.0
Compensation per employee	-0.1	-0.5	-1.4	-2.6	-3.9	-8.2
Real Compensation per employee	-0.3	-0.6	-1.1	-1.5	-1.8	-1.9
Real disposable income	-2.0	-2.6	-3.1	-3.4	-3.5	-1.8
Public sector balance (2)	0.8	0.6	0.5	0.6	0.7	1.4
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.2	0.1	-0.3	-1.0	-1.9	-5.3
Price of imports	0.0	0.0	0.0	-0.2	-0.4	-1.8
Current Balance (2)	0.3	0.5	0.5	0.5	0.4	0.7

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 7.5: a 1 % of GDP increase in household income tax in Germany

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	-0.1	-0.1	-0.1	-0.2
Japan	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
European Union	-0.4	-0.6	-0.8	-0.7	-0.5	-0.3
Germany	-0.9	-1.4	-1.7	-1.7	-1.3	-0.3
France	-0.2	-0.4	-0.4	-0.3	-0.1	-0.3
Italy	-0.3	-0.5	-0.6	-0.5	-0.3	-0.2
United Kingdom	-0.1	-0.2	-0.2	-0.2	-0.1	-0.2
Northern EU	-0.3	-0.6	-0.7	-0.6	-0.3	-0.6
Southern EU	-0.1	-0.2	-0.3	-0.3	-0.2	-0.2
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.1	0.1
Japan	0.0	0.0	0.0	0.0	0.1	0.1
European Union	0.1	0.3	0.4	0.4	0.4	0.2
Germany	0.4	0.8	1.1	1.2	1.1	0.6
France	0.1	0.2	0.2	0.2	0.1	0.1
Italy	0.1	0.2	0.2	0.2	0.2	0.0
United Kingdom	0.0	0.1	0.1	0.1	0.1	0.0
Northern EU	0.1	0.3	0.4	0.3	0.2	0.3
Southern EU	0.0	0.0	0.1	0.1	0.1	0.1
Consumption deflator						
United States	0.0	0.0	0.0	-0.1	-0.1	-0.5
Japan	0.0	0.0	0.0	0.0	-0.1	-0.6
European Union	0.0	-0.1	-0.3	-0.6	-0.8	-1.6
Germany	-0.1	-0.5	-0.9	-1.4	-1.9	-3.7
France	0.1	0.1	0.0	-0.2	-0.5	-1.0
Italy	0.0	0.1	0.0	-0.1	-0.3	-0.9
United Kingdom	0.0	-0.1	-0.2	-0.3	-0.5	-0.5
Northern EU	0.0	-0.2	-0.4	-0.7	-0.9	-1.4
Southern EU	0.0	0.0	-0.1	-0.2	-0.3	-0.7
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	-0.1
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.0	-0.1	-0.1	-0.1	0.1
Germany	0.7	0.4	0.1	0.0	0.2	0.8
France	-0.1	-0.2	-0.2	-0.2	-0.2	-0.3
Italy	-0.1	-0.1	-0.2	-0.2	-0.1	-0.1
United Kingdom	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Northern EU	-0.1	-0.2	-0.2	-0.3	-0.2	-0.3
Southern EU	-0.1	-0.1	-0.2	-0.2	-0.1	-0.3
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	-0.1
European Union	0.0	0.1	0.1	0.1	0.1	0.2
Germany	0.3	0.6	0.7	0.8	0.8	1.1
France	0.0	0.0	-0.1	-0.2	-0.2	-0.1
Italy	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	-0.1
Northern EU	0.0	0.1	0.1	0.1	0.1	0.0
Southern EU	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 7.6: a 1 % of GDP increase in household income tax in Germany

Difference % from baseline except (1) & (2)

Germany	1	2	3	4	5	10
Real GDP	- 0.9	- 1.4	- 1.7	- 1.7	- 1.3	- 0.3
Imports	- 1.3	- 2.1	- 2.4	- 2.3	- 1.7	- 1.6
Consumption	- 1.2	- 2.0	- 2.5	- 2.7	- 2.6	- 1.8
Government expenditure	0.0	0.0	0.0	- 0.1	- 0.1	- 0.1
Investment						
<i>Business Investment</i>	- 2.4	- 4.3	- 4.7	- 4.1	- 1.6	0.8
<i>Housing</i>	- 0.5	- 1.6	- 3.3	- 5.1	- 6.0	- 3.3
Inventory Investment	- 0.1	- 0.1	0.0	0.0	0.1	0.0
Exports	- 0.2	- 0.4	- 0.3	0.1	0.7	1.2
Employment	- 0.4	- 1.0	- 1.3	- 1.4	- 1.3	- 0.2
Unemployment rate (1)	0.4	0.8	1.1	1.2	1.1	0.6
GDP deflator	- 0.2	- 0.6	- 1.2	- 1.7	- 2.1	- 4.0
Consumer expenditure deflator	- 0.1	- 0.5	- 0.9	- 1.4	- 1.9	- 3.7
Labour productivity (per head)	- 0.4	- 0.5	- 0.4	- 0.3	- 0.1	- 0.2
Profit margin (1)	0.0	0.4	0.7	1.0	1.1	1.1
Compensation per employee	- 0.6	- 1.6	- 2.5	- 3.2	- 3.7	- 5.8
Real Compensation per employee	- 0.5	- 1.1	- 1.6	- 1.8	- 1.9	- 2.1
Real disposable income	- 2.1	- 2.6	- 2.9	- 2.8	- 2.6	- 1.8
Public sector balance (2)	0.7	0.4	0.1	0.0	0.2	0.8
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	- 0.1	- 0.4	- 0.8	- 1.3	- 1.7	- 3.2
Price of imports	0.1	- 0.1	- 0.4	- 0.7	- 0.9	- 2.0
Current Balance (2)	0.3	0.6	0.7	0.8	0.8	1.1

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 7.7: a 1 % of GDP increase in household income tax in France

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	- 0.1
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.1	- 0.2	- 0.3	- 0.3	- 0.2	- 0.3
Germany	- 0.1	- 0.2	- 0.2	- 0.2	- 0.1	- 0.1
France	- 0.3	- 0.6	- 0.8	- 0.8	- 0.8	- 0.8
Italy	- 0.1	- 0.2	- 0.2	- 0.2	- 0.2	- 0.1
United Kingdom	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
Northern EU	- 0.1	- 0.2	- 0.3	- 0.3	- 0.2	- 0.2
Southern EU	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.1	0.2	0.1	0.1
Germany	0.0	0.1	0.1	0.1	0.1	0.1
France	0.1	0.2	0.3	0.4	0.4	0.4
Italy	0.0	0.1	0.1	0.1	0.1	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.1	0.2	0.1	0.1	0.1
Southern EU	0.0	0.0	0.0	0.0	0.1	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.0	- 0.2
Japan	0.0	0.0	0.0	0.0	0.0	- 0.2
European Union	0.0	0.0	- 0.1	- 0.1	- 0.2	- 0.6
Germany	0.0	- 0.1	- 0.1	- 0.2	- 0.2	- 0.5
France	0.1	0.1	0.0	- 0.2	- 0.4	- 1.6
Italy	0.0	0.0	0.0	0.0	- 0.1	- 0.3
United Kingdom	0.0	0.0	- 0.1	- 0.1	- 0.2	- 0.2
Northern EU	0.0	- 0.1	- 0.2	- 0.3	- 0.3	- 0.5
Southern EU	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.3
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.2	0.1	0.1	0.1	0.1	0.1
Germany	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
France	1.0	0.9	0.9	0.9	0.9	1.2
Italy	0.0	0.0	- 0.1	- 0.1	- 0.1	0.0
United Kingdom	0.0	0.0	0.0	- 0.1	0.0	0.0
Northern EU	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
Southern EU	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.0	0.0
France	0.2	0.3	0.4	0.3	0.3	0.5
Italy	0.0	0.0	0.0	0.0	0.0	- 0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 7.8: a 1 % of GDP increase in household income tax in France

Difference % from baseline except (1) & (2)

France	1	2	3	4	5	10
Real GDP	-0.3	-0.6	-0.8	-0.8	-0.8	-0.8
Imports	-0.7	-1.3	-1.5	-1.5	-1.3	-1.8
Consumption	-0.4	-0.7	-0.9	-0.9	-1.0	-1.5
Government expenditure	0.0	0.0	0.0	0.1	0.1	0.2
Investment						
<i>Business Investment</i>	-0.6	-1.4	-1.8	-1.6	-1.0	-0.6
<i>Housing</i>	-1.3	-3.6	-5.5	-6.4	-6.2	-6.2
Inventory Investment	0.0	-0.1	-0.1	0.0	0.0	0.0
Exports	0.0	-0.1	-0.2	-0.2	-0.2	0.1
Employment	-0.1	-0.3	-0.4	-0.5	-0.5	-0.5
Unemployment rate (1)	0.1	0.2	0.3	0.4	0.4	0.4
GDP deflator	0.1	0.0	-0.1	-0.3	-0.6	-2.0
Consumer expenditure deflator	0.1	0.1	0.0	-0.2	-0.4	-1.6
Labour productivity (per head)	-0.2	-0.3	-0.4	-0.3	-0.2	-0.3
Profit margin (1)	-0.1	0.0	0.1	0.2	0.3	0.7
Compensation per employee	0.0	-0.1	-0.4	-0.7	-1.1	-3.0
Real Compensation per employee	-0.1	-0.2	-0.4	-0.5	-0.7	-1.4
Real disposable income	-1.7	-1.8	-2.0	-2.2	-2.3	-2.7
Public sector balance (2)	1.0	0.9	0.9	0.9	0.9	1.2
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.0	0.0	-0.1	-0.2	-0.3	-1.1
Price of imports	0.0	0.0	-0.1	-0.1	-0.2	-0.6
Current Balance (2)	0.2	0.3	0.4	0.3	0.3	0.5

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 7.9: a 1 % of GDP increase in household income tax in Italy

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	-0.1	-0.1	-0.1
Japan	0.0	0.0	-0.1	-0.1	-0.1	0.0
European Union	-0.2	-0.4	-0.5	-0.5	-0.4	-0.3
Germany	-0.1	-0.3	-0.4	-0.3	-0.2	-0.1
France	-0.1	-0.3	-0.3	-0.3	-0.1	-0.2
Italy	-0.7	-1.3	-1.8	-1.8	-1.8	-1.0
United Kingdom	-0.1	-0.1	-0.2	-0.1	-0.1	-0.1
Northern EU	-0.2	-0.3	-0.4	-0.3	-0.2	-0.2
Southern EU	-0.1	-0.1	-0.2	-0.2	-0.1	-0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.1	0.2	0.2	0.2	0.1
Germany	0.1	0.2	0.2	0.2	0.2	0.1
France	0.0	0.1	0.2	0.2	0.1	0.1
Italy	0.2	0.4	0.6	0.8	0.8	0.3
United Kingdom	0.0	0.0	0.1	0.1	0.0	0.0
Northern EU	0.1	0.2	0.2	0.2	0.1	0.1
Southern EU	0.0	0.0	0.1	0.1	0.1	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	-0.1	-0.2
Japan	0.0	0.0	0.0	0.0	-0.1	-0.2
European Union	0.0	0.0	0.0	-0.1	-0.3	-0.7
Germany	0.0	-0.1	-0.2	-0.3	-0.3	-0.7
France	0.0	0.1	0.0	-0.1	-0.2	-0.6
Italy	0.1	0.3	0.3	0.1	-0.2	-1.8
United Kingdom	0.0	0.0	-0.1	-0.2	-0.2	-0.2
Northern EU	0.0	-0.1	-0.2	-0.4	-0.4	-0.6
Southern EU	0.0	0.0	-0.1	-0.1	-0.2	-0.3
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.0	-0.1	-0.1	-0.1	-0.1
Germany	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2
France	0.0	-0.1	-0.2	-0.2	-0.1	-0.2
Italy	0.8	0.6	0.3	0.2	0.2	0.3
United Kingdom	0.0	0.0	-0.1	-0.1	-0.1	0.0
Northern EU	0.0	-0.1	-0.1	-0.2	-0.1	-0.2
Southern EU	0.0	-0.1	-0.1	-0.1	-0.1	-0.2
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.1	0.0	0.0	0.1
Germany	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
France	0.0	0.0	-0.1	-0.1	-0.2	-0.1
Italy	0.4	0.6	0.7	0.7	0.7	0.9
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	0.0	-0.1
Southern EU	0.0	-0.1	-0.1	-0.1	-0.1	-0.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 7.10: a 1 % of GDP increase in household income tax in Italy

Difference % from baseline except (1) & (2)

Italy	1	2	3	4	5	10
Real GDP	-0.7	-1.3	-1.8	-1.8	-1.8	-1.0
Imports	-1.3	-2.0	-2.7	-2.4	-2.2	-1.6
Consumption	-1.1	-1.8	-2.3	-2.5	-2.6	-2.1
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Investment						
<i>Business Investment</i>	-0.7	-3.0	-4.9	-4.7	-3.5	-0.2
<i>Housing</i>	-0.4	-1.3	-2.2	-2.9	-3.3	-2.4
Inventory Investment	-0.3	-0.2	-0.2	0.0	0.0	0.0
Exports	0.1	0.0	0.0	-0.1	0.0	0.2
Employment	-0.2	-0.5	-0.8	-1.0	-1.1	-0.7
Unemployment rate (1)	0.2	0.4	0.6	0.8	0.8	0.3
GDP deflator	0.0	0.3	0.3	0.1	-0.2	-1.7
Consumer expenditure deflator	0.1	0.3	0.3	0.1	-0.2	-1.8
Labour productivity (per head)	-0.5	-0.8	-1.0	-0.8	-0.7	-0.3
Profit margin (1)	-0.2	-0.2	-0.1	0.2	0.4	0.5
Compensation per employee	0.0	0.1	-0.2	-0.8	-1.5	-3.6
Real Compensation per employee	-0.1	-0.2	-0.5	-1.0	-1.3	-1.8
Real disposable income	-1.7	-2.1	-2.5	-2.8	-2.8	-2.3
Public sector balance (2)	0.8	0.6	0.3	0.2	0.2	0.3
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.0	0.1	0.0	-0.1	-0.2	-1.0
Price of imports	0.0	0.0	-0.4	-0.5	-0.6	-1.2
Current Balance (2)	0.4	0.6	0.7	0.7	0.7	0.9

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 7.11: a 1 % of GDP increase in household income tax in the United Kingdom

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	-0.1	-0.1	-0.1
Japan	0.0	-0.1	-0.1	-0.1	-0.1	0.0
European Union	-0.2	-0.3	-0.4	-0.3	-0.3	-0.1
Germany	-0.1	-0.2	-0.3	-0.2	-0.2	0.0
France	-0.1	-0.2	-0.2	-0.2	-0.1	-0.1
Italy	-0.1	-0.2	-0.3	-0.3	-0.2	0.0
United Kingdom	-0.6	-1.0	-1.1	-1.1	-1.0	-0.4
Northern EU	-0.2	-0.4	-0.4	-0.3	-0.2	-0.1
Southern EU	-0.1	-0.1	-0.2	-0.2	-0.2	-0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.2	0.2	0.2	0.0
Germany	0.1	0.1	0.2	0.2	0.2	0.1
France	0.0	0.1	0.1	0.1	0.1	0.0
Italy	0.0	0.1	0.1	0.1	0.1	0.0
United Kingdom	0.1	0.3	0.4	0.4	0.4	0.0
Northern EU	0.1	0.2	0.2	0.2	0.1	0.0
Southern EU	0.0	0.0	0.1	0.1	0.1	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	-0.1	-0.3
Japan	0.0	0.0	0.0	0.0	-0.1	-0.3
European Union	0.0	-0.1	-0.2	-0.3	-0.5	-0.8
Germany	0.0	-0.1	-0.2	-0.2	-0.3	-0.6
France	0.0	0.0	0.0	-0.1	-0.2	-0.6
Italy	0.0	0.0	0.0	0.0	-0.1	-0.4
United Kingdom	-0.1	-0.4	-0.9	-1.4	-1.9	-2.4
Northern EU	0.0	-0.1	-0.2	-0.4	-0.5	-0.5
Southern EU	0.0	0.0	-0.1	-0.2	-0.2	-0.4
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.0	0.0	0.0	0.0	0.1
Germany	0.0	-0.1	-0.2	-0.2	-0.2	-0.1
France	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Italy	0.0	-0.1	-0.1	-0.1	-0.1	0.0
United Kingdom	0.9	0.7	0.6	0.6	0.7	1.1
Northern EU	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Southern EU	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	-0.1	0.0
France	0.0	0.0	0.0	-0.1	-0.1	0.0
Italy	0.0	0.0	0.0	0.0	0.0	-0.1
United Kingdom	0.4	0.5	0.6	0.6	0.6	0.5
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 7.12: a 1 % of GDP increase in household income tax in United Kingdom

Difference % from baseline except (1) & (2)

United Kingdom	1	2	3	4	5	10
Real GDP	-0.6	-1.0	-1.1	-1.1	-1.0	-0.4
Imports	-1.3	-1.9	-2.1	-2.2	-2.2	-1.6
Consumption	-1.2	-1.6	-1.8	-1.9	-1.9	-1.4
Government expenditure	-0.1	-0.2	-0.2	-0.3	-0.3	-0.2
Investment						
<i>Business Investment</i>	-1.0	-2.6	-3.7	-3.6	-3.0	-0.4
<i>Housing</i>	-0.7	-1.7	-1.7	-1.4	-0.9	-0.9
Inventory Investment	-0.1	-0.1	-0.1	0.0	0.0	0.0
Exports	0.1	0.1	0.1	0.3	0.5	0.8
Employment	-0.1	-0.4	-0.7	-0.7	-0.7	0.0
Unemployment rate (1)	0.1	0.3	0.4	0.4	0.4	0.0
GDP deflator	-0.2	-0.5	-1.0	-1.5	-2.1	-2.5
Consumer expenditure deflator	-0.1	-0.4	-0.9	-1.4	-1.9	-2.4
Labour productivity (per head)	-0.5	-0.6	-0.4	-0.4	-0.3	-0.4
Profit margin (1)	-0.3	-0.3	-0.1	-0.1	-0.1	-0.2
Compensation per employee	-0.2	-0.6	-1.1	-1.7	-2.2	-2.6
Real Compensation per employee	0.0	-0.2	-0.3	-0.3	-0.3	-0.2
Real disposable income	-1.8	-2.1	-2.1	-2.1	-2.1	-1.5
Public sector balance (2)	0.9	0.7	0.6	0.6	0.7	1.1
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.0	-0.1	-0.3	-0.6	-0.9	-1.3
Price of imports	0.0	0.0	-0.2	-0.3	-0.5	-0.8
Current Balance (2)	0.4	0.5	0.6	0.6	0.6	0.5

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 7.13: a 1 % of GDP increase in household income tax in the EU

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	-0.1	-0.2	-0.3	-0.4	-0.4	-0.7
Japan	-0.1	-0.2	-0.4	-0.5	-0.5	-0.4
European Union	-1.1	-2.1	-2.6	-2.5	-2.2	-1.5
Germany	-1.4	-2.6	-3.1	-3.0	-2.5	-1.0
France	-1.0	-1.8	-2.3	-2.0	-1.6	-1.8
Italy	-1.4	-2.5	-3.3	-3.3	-3.1	-1.9
United Kingdom	-0.9	-1.6	-1.9	-1.8	-1.5	-0.9
Northern EU	-1.5	-2.9	-3.5	-2.9	-2.3	-2.1
Southern EU	-0.6	-1.1	-1.7	-1.9	-1.9	-1.9
Unemployment (1)						
United States	0.0	0.1	0.1	0.2	0.2	0.3
Japan	0.0	0.1	0.1	0.2	0.2	0.2
European Union	0.4	0.9	1.3	1.4	1.3	0.9
Germany	0.6	1.4	2.0	2.2	2.1	1.5
France	0.3	0.7	1.0	1.1	1.0	1.0
Italy	0.3	0.8	1.2	1.5	1.5	0.6
United Kingdom	0.1	0.4	0.7	0.8	0.7	0.1
Northern EU	0.6	1.4	1.9	1.6	1.1	0.9
Southern EU	0.1	0.3	0.5	0.6	0.7	0.8
Consumption deflator						
United States	0.0	0.0	-0.1	-0.2	-0.4	-1.8
Japan	0.0	0.0	0.0	-0.2	-0.3	-2.0
European Union	0.0	-0.3	-0.8	-1.6	-2.4	-5.6
Germany	-0.2	-0.8	-1.7	-2.6	-3.4	-7.5
France	0.3	0.4	0.1	-0.6	-1.6	-5.1
Italy	0.2	0.5	0.4	0.0	-0.8	-4.5
United Kingdom	-0.2	-0.7	-1.4	-2.3	-3.3	-4.7
Northern EU	-0.1	-0.7	-1.8	-2.9	-3.8	-6.4
Southern EU	0.0	-0.2	-0.6	-1.2	-1.7	-4.1
Public Sector Balance (2)						
United States	0.0	-0.1	-0.1	-0.1	-0.2	-0.2
Japan	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
European Union	0.7	0.3	0.0	-0.1	0.3	0.3
Germany	0.4	-0.2	-0.7	-0.9	-0.8	-0.2
France	0.8	0.3	0.0	0.1	0.2	0.2
Italy	0.7	0.2	-0.1	-0.2	-0.2	0.0
United Kingdom	0.8	0.5	0.3	0.2	0.4	0.8
Northern EU	0.8	0.5	0.1	0.1	0.3	0.8
Southern EU	0.8	0.7	0.5	0.6	0.7	0.9
Current Account (2)						
United States	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Japan	0.0	-0.1	-0.1	-0.1	-0.2	-0.3
European Union	0.2	0.3	0.4	0.4	0.4	0.5
Germany	0.2	0.3	0.4	0.5	0.4	0.6
France	0.1	0.2	0.1	-0.2	-0.4	-0.2
Italy	0.3	0.4	0.6	0.5	0.4	0.3
United Kingdom	0.3	0.4	0.4	0.5	0.4	0.3
Northern EU	0.4	1.1	1.3	1.3	1.2	1.5
Southern EU	-0.1	-0.1	0.0	0.3	0.5	0.9
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar. Source: Mimosa Model.

8. A RISE IN PRIVATE INVESTMENT

Table 8.1: a 1 % of GDP increase in private investment in the United States

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	2.0	2.2	2.0	2.0	2.1	1.7
Japan	0.6	0.9	1.0	0.8	0.6	0.5
European Union	0.9	1.4	1.3	0.8	0.4	1.3
Germany	1.0	1.6	1.5	1.0	0.6	1.5
France	1.0	1.4	1.2	0.6	0.1	1.2
Italy	1.0	1.5	1.5	1.1	0.7	1.4
United Kingdom	0.6	0.9	0.8	0.5	0.2	0.9
Northern EU	1.3	2.2	1.8	0.8	0.4	1.8
Southern EU	0.5	0.8	0.9	0.7	0.6	0.9
Unemployment (1)						
United States	- 0.7	- 1.1	- 1.1	- 1.1	- 1.1	- 0.6
Japan	- 0.2	- 0.3	- 0.4	- 0.4	- 0.3	- 0.1
European Union	- 0.3	- 0.6	- 0.7	- 0.6	- 0.4	- 0.7
Germany	- 0.4	- 1.0	- 1.1	- 0.9	- 0.7	- 1.3
France	- 0.3	- 0.6	- 0.6	- 0.5	- 0.3	- 0.5
Italy	- 0.3	- 0.5	- 0.6	- 0.6	- 0.5	- 0.3
United Kingdom	- 0.1	- 0.3	- 0.4	- 0.3	- 0.2	- 0.2
Northern EU	- 0.5	- 1.1	- 1.1	- 0.5	- 0.1	- 0.8
Southern EU	- 0.1	- 0.2	- 0.3	- 0.3	- 0.3	- 0.3
Consumption deflator						
United States	0.1	0.5	1.1	2.0	2.9	8.7
Japan	- 0.1	0.0	0.3	0.8	1.3	3.7
European Union	0.0	0.2	0.6	1.0	1.4	2.9
Germany	0.2	0.5	1.0	1.4	1.6	4.1
France	- 0.3	- 0.3	0.1	0.8	1.4	2.8
Italy	- 0.1	- 0.3	- 0.1	0.3	0.8	2.1
United Kingdom	0.1	0.4	0.8	1.2	1.5	1.9
Northern EU	0.1	0.6	1.3	1.9	2.2	3.6
Southern EU	0.0	0.2	0.4	0.7	1.0	2.2
Public Sector Balance (2)						
United States	0.7	0.8	0.8	0.7	0.7	0.5
Japan	0.2	0.3	0.3	0.3	0.1	0.1
European Union	0.3	0.6	0.7	0.6	0.5	0.9
Germany	0.4	0.8	1.0	0.9	0.7	1.4
France	0.3	0.7	0.8	0.6	0.3	1.0
Italy	0.2	0.4	0.5	0.4	0.3	0.4
United Kingdom	0.2	0.4	0.5	0.4	0.2	0.3
Northern EU	0.3	0.6	0.7	0.6	0.4	0.7
Southern EU	0.3	0.5	0.5	0.4	0.4	1.1
Current Account (2)						
United States	- 0.7	- 0.6	- 0.5	- 0.6	- 0.8	- 1.0
Japan	0.3	0.3	0.2	0.2	0.3	0.4
European Union	0.2	0.2	0.2	0.2	0.3	0.4
Germany	0.3	0.3	0.2	0.2	0.3	0.4
France	0.1	0.1	0.3	0.6	0.7	0.3
Italy	0.1	0.2	0.1	0.2	0.3	0.5
United Kingdom	0.2	0.1	0.1	0.0	0.0	0.1
Northern EU	0.2	- 0.2	- 0.2	0.0	0.1	- 0.1
Southern EU	0.4	0.5	0.4	0.3	0.2	0.9
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

A rise in private investment: United States

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 8.2: a 1 % of GDP increase in private investment in the United States

Difference % from baseline except (1) & (2)

United States	1	2	3	4	5	10
Real GDP	2.0	2.2	2.0	2.0	2.1	1.7
Imports	7.7	7.0	5.6	5.5	6.0	6.6
Consumption	1.0	1.3	1.4	1.5	1.8	2.0
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Investment						
<i>Business Investment</i>	<i>12.6</i>	<i>13.4</i>	<i>12.6</i>	<i>12.2</i>	<i>12.4</i>	<i>10.7</i>
<i>Housing</i>	<i>3.9</i>	<i>5.1</i>	<i>4.0</i>	<i>3.8</i>	<i>4.1</i>	<i>5.0</i>
Inventory Investment	0.4	0.1	0.0	0.0	0.0	0.1
Exports	1.8	2.0	1.6	0.9	0.2	-2.5
Employment	1.0	1.4	1.5	1.5	1.5	0.8
Unemployment rate (1)	-0.7	-1.1	-1.1	-1.1	-1.1	-0.6
GDP deflator	0.4	0.9	1.7	2.6	3.6	10.0
Consumer expenditure deflator	0.1	0.5	1.1	2.0	2.9	8.7
Labour productivity (per head)	1.0	0.7	0.5	0.5	0.6	0.9
Profit margin (1)	0.4	0.0	-0.4	-0.7	-0.9	-1.4
Compensation per employee	0.5	1.4	2.6	3.9	5.5	13.1
Real Compensation per employee	0.5	0.9	1.4	2.0	2.5	4.4
Real disposable income	1.0	1.3	1.6	1.8	2.1	2.8
Public sector balance (2)	0.7	0.8	0.8	0.7	0.7	0.5
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.0	0.4	1.1	2.0	3.0	9.7
Price of imports	-0.1	0.5	0.8	1.6	2.3	6.5
Current Balance (2)	-0.7	-0.6	-0.5	-0.6	-0.8	-1.0

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 8.3: a 1 % of GDP increase in private investment in Japan

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.1	0.1	0.1	0.1	0.1	0.3
Japan	1.5	2.0	2.3	1.8	1.1	- 1.5
European Union	0.2	0.3	0.3	0.1	0.0	0.3
Germany	0.2	0.3	0.3	0.2	0.1	0.4
France	0.2	0.3	0.3	0.1	- 0.1	0.3
Italy	0.2	0.3	0.3	0.2	0.0	0.4
United Kingdom	0.1	0.2	0.2	0.1	0.0	0.2
Northern EU	0.3	0.4	0.4	0.1	- 0.1	0.5
Southern EU	0.1	0.2	0.2	0.1	0.1	0.2
Unemployment (1)						
United States	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
Japan	- 0.4	- 0.7	- 0.9	- 0.9	- 0.7	0.6
European Union	- 0.1	- 0.1	- 0.1	- 0.1	0.0	- 0.2
Germany	- 0.1	- 0.2	- 0.2	- 0.2	- 0.1	- 0.3
France	- 0.1	- 0.1	- 0.1	- 0.1	0.0	- 0.1
Italy	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
United Kingdom	0.0	- 0.1	- 0.1	- 0.1	0.0	- 0.1
Northern EU	- 0.1	- 0.2	- 0.2	- 0.1	0.1	- 0.3
Southern EU	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.1
Consumption deflator						
United States	0.0	0.0	0.1	0.1	0.2	0.9
Japan	- 0.3	0.0	0.6	1.6	2.8	6.8
European Union	0.0	0.0	0.1	0.2	0.3	0.6
Germany	0.0	0.1	0.2	0.3	0.3	0.8
France	- 0.1	- 0.1	0.0	0.2	0.3	0.5
Italy	0.0	- 0.1	0.0	0.1	0.2	0.4
United Kingdom	0.0	0.1	0.2	0.3	0.3	0.4
Northern EU	0.0	0.1	0.3	0.4	0.4	0.7
Southern EU	0.0	0.0	0.1	0.2	0.2	0.5
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.4	0.6	0.7	0.5	0.2	- 0.5
European Union	0.1	0.1	0.1	0.1	0.1	0.2
Germany	0.1	0.2	0.2	0.2	0.1	0.4
France	0.1	0.2	0.2	0.1	0.0	0.2
Italy	0.1	0.1	0.1	0.1	0.0	0.1
United Kingdom	0.0	0.1	0.1	0.1	0.0	0.1
Northern EU	0.1	0.1	0.1	0.1	0.0	0.2
Southern EU	0.1	0.1	0.1	0.1	0.1	0.2
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	- 0.5	- 0.5	- 0.4	- 0.3	- 0.3	- 0.4
European Union	0.0	0.0	0.0	0.0	0.0	0.1
Germany	0.1	0.1	0.1	0.0	0.0	0.1
France	0.0	0.0	0.1	0.1	0.1	0.1
Italy	0.0	0.0	0.0	0.0	0.1	0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.1
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	0.1	0.1	0.1	0.0	0.0	0.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 8.4: a 1 % of GDP increase in private investment in Japan

Difference % from baseline except (1) & (2)

Japan	1	2	3	4	5	10
Real GDP	1.5	2.0	2.3	1.8	1.1	- 1.5
Imports	2.4	3.3	4.2	3.8	3.3	1.9
Consumption	0.4	0.8	1.2	1.2	1.1	- 0.6
Government expenditure	0.0	0.0	0.0	0.0	0.1	0.2
Investment						
<i>Business Investment</i>	7.8	8.4	9.4	6.7	3.9	- 2.3
<i>Housing</i>	5.2	5.3	4.8	2.0	0.1	- 2.0
Inventory Investment	0.0	0.1	0.1	0.1	0.0	0.0
Exports	- 0.5	- 0.1	0.1	0.1	- 0.3	- 4.1
Employment	0.6	1.2	1.7	1.7	1.4	- 1.2
Unemployment rate (1)	- 0.4	- 0.7	- 0.9	- 0.9	- 0.7	0.6
GDP deflator	- 0.3	0.0	0.9	2.0	3.3	7.1
Consumer expenditure deflator	- 0.3	0.0	0.6	1.6	2.8	6.8
Labour productivity (per head)	0.9	0.8	0.6	0.1	- 0.3	- 0.3
Profit margin (1)	0.2	0.0	- 0.3	- 0.7	- 1.0	- 0.8
Compensation per employee	0.1	0.8	2.0	3.4	4.9	8.3
Real Compensation per employee	0.4	0.8	1.4	1.8	2.1	1.5
Real disposable income	0.7	1.3	1.8	2.1	2.0	- 0.3
Public sector balance (2)	0.4	0.6	0.7	0.5	0.2	- 0.5
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	- 0.2	- 0.1	0.4	1.4	2.5	5.5
Price of imports	0.0	0.0	0.1	0.3	0.5	1.7
Current Balance (2)	- 0.5	- 0.5	- 0.4	- 0.3	- 0.3	- 0.4

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 8.5: a 1 % of GDP increase in private investment in Germany

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.1	0.1	0.1	0.1	0.3
Japan	0.1	0.1	0.2	0.2	0.2	0.2
European Union	0.8	1.0	0.8	0.5	0.0	0.0
Germany	1.8	2.2	2.0	1.6	0.7	-0.2
France	0.5	0.6	0.4	0.0	-0.4	0.2
Italy	0.7	0.7	0.5	0.0	-0.6	-0.6
United Kingdom	0.3	0.3	0.2	0.0	-0.3	0.2
Northern EU	0.7	1.0	0.8	0.3	-0.1	0.7
Southern EU	0.2	0.3	0.3	0.3	0.1	0.3
Unemployment (1)						
United States	0.0	0.0	0.0	-0.1	-0.1	-0.1
Japan	0.0	0.0	-0.1	-0.1	-0.1	-0.1
European Union	-0.3	-0.5	-0.6	-0.4	-0.2	-0.1
Germany	-0.8	-1.4	-1.5	-1.3	-0.9	-0.5
France	-0.2	-0.3	-0.2	-0.1	0.1	0.0
Italy	-0.2	-0.3	-0.3	-0.2	0.1	0.3
United Kingdom	-0.1	-0.1	-0.1	-0.1	0.0	0.0
Northern EU	-0.3	-0.5	-0.5	-0.2	0.1	-0.4
Southern EU	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Consumption deflator						
United States	0.0	0.0	0.1	0.1	0.2	0.7
Japan	0.0	0.0	0.0	0.1	0.2	0.8
European Union	0.2	0.5	0.9	1.3	1.6	2.4
Germany	0.7	1.6	2.5	3.3	3.9	6.9
France	-0.1	-0.1	0.2	0.6	0.9	0.9
Italy	-0.1	-0.1	0.1	0.4	0.7	0.6
United Kingdom	0.1	0.2	0.3	0.5	0.6	0.2
Northern EU	0.1	0.4	0.7	1.0	1.1	1.6
Southern EU	0.0	0.1	0.2	0.4	0.5	0.8
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.1	0.1
Japan	0.0	0.0	0.1	0.1	0.0	0.1
European Union	0.3	0.5	0.5	0.4	0.3	0.2
Germany	0.7	1.2	1.3	1.3	1.0	0.5
France	0.2	0.3	0.3	0.1	-0.1	0.1
Italy	0.1	0.2	0.2	0.1	-0.1	-0.1
United Kingdom	0.1	0.1	0.1	0.1	-0.1	0.0
Northern EU	0.2	0.3	0.3	0.2	0.0	0.2
Southern EU	0.1	0.2	0.2	0.1	0.1	0.3
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.1	0.1	0.1
European Union	-0.1	-0.2	-0.2	-0.2	-0.1	-0.3
Germany	-0.6	-0.8	-0.8	-0.8	-0.7	-1.0
France	0.0	0.0	0.1	0.2	0.2	-0.1
Italy	0.1	0.1	0.0	0.0	0.0	-0.1
United Kingdom	0.1	0.0	0.0	-0.1	-0.1	-0.1
Northern EU	0.1	-0.2	-0.2	-0.1	-0.1	-0.1
Southern EU	0.1	0.2	0.1	0.1	0.0	0.3
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 8.6: a 1 % of GDP increase in private investment in Germany

Difference % from baseline except (1) & (2)

Germany	1	2	3	4	5	10
Real GDP	1.8	2.2	2.0	1.6	0.7	- 0.2
Imports	2.9	3.1	2.4	1.6	0.1	0.0
Consumption	0.8	1.4	1.5	1.2	0.6	- 0.6
Government expenditure	0.0	0.0	0.1	0.1	0.1	0.2
Investment						
<i>Business Investment</i>	<i>13.7</i>	<i>15.4</i>	<i>13.9</i>	<i>11.6</i>	<i>6.6</i>	<i>7.6</i>
<i>Housing</i>	<i>0.3</i>	<i>1.5</i>	<i>3.1</i>	<i>4.5</i>	<i>4.7</i>	<i>0.8</i>
Inventory Investment	0.3	0.1	- 0.1	- 0.1	- 0.1	0.0
Exports	0.5	0.3	- 0.4	- 1.3	- 2.2	- 2.7
Employment	0.9	1.7	1.9	1.6	1.0	- 0.2
Unemployment rate (1)	- 0.8	- 1.4	- 1.5	- 1.3	- 0.9	- 0.5
GDP deflator	0.7	1.8	2.8	3.5	4.0	6.9
Consumer expenditure deflator	0.7	1.6	2.5	3.3	3.9	6.9
Labour productivity (per head)	0.9	0.5	0.1	- 0.1	- 0.3	- 0.1
Profit margin (1)	0.0	- 0.9	- 1.2	- 1.3	- 1.3	- 1.0
Compensation per employee	1.6	3.5	4.5	5.2	5.5	8.4
Real Compensation per employee	0.9	1.9	2.0	1.9	1.7	1.5
Real disposable income	1.1	1.5	1.4	1.0	0.3	- 0.7
Public sector balance (2)	0.7	1.2	1.3	1.3	1.0	0.5
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.3	1.0	1.8	2.4	2.9	4.9
Price of imports	- 0.1	0.3	0.9	1.2	1.5	2.8
Current Balance (2)	- 0.6	- 0.8	- 0.8	- 0.8	- 0.7	- 1.0

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 8.7: a 1 % of GDP increase in private investment in France

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.1	0.1	0.0	0.0	0.1
Japan	0.1	0.1	0.1	0.1	0.0	0.0
European Union	0.6	0.7	0.5	0.2	- 0.1	0.1
Germany	0.5	0.6	0.4	0.1	- 0.2	0.0
France	1.4	1.6	1.3	0.7	0.4	0.6
Italy	0.5	0.6	0.4	0.0	- 0.3	- 0.3
United Kingdom	0.2	0.3	0.1	- 0.1	- 0.2	0.1
Northern EU	0.6	0.9	0.5	0.0	- 0.3	0.1
Southern EU	0.2	0.3	0.3	0.1	0.0	0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.2	- 0.3	- 0.3	- 0.2	0.0	- 0.1
Germany	- 0.2	- 0.4	- 0.3	- 0.2	0.0	- 0.1
France	- 0.5	- 0.7	- 0.7	- 0.6	- 0.4	- 0.4
Italy	- 0.1	- 0.2	- 0.2	- 0.1	0.0	0.2
United Kingdom	0.0	- 0.1	- 0.1	0.0	0.0	0.0
Northern EU	- 0.2	- 0.5	- 0.3	0.0	0.2	- 0.1
Southern EU	0.0	- 0.1	- 0.1	- 0.1	- 0.1	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.1	0.1	0.3
Japan	0.0	0.0	0.0	0.1	0.1	0.2
European Union	0.0	0.2	0.4	0.7	0.8	1.4
Germany	0.1	0.2	0.4	0.4	0.4	0.8
France	- 0.1	0.3	1.0	2.0	2.8	5.4
Italy	0.0	- 0.1	0.0	0.2	0.4	0.5
United Kingdom	0.0	0.1	0.2	0.3	0.3	0.1
Northern EU	0.1	0.3	0.6	0.7	0.7	0.7
Southern EU	0.0	0.1	0.2	0.3	0.3	0.5
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.2	0.3	0.3	0.2	0.1	0.2
Germany	0.2	0.3	0.3	0.2	0.0	0.1
France	0.5	0.9	0.8	0.6	0.5	1.0
Italy	0.1	0.2	0.2	0.1	- 0.1	- 0.1
United Kingdom	0.1	0.1	0.1	0.0	0.0	0.0
Northern EU	0.2	0.2	0.2	0.1	0.0	0.1
Southern EU	0.1	0.2	0.2	0.1	0.1	0.2
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.1	- 0.1	- 0.1	0.0	0.0	0.0
Germany	0.1	0.1	0.1	0.0	0.0	0.0
France	- 1.0	- 1.0	- 0.5	- 0.2	- 0.1	- 0.1
Italy	0.1	0.1	0.0	0.0	0.1	0.0
United Kingdom	0.1	0.0	0.0	0.0	0.0	- 0.1
Northern EU	0.1	- 0.1	- 0.1	0.0	0.1	0.0
Southern EU	0.2	0.2	0.1	0.0	0.0	0.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 8.8: a 1 % of GDP increase in private investment in France

Difference % from baseline except (1) & (2)

France	1	2	3	4	5	10
Real GDP	1.4	1.6	1.3	0.7	0.4	0.6
Imports	3.8	4.1	2.8	1.4	0.9	1.9
Consumption	0.6	0.6	0.2	-0.1	-0.2	0.1
Government expenditure	0.0	0.0	0.0	0.0	-0.1	-0.2
Investment						
<i>Business Investment</i>	<i>12.5</i>	<i>13.7</i>	<i>12.3</i>	<i>9.1</i>	<i>7.1</i>	<i>7.8</i>
<i>Housing</i>	<i>3.0</i>	<i>4.7</i>	<i>3.3</i>	<i>0.7</i>	<i>-0.8</i>	<i>1.3</i>
Inventory Investment	0.4	0.3	0.0	-0.1	-0.1	-0.1
Exports	0.0	0.6	0.8	0.7	0.4	0.6
Employment	0.6	0.9	1.0	0.8	0.5	0.6
Unemployment rate (1)	-0.5	-0.7	-0.7	-0.6	-0.4	-0.4
GDP deflator	0.0	0.4	1.2	2.1	2.9	5.7
Consumer expenditure deflator	-0.1	0.3	1.0	2.0	2.8	5.4
Labour productivity (per head)	0.9	0.7	0.3	0.0	-0.1	0.1
Profit margin (1)	0.4	0.0	-0.3	-0.6	-0.6	-0.8
Compensation per employee	0.3	0.9	1.8	2.8	3.6	6.9
Real Compensation per employee	0.3	0.6	0.8	0.8	0.8	1.5
Real disposable income	0.3	0.4	0.4	0.3	0.2	0.5
Public sector balance (2)	0.5	0.9	0.8	0.6	0.5	1.0
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.0	0.3	0.7	1.1	1.5	3.0
Price of imports	-0.1	0.1	0.4	0.6	0.8	1.5
Current Balance (2)	-1.0	-1.0	-0.5	-0.2	-0.1	-0.1

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 8.9: a 1 % of GDP increase in private investment in Italy

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.1	0.1	0.1	0.1
Japan	0.0	0.1	0.1	0.1	0.1	0.0
European Union	0.5	0.7	0.8	0.7	0.5	0.5
Germany	0.3	0.5	0.5	0.3	0.1	0.0
France	0.3	0.5	0.5	0.2	0.0	0.1
Italy	1.6	2.3	3.0	3.1	3.2	2.6
United Kingdom	0.1	0.2	0.2	0.1	0.0	0.0
Northern EU	0.4	0.6	0.6	0.3	0.1	0.2
Southern EU	0.1	0.2	0.3	0.2	0.1	0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.1	- 0.3	- 0.4	- 0.3	- 0.3	- 0.2
Germany	- 0.1	- 0.3	- 0.4	- 0.3	- 0.2	- 0.1
France	- 0.1	- 0.2	- 0.2	- 0.2	- 0.1	- 0.1
Italy	- 0.4	- 0.7	- 1.1	- 1.3	- 1.3	- 0.9
United Kingdom	0.0	- 0.1	- 0.1	- 0.1	0.0	0.0
Northern EU	- 0.1	- 0.3	- 0.4	- 0.2	0.0	- 0.1
Southern EU	0.0	- 0.1	- 0.1	- 0.1	- 0.1	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.1	0.1	0.3
Japan	0.0	0.0	0.0	0.1	0.1	0.3
European Union	0.0	0.1	0.2	0.4	0.6	1.2
Germany	0.1	0.2	0.3	0.4	0.5	0.9
France	- 0.1	- 0.1	0.0	0.2	0.5	0.8
Italy	0.0	0.0	0.2	0.7	1.3	4.4
United Kingdom	0.0	0.1	0.2	0.3	0.3	0.2
Northern EU	0.0	0.2	0.4	0.6	0.7	0.8
Southern EU	0.0	0.1	0.1	0.2	0.3	0.5
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.3	0.3	0.3	0.2	0.2
Germany	0.1	0.3	0.3	0.3	0.2	0.2
France	0.1	0.2	0.3	0.2	0.1	0.2
Italy	0.3	0.6	0.8	0.9	0.9	0.7
United Kingdom	0.0	0.1	0.1	0.1	0.0	0.0
Northern EU	0.1	0.2	0.2	0.2	0.1	0.2
Southern EU	0.1	0.1	0.2	0.1	0.1	0.2
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	- 0.1	- 0.1	- 0.1	- 0.1	0.0	- 0.1
Germany	0.1	0.1	0.1	0.1	0.1	0.0
France	0.0	0.0	0.1	0.2	0.2	0.1
Italy	- 0.8	- 0.9	- 1.0	- 0.8	- 0.8	- 0.9
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	- 0.1	0.0	0.0	0.1	0.1
Southern EU	0.1	0.1	0.1	0.1	0.1	0.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 8.10: a 1 % of GDP increase in private investment in Italy

Difference % from baseline except (1) & (2)

Italy	1	2	3	4	5	10
Real GDP	1.6	2.3	3.0	3.1	3.2	2.6
Imports	3.1	3.6	4.1	3.4	3.0	2.0
Consumption	0.8	1.4	1.9	2.1	2.2	1.9
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Investment						
<i>Business Investment</i>	<i>9.6</i>	<i>14.9</i>	<i>18.0</i>	<i>17.1</i>	<i>15.2</i>	<i>14.0</i>
<i>Housing</i>	<i>0.2</i>	<i>0.7</i>	<i>1.3</i>	<i>2.0</i>	<i>2.4</i>	<i>1.9</i>
Inventory Investment	0.5	0.3	0.3	0.0	0.1	- 0.1
Exports	- 0.1	0.2	0.4	0.6	0.5	0.7
Employment	0.4	0.9	1.4	1.7	1.9	1.7
Unemployment rate (1)	- 0.4	- 0.7	- 1.1	- 1.3	- 1.3	- 0.9
GDP deflator	0.2	0.0	0.1	0.5	1.0	3.7
Consumer expenditure deflator	0.0	0.0	0.2	0.7	1.3	4.4
Labour productivity (per head)	1.1	1.4	1.6	1.4	1.3	0.9
Profit margin (1)	0.5	0.4	0.1	- 0.3	- 0.5	- 1.0
Compensation per employee	0.1	0.3	1.2	2.3	3.4	8.2
Real Compensation per employee	0.1	0.3	1.0	1.7	2.1	3.8
Real disposable income	1.0	1.5	2.1	2.5	2.7	2.3
Public sector balance (2)	0.3	0.6	0.8	0.9	0.9	0.7
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.0	0.0	0.2	0.4	0.7	2.0
Price of imports	- 0.1	0.0	0.7	0.8	1.0	2.1
Current Balance (2)	- 0.8	- 0.9	- 1.0	- 0.8	- 0.8	- 0.9

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 8.11: a 1 % of GDP increase in private investment in the United Kingdom

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.1	0.1	0.1	0.0	0.0
Japan	0.1	0.1	0.1	0.1	0.0	0.0
European Union	0.4	0.6	0.5	0.3	0.1	0.1
Germany	0.3	0.5	0.4	0.2	0.0	0.0
France	0.3	0.4	0.3	0.1	-0.1	0.1
Italy	0.3	0.4	0.4	0.2	-0.1	-0.2
United Kingdom	1.2	1.6	1.4	1.2	0.9	0.7
Northern EU	0.5	0.8	0.6	0.2	-0.1	0.1
Southern EU	0.2	0.3	0.3	0.2	0.1	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	-0.1	-0.3	-0.3	-0.2	-0.1	0.0
Germany	-0.1	-0.3	-0.3	-0.2	-0.1	-0.1
France	-0.1	-0.2	-0.2	-0.1	0.0	0.0
Italy	-0.1	-0.1	-0.2	-0.1	-0.1	0.1
United Kingdom	-0.2	-0.5	-0.7	-0.6	-0.5	-0.1
Northern EU	-0.2	-0.4	-0.4	-0.1	0.1	0.0
Southern EU	0.0	-0.1	-0.1	-0.1	-0.1	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.1	0.1	0.3
Japan	0.0	0.0	0.0	0.1	0.1	0.3
European Union	0.0	0.2	0.4	0.6	0.7	0.7
Germany	0.0	0.2	0.3	0.4	0.4	0.7
France	-0.1	-0.1	0.0	0.3	0.5	0.5
Italy	0.0	-0.1	0.0	0.1	0.3	0.3
United Kingdom	0.3	0.8	1.5	2.2	2.7	1.9
Northern EU	0.0	0.2	0.5	0.6	0.7	0.5
Southern EU	0.0	0.1	0.2	0.3	0.4	0.4
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.3	0.3	0.2	0.2	0.1
Germany	0.1	0.3	0.3	0.2	0.1	0.1
France	0.1	0.2	0.2	0.1	0.0	0.1
Italy	0.1	0.1	0.1	0.1	0.0	-0.1
United Kingdom	0.3	0.6	0.8	0.8	0.6	0.5
Northern EU	0.1	0.2	0.2	0.2	0.1	0.1
Southern EU	0.1	0.2	0.2	0.1	0.1	0.2
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	-0.1	-0.1	-0.1	0.0	0.0	0.0
Germany	0.1	0.1	0.1	0.0	0.1	0.0
France	0.0	0.0	0.1	0.2	0.2	0.0
Italy	0.0	0.0	0.0	0.0	0.1	0.0
United Kingdom	-0.9	-0.9	-0.8	-0.6	-0.4	-0.1
Northern EU	0.1	-0.1	-0.1	0.0	0.1	0.1
Southern EU	0.1	0.2	0.1	0.1	0.0	0.2
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 8.12: a 1 % of GDP increase in private investment in the United Kingdom

Difference % from baseline except (1) & (2)

United Kingdom	1	2	3	4	5	10
Real GDP	1.2	1.6	1.4	1.2	0.9	0.7
Imports	3.3	4.1	3.8	3.4	2.9	2.5
Consumption	0.3	0.5	0.5	0.2	0.0	-0.3
Government expenditure	0.1	0.3	0.2	0.2	0.1	0.2
Investment						
<i>Business Investment</i>	<i>12.8</i>	<i>15.3</i>	<i>16.7</i>	<i>14.7</i>	<i>11.9</i>	<i>10.4</i>
<i>Housing</i>	<i>1.0</i>	<i>2.1</i>	<i>1.1</i>	<i>-0.1</i>	<i>-0.6</i>	<i>0.3</i>
Inventory Investment	0.4	0.2	0.1	0.0	0.0	0.0
Exports	0.0	0.4	0.5	0.6	0.7	1.8
Employment	0.3	0.9	1.1	1.1	0.8	0.2
Unemployment rate (1)	-0.2	-0.5	-0.7	-0.6	-0.5	-0.1
GDP deflator	0.5	0.9	1.7	2.4	2.9	1.8
Consumer expenditure deflator	0.3	0.8	1.5	2.2	2.7	1.9
Labour productivity (per head)	0.9	0.7	0.3	0.1	0.1	0.5
Profit margin (1)	0.6	0.3	0.0	-0.1	0.0	0.1
Compensation per employee	0.4	1.2	2.0	2.7	3.1	2.2
Real Compensation per employee	0.1	0.3	0.5	0.5	0.4	0.3
Real disposable income	0.4	0.6	0.4	0.2	0.1	-0.3
Public sector balance (2)	0.3	0.6	0.8	0.8	0.6	0.5
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.1	0.2	0.6	1.0	1.3	1.1
Price of imports	-0.1	-0.1	0.3	0.5	0.7	0.7
Current Balance (2)	-0.9	-0.9	-0.8	-0.6	-0.4	-0.1

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 8.13: a 1 % of GDP increase in private investment in the EU

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.2	0.4	0.5	0.6	0.7	1.0
Japan	0.3	0.6	0.8	0.8	0.7	0.4
European Union	2.9	4.3	4.4	3.2	1.8	1.6
Germany	3.5	5.1	5.0	3.7	1.6	0.4
France	2.9	4.0	3.7	2.1	0.6	1.8
Italy	3.4	5.0	5.7	4.7	3.2	2.4
United Kingdom	2.0	2.9	2.7	1.9	0.9	1.4
Northern EU	3.7	6.1	5.9	3.5	1.5	2.2
Southern EU	1.8	3.0	3.8	3.7	3.2	1.9
Unemployment (1)						
United States	-0.1	-0.2	-0.2	-0.3	-0.3	-0.4
Japan	-0.1	-0.2	-0.3	-0.3	-0.3	-0.2
European Union	-0.9	-1.9	-2.3	-2.0	-1.4	-1.0
Germany	-1.5	-3.1	-3.6	-3.2	-2.2	-1.6
France	-0.9	-1.7	-1.9	-1.5	-1.0	-1.0
Italy	-0.8	-1.6	-2.2	-2.3	-1.9	-0.6
United Kingdom	-0.3	-0.9	-1.2	-1.1	-0.7	-0.3
Northern EU	-1.4	-3.1	-3.3	-2.0	-0.5	-1.0
Southern EU	-0.3	-0.8	-1.2	-1.4	-1.4	-1.0
Consumption deflator						
United States	0.0	0.1	0.2	0.5	0.7	2.9
Japan	0.0	0.0	0.1	0.4	0.8	3.2
European Union	0.3	1.1	2.4	4.0	5.3	9.4
Germany	1.0	2.5	4.3	5.9	7.1	13.7
France	-0.5	-0.1	1.2	3.3	5.5	10.8
Italy	-0.1	-0.4	0.1	1.4	3.1	7.9
United Kingdom	0.5	1.4	2.7	4.1	5.1	4.3
Northern EU	0.4	1.8	3.9	5.8	6.8	8.9
Southern EU	0.1	0.7	1.6	2.8	3.9	7.2
Public Sector Balance (2)						
United States	0.1	0.1	0.2	0.2	0.2	0.4
Japan	0.1	0.2	0.2	0.2	0.2	0.1
European Union	1.0	1.9	2.3	2.1	1.6	1.9
Germany	1.4	2.6	3.2	3.1	2.3	1.9
France	0.9	2.1	2.2	1.8	1.1	2.2
Italy	0.7	1.3	1.6	1.5	1.1	0.7
United Kingdom	0.6	1.2	1.5	1.4	0.9	0.8
Northern EU	0.9	1.6	2.1	1.9	1.4	1.8
Southern EU	1.0	1.8	2.2	2.2	2.2	3.8
Current Account (2)						
United States	0.1	0.1	0.1	0.1	0.1	0.1
Japan	0.1	0.2	0.2	0.2	0.2	0.4
European Union	-0.4	-0.7	-0.6	-0.5	-0.4	-0.6
Germany	-0.3	-0.3	-0.3	-0.4	-0.2	-0.6
France	-0.9	-0.8	0.0	0.7	1.1	0.4
Italy	-0.6	-0.6	-0.8	-0.6	-0.4	-0.6
United Kingdom	-0.6	-0.7	-0.6	-0.6	-0.4	0.0
Northern EU	-0.7	-2.3	-2.3	-1.8	-1.4	-1.3
Southern EU	0.1	-0.3	-0.9	-1.6	-2.1	-1.6
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) An increase is a depreciation of the currency vis-à-vis the dollar. Source: Mimosa Model.

9. A WAGE SHOCK

Table 9.1: a 2 % increase in the level of wages in the United States

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.2	0.4	0.4	0.0
Japan	0.1	0.2	0.3	0.5	0.6	- 0.1
European Union	0.1	0.2	0.4	0.5	0.5	0.3
Germany	0.1	0.3	0.5	0.6	0.7	0.4
France	0.1	0.2	0.4	0.5	0.4	0.2
Italy	0.1	0.2	0.4	0.6	0.7	0.3
United Kingdom	0.1	0.2	0.3	0.4	0.4	0.1
Northern EU	0.1	0.3	0.6	0.7	0.7	0.4
Southern EU	0.1	0.1	0.3	0.3	0.4	0.3
Unemployment (1)						
United States	0.0	0.0	0.0	- 0.1	- 0.1	0.1
Japan	0.0	- 0.1	- 0.1	- 0.2	- 0.2	0.0
European Union	0.0	- 0.1	- 0.2	- 0.3	- 0.3	- 0.2
Germany	0.0	- 0.1	- 0.3	- 0.4	- 0.5	- 0.4
France	0.0	- 0.1	- 0.1	- 0.2	- 0.2	- 0.1
Italy	0.0	- 0.1	- 0.1	- 0.2	- 0.3	- 0.1
United Kingdom	0.0	0.0	- 0.1	- 0.1	- 0.2	0.0
Northern EU	0.0	- 0.1	- 0.3	- 0.4	- 0.4	- 0.1
Southern EU	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.1
Consumption deflator						
United States	1.1	1.5	2.0	2.4	2.9	4.8
Japan	0.0	0.0	0.0	0.1	0.3	2.2
European Union	0.0	0.0	0.1	0.2	0.4	1.3
Germany	0.0	0.1	0.2	0.4	0.6	1.6
France	0.0	0.0	0.0	0.0	0.2	1.3
Italy	0.0	0.0	0.0	0.0	0.1	1.1
United Kingdom	0.0	0.1	0.2	0.3	0.5	1.1
Northern EU	0.0	0.1	0.2	0.5	0.8	1.4
Southern EU	0.0	0.1	0.1	0.2	0.4	1.0
Public Sector Balance (2)						
United States	0.0	0.1	0.1	0.1	0.1	- 0.1
Japan	0.0	0.0	0.1	0.1	0.2	0.0
European Union	0.0	0.1	0.2	0.2	0.3	0.2
Germany	0.0	0.1	0.2	0.4	0.5	0.4
France	0.0	0.1	0.2	0.2	0.3	0.2
Italy	0.0	0.1	0.1	0.2	0.2	0.1
United Kingdom	0.0	0.1	0.1	0.2	0.2	0.0
Northern EU	0.0	0.1	0.2	0.2	0.3	0.2
Southern EU	0.0	0.1	0.2	0.2	0.2	0.4
Current Account (2)						
United States	0.0	0.0	- 0.1	- 0.2	- 0.3	- 0.3
Japan	0.0	0.1	0.1	0.1	0.1	0.2
European Union	0.0	0.0	0.1	0.1	0.1	0.2
Germany	0.0	0.1	0.1	0.1	0.1	0.2
France	0.0	0.0	0.1	0.1	0.2	0.2
Italy	0.0	0.0	0.1	0.1	0.1	0.3
United Kingdom	0.0	0.0	0.1	0.1	0.1	0.1
Northern EU	0.0	0.0	0.0	- 0.1	- 0.1	- 0.1
Southern EU	0.0	0.1	0.1	0.2	0.2	0.3
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 9.2: a 2 % increase in the level of wages in the United States

Difference % from baseline except (1) & (2)

United States	1	2	3	4	5	10
Real GDP	0.0	0.0	0.2	0.4	0.4	0.0
Imports	0.2	0.7	1.6	2.4	2.7	1.5
Consumption	0.0	0.2	0.4	0.7	0.8	0.6
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Investment						
<i>Business Investment</i>	-0.5	-0.6	-0.3	0.4	0.8	-0.6
<i>Housing</i>	0.4	1.0	1.6	2.6	2.8	0.9
Inventory Investment	0.0	0.0	0.0	0.0	0.0	0.0
Exports	-0.3	-0.6	-0.7	-0.8	-0.9	-2.3
Employment	0.0	0.0	0.0	0.1	0.2	-0.1
Unemployment rate (1)	0.0	0.0	0.0	-0.1	-0.1	0.1
GDP deflator	1.3	1.8	2.4	2.9	3.3	5.4
Consumer expenditure deflator	1.1	1.5	2.0	2.4	2.9	4.8
Labour productivity (per head)	0.0	0.1	0.2	0.3	0.3	0.2
Profit margin (1)	-0.6	-0.6	-0.6	-0.5	-0.6	-0.5
Compensation per employee	2.4	2.9	3.5	4.0	4.5	6.5
Real Compensation per employee	1.3	1.4	1.5	1.6	1.6	1.6
Real disposable income	0.6	0.6	0.8	1.0	1.0	0.8
Public sector balance (2)	0.0	0.1	0.1	0.1	0.1	-0.1
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.9	1.6	2.1	2.6	3.0	5.4
Price of imports	0.5	0.7	1.0	1.3	1.6	3.5
Current Balance (2)	0.0	0.0	-0.1	-0.2	-0.3	-0.3

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 9.3: a 2 % increase in the level of wages in Japan

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.1	0.1
Japan	0.0	- 0.4	- 1.2	- 1.7	- 1.8	0.7
European Union	0.1	0.1	0.1	0.1	0.1	0.0
Germany	0.1	0.1	0.1	0.1	0.2	0.0
France	0.0	0.1	0.0	0.0	0.0	0.0
Italy	0.1	0.1	0.1	0.1	0.2	0.1
United Kingdom	0.0	0.1	0.0	0.0	0.1	0.0
Northern EU	0.1	0.1	0.1	0.1	0.1	0.0
Southern EU	0.0	0.1	0.1	0.1	0.1	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	- 0.1
Japan	0.0	0.1	0.4	0.6	0.8	- 0.1
European Union	0.0	0.0	0.0	0.0	- 0.1	0.0
Germany	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
France	0.0	0.0	0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	- 0.1	- 0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	- 0.1	0.0	0.0	- 0.1	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.1	0.1	0.1	0.2	0.4
Japan	1.3	2.1	2.7	3.1	3.0	0.1
European Union	0.0	0.0	0.1	0.1	0.2	0.4
Germany	0.0	0.0	0.1	0.1	0.2	0.5
France	0.0	0.0	0.1	0.1	0.1	0.3
Italy	0.0	0.0	0.0	0.1	0.1	0.3
United Kingdom	0.0	0.0	0.1	0.1	0.2	0.3
Northern EU	0.0	0.1	0.1	0.2	0.2	0.5
Southern EU	0.0	0.0	0.1	0.1	0.2	0.2
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	- 0.2	- 0.4	- 0.6	- 0.6	0.3
European Union	0.0	0.0	0.0	0.0	0.1	0.1
Germany	0.0	0.1	0.1	0.1	0.1	0.1
France	0.0	0.0	0.0	0.0	0.0	0.1
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	0.0	0.1
Southern EU	0.0	0.0	0.0	0.0	0.1	0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	- 0.1	- 0.1	0.0	0.0	- 0.1	- 0.2
European Union	0.0	0.0	0.0	0.0	0.0	0.1
Germany	0.0	0.0	0.0	0.0	0.0	0.1
France	0.0	0.0	0.0	0.0	0.0	0.1
Italy	0.0	0.0	0.0	0.0	0.0	0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	- 0.1	0.0	0.0	0.1
Southern EU	0.0	0.0	0.0	0.0	0.0	0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 9.4: a 2 % increase in the level of wages in Japan

Difference % from baseline except (1) & (2)

Japan	1	2	3	4	5	10
Real GDP	0.0	- 0.4	- 1.2	- 1.7	- 1.8	0.7
Imports	0.6	0.9	- 0.1	- 0.6	- 0.8	1.0
Consumption	0.2	0.0	- 0.3	- 0.7	- 0.9	0.0
Government expenditure	0.2	0.2	0.2	0.2	0.1	- 0.1
Investment						
<i>Business Investment</i>	- 0.4	- 1.5	- 4.0	- 5.1	- 4.7	4.0
<i>Housing</i>	0.7	- 0.9	- 2.8	- 3.0	- 2.4	2.9
Inventory Investment	0.1	0.0	0.0	0.0	- 0.1	0.0
Exports	- 0.5	- 1.1	- 1.8	- 2.6	- 3.1	- 0.7
Employment	0.0	- 0.2	- 0.7	- 1.2	- 1.5	0.0
Unemployment rate (1)	0.0	0.1	0.4	0.6	0.8	- 0.1
GDP deflator	1.4	2.2	2.9	3.2	3.0	0.0
Consumer expenditure deflator	1.3	2.1	2.7	3.1	3.0	0.1
Labour productivity (per head)	0.1	- 0.2	- 0.5	- 0.5	- 0.3	0.6
Profit margin (1)	- 0.7	- 0.9	- 0.9	- 0.7	- 0.4	0.7
Compensation per employee	2.9	3.8	4.2	4.1	3.5	- 0.6
Real Compensation per employee	1.6	1.7	1.4	1.0	0.5	- 0.7
Real disposable income	0.8	0.5	0.1	- 0.5	- 0.9	- 0.4
Public sector balance (2)	0.0	- 0.2	- 0.4	- 0.6	- 0.6	0.3
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.8	1.7	2.3	2.7	2.6	- 0.1
Price of imports	0.0	0.2	0.5	0.6	0.7	0.3
Current Balance (2)	- 0.1	- 0.1	0.0	0.0	- 0.1	- 0.2

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 9.5: a 2 % increase in the level of wages in Germany

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.1	0.1
Japan	0.0	0.0	0.1	0.1	0.1	0.0
European Union	0.1	0.1	0.1	0.0	- 0.1	- 0.1
Germany	0.2	0.1	0.1	0.0	- 0.3	- 0.6
France	0.1	0.1	0.1	0.0	0.0	0.1
Italy	0.1	0.1	0.1	0.1	0.0	0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.1
Northern EU	0.1	0.2	0.2	0.2	0.1	0.2
Southern EU	0.0	0.1	0.1	0.1	0.0	0.1
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.1
Germany	- 0.1	- 0.1	0.0	0.1	0.2	0.5
France	0.0	0.0	0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	- 0.1	- 0.1	- 0.1	0.0	- 0.1
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.1	0.2
Japan	0.0	0.0	0.0	0.0	0.1	0.3
European Union	0.1	0.2	0.4	0.5	0.6	0.9
Germany	0.4	0.8	1.1	1.4	1.7	2.3
France	0.0	0.0	0.1	0.2	0.2	0.4
Italy	0.0	0.0	0.1	0.1	0.2	0.3
United Kingdom	0.0	0.0	0.1	0.1	0.2	0.3
Northern EU	0.0	0.1	0.2	0.3	0.3	0.5
Southern EU	0.0	0.0	0.1	0.1	0.2	0.3
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.1	0.1	0.0	0.0	- 0.1
Germany	0.2	0.1	0.1	0.1	0.0	- 0.4
France	0.0	0.0	0.0	0.0	0.0	0.1
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.1
Germany	- 0.1	- 0.2	- 0.2	- 0.2	- 0.2	- 0.4
France	0.0	0.0	0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	- 0.1	- 0.1	- 0.1	- 0.1	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 9.6: a 2 % increase in the level of wages in Germany

Difference % from baseline except (1) & (2)

Germany	1	2	3	4	5	10
Real GDP	0.2	0.1	0.1	0.0	- 0.3	- 0.6
Imports	0.4	0.4	0.5	0.4	0.2	0.3
Consumption	0.4	0.5	0.5	0.4	0.2	- 0.3
Government expenditure	0.1	0.1	0.1	0.1	0.1	0.0
Investment						
<i>Business Investment</i>	<i>0.1</i>	<i>0.0</i>	<i>- 0.2</i>	<i>- 0.6</i>	<i>- 1.3</i>	<i>- 0.6</i>
<i>Housing</i>	<i>0.2</i>	<i>0.8</i>	<i>1.4</i>	<i>1.8</i>	<i>1.7</i>	<i>0.0</i>
Inventory Investment	0.1	0.0	0.0	0.0	0.0	0.0
Exports	0.0	- 0.2	- 0.5	- 0.7	- 0.9	- 0.9
Employment	0.1	0.1	0.0	- 0.1	- 0.2	- 0.6
Unemployment rate (1)	- 0.1	- 0.1	0.0	0.1	0.2	0.5
GDP deflator	0.6	1.0	1.3	1.6	1.8	2.3
Consumer expenditure deflator	0.4	0.8	1.1	1.4	1.7	2.3
Labour productivity (per head)	0.1	0.1	0.0	0.0	- 0.1	0.0
Profit margin (1)	- 1.0	- 1.0	- 0.9	- 0.8	- 0.7	0.0
Compensation per employee	2.4	2.7	2.8	2.9	2.9	2.5
Real Compensation per employee	1.9	1.9	1.7	1.5	1.3	0.2
Real disposable income	0.6	0.6	0.4	0.3	0.1	- 0.3
Public sector balance (2)	0.2	0.1	0.1	0.1	0.0	- 0.4
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.4	0.7	1.0	1.3	1.5	1.8
Price of imports	0.1	0.3	0.5	0.6	0.8	1.0
Current Balance (2)	- 0.1	- 0.2	- 0.2	- 0.2	- 0.2	- 0.4

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 9.7: a 2 % increase in the level of wages in France

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.0	0.0	0.0	0.1	0.0
Germany	0.1	0.0	0.0	0.1	0.1	0.0
France	0.2	0.0	0.0	0.0	0.1	0.0
Italy	0.1	0.0	0.0	0.0	0.1	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.1	0.0	0.0	0.1	0.1	0.0
Southern EU	0.0	0.0	0.0	0.0	0.1	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	-0.1	-0.1	0.0
France	-0.1	0.0	0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	-0.1	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.0	0.0	0.1
European Union	0.2	0.3	0.4	0.4	0.5	0.7
Germany	0.0	0.0	0.1	0.1	0.1	0.3
France	0.8	1.3	1.7	2.0	2.1	2.7
Italy	0.0	0.0	0.1	0.1	0.1	0.3
United Kingdom	0.0	0.0	0.0	0.1	0.1	0.2
Northern EU	0.0	0.1	0.1	0.1	0.1	0.3
Southern EU	0.0	0.0	0.1	0.1	0.1	0.2
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.1	0.0
France	0.1	-0.1	-0.1	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.0	0.0
France	-0.1	0.0	0.0	-0.1	-0.1	-0.2
Italy	0.0	0.0	0.0	0.0	0.0	0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 9.8: a 2 % increase in the level of wages in France*Difference % from baseline except (1) & (2)*

France	1	2	3	4	5	10
Real GDP	0.2	0.0	0.0	0.0	0.1	0.0
Imports	0.5	0.2	0.3	0.5	0.7	0.6
Consumption	0.2	0.3	0.3	0.4	0.5	0.7
Government expenditure	-0.1	-0.1	-0.1	-0.1	-0.2	-0.1
Investment						
<i>Business Investment</i>	-0.3	-1.1	-1.3	-1.4	-0.9	-1.4
<i>Housing</i>	2.6	1.5	1.6	1.9	2.2	1.2
Inventory Investment	0.1	0.0	0.0	0.0	0.0	0.0
Exports	-0.1	-0.2	-0.3	-0.4	-0.4	-0.6
Employment	0.1	0.0	0.0	0.0	0.0	0.0
Unemployment rate (1)	-0.1	0.0	0.0	0.0	0.0	0.0
GDP deflator	1.2	1.7	2.0	2.3	2.5	3.0
Consumer expenditure deflator	0.8	1.3	1.7	2.0	2.1	2.7
Labour productivity (per head)	0.1	0.0	0.0	0.0	0.1	0.0
Profit margin (1)	-0.8	-0.9	-0.8	-0.7	-0.7	-0.6
Compensation per employee	2.5	3.0	3.3	3.5	3.6	4.0
Real Compensation per employee	1.7	1.6	1.6	1.5	1.5	1.3
Real disposable income	0.8	0.9	0.9	0.9	0.9	0.8
Public sector balance (2)	0.1	-0.1	-0.1	0.0	0.0	0.0
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.5	0.8	1.0	1.1	1.2	1.6
Price of imports	0.2	0.3	0.4	0.5	0.6	0.8
Current Balance (2)	-0.1	0.0	0.0	-0.1	-0.1	-0.2

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 9.9: a 2 % increase in the level of wages in Italy

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.1	0.1	0.1	0.1	0.0	- 0.1
Germany	0.1	0.1	0.1	0.1	0.1	0.0
France	0.0	0.1	0.1	0.1	0.0	0.0
Italy	0.1	0.1	0.1	0.0	0.0	- 0.5
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.1	0.1	0.2	0.1	0.1	0.0
Southern EU	0.0	0.0	0.1	0.1	0.1	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
France	0.0	0.0	0.0	0.0	0.0	0.0
Italy	0.0	0.1	0.2	0.4	0.4	0.4
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	- 0.1	- 0.1	- 0.1	- 0.1	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.0	0.1
Japan	0.0	0.0	0.0	0.0	0.0	0.2
European Union	0.1	0.2	0.3	0.4	0.4	0.6
Germany	0.0	0.0	0.1	0.1	0.1	0.3
France	0.0	0.0	0.0	0.1	0.1	0.3
Italy	0.7	1.3	1.7	1.9	1.9	2.3
United Kingdom	0.0	0.0	0.0	0.1	0.1	0.2
Northern EU	0.0	0.0	0.1	0.1	0.2	0.3
Southern EU	0.0	0.0	0.0	0.1	0.1	0.2
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.1	0.1	0.1	0.1	0.1
France	0.0	0.0	0.1	0.1	0.0	0.1
Italy	0.0	- 0.1	- 0.1	- 0.2	- 0.2	- 0.1
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.1	0.1	0.1
Southern EU	0.0	0.0	0.0	0.0	0.0	0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.0	0.1	0.1
Italy	- 0.1	- 0.2	- 0.2	- 0.2	- 0.3	- 0.4
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	0.0	0.0	0.0	0.0	0.0	0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 9.10: a 2 % increase in the level of wages in Italy

Difference % from baseline except (1) & (2)

Italy	1	2	3	4	5	10
Real GDP	0.1	0.1	0.1	0.0	0.0	- 0.5
Imports	0.4	0.6	0.7	0.6	0.5	0.2
Consumption	0.2	0.4	0.4	0.4	0.3	- 0.2
Government expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Investment						
<i>Business Investment</i>	<i>0.2</i>	<i>0.4</i>	<i>0.6</i>	<i>0.4</i>	<i>0.1</i>	<i>- 1.2</i>
<i>Housing</i>	<i>0.1</i>	<i>0.2</i>	<i>0.3</i>	<i>0.3</i>	<i>0.2</i>	<i>- 0.4</i>
Inventory Investment	0.0	0.0	0.0	0.0	0.0	0.0
Exports	- 0.1	- 0.2	- 0.3	- 0.4	- 0.5	- 0.7
Employment	0.0	- 0.1	- 0.3	- 0.4	- 0.6	- 0.6
Unemployment rate (1)	0.0	0.1	0.2	0.4	0.4	0.4
GDP deflator	0.7	1.2	1.5	1.7	1.7	2.1
Consumer expenditure deflator	0.7	1.3	1.7	1.9	1.9	2.3
Labour productivity (per head)	0.2	0.2	0.4	0.5	0.6	0.1
Profit margin (1)	- 0.6	- 0.5	- 0.4	- 0.3	- 0.2	- 0.2
Compensation per employee	2.6	3.2	3.6	3.7	3.7	3.6
Real Compensation per employee	1.9	1.9	2.0	1.9	1.8	1.3
Real disposable income	0.8	0.8	0.7	0.6	0.5	- 0.1
Public sector balance (2)	0.0	- 0.1	- 0.1	- 0.2	- 0.2	- 0.1
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.2	0.4	0.6	0.7	0.8	0.9
Price of imports	0.1	0.3	0.5	0.6	0.7	0.9
Current Balance (2)	- 0.1	- 0.2	- 0.2	- 0.2	- 0.3	- 0.4

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 9.11: a 2 % increase in the level of wages in the United Kingdom

Ecart en % au compte central sauf (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.1	0.1	0.0	0.0
European Union	0.1	0.2	0.2	0.0	- 0.1	0.1
Germany	0.1	0.2	0.2	0.1	0.0	0.1
France	0.1	0.1	0.1	0.1	0.0	0.1
Italy	0.1	0.2	0.2	0.1	0.0	0.1
United Kingdom	0.1	0.5	0.1	- 0.3	- 0.5	- 0.1
Northern EU	0.1	0.2	0.2	0.1	0.0	0.1
Southern EU	0.0	0.1	0.1	0.1	0.0	0.0
Unemployment (1)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	- 0.1	0.0	0.1	0.0
Germany	0.0	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
France	0.0	- 0.1	- 0.1	0.0	0.0	0.0
Italy	0.0	0.0	- 0.1	- 0.1	0.0	0.0
United Kingdom	0.0	0.1	0.1	0.4	0.6	0.4
Northern EU	0.0	- 0.1	- 0.1	- 0.1	0.0	- 0.1
Southern EU	0.0	0.0	0.0	0.0	0.0	0.0
Consumption deflator						
United States	0.0	0.0	0.0	0.0	0.1	0.2
Japan	0.0	0.0	0.0	0.0	0.1	0.2
European Union	0.1	0.2	0.3	0.4	0.5	0.5
Germany	0.0	0.1	0.1	0.2	0.2	0.3
France	0.0	0.0	0.0	0.1	0.2	0.3
Italy	0.0	0.0	0.0	0.0	0.1	0.2
United Kingdom	0.8	1.4	2.1	2.4	2.4	2.1
Northern EU	0.0	0.1	0.2	0.2	0.3	0.2
Southern EU	0.0	0.0	0.1	0.1	0.2	0.2
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.1	0.1	0.1	0.0	0.0
Germany	0.0	0.1	0.1	0.1	0.1	0.1
France	0.0	0.1	0.1	0.1	0.0	0.1
Italy	0.0	0.0	0.1	0.0	0.0	0.0
United Kingdom	0.1	0.2	0.1	0.0	- 0.2	- 0.1
Northern EU	0.0	0.1	0.1	0.1	0.0	0.0
Southern EU	0.0	0.1	0.1	0.0	0.0	0.1
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.0	0.1	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	- 0.2	- 0.4	- 0.3	- 0.2	- 0.1	- 0.3
Northern EU	0.0	0.0	0.0	0.0	0.0	0.0
Southern EU	0.0	0.1	0.0	0.0	0.0	0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar.

Table 9.12: a 2 % increase in the level of wages in the United Kingdom

Difference % from baseline except (1) & (2)

United Kingdom	1	2	3	4	5	10
Real GDP	0.1	0.5	0.1	- 0.3	- 0.5	- 0.1
Imports	0.6	1.3	1.2	0.7	0.4	0.8
Consumption	0.5	0.5	0.3	0.1	- 0.1	0.2
Government expenditure	0.1	0.2	0.3	0.2	0.2	0.3
Investment						
<i>Business Investment</i>	- 0.8	3.4	2.5	0.8	- 0.9	0.5
<i>Housing</i>	0.0	0.0	0.1	- 0.9	- 0.8	0.7
Inventory Investment	0.1	0.1	0.0	- 0.1	- 0.1	0.0
Exports	- 0.2	- 0.5	- 0.6	- 0.8	- 0.9	- 0.8
Employment	0.0	- 0.1	- 0.2	- 0.6	- 0.9	- 0.6
Unemployment rate (1)	0.0	0.1	0.1	0.4	0.6	0.4
GDP deflator	1.2	1.8	2.4	2.7	2.6	2.5
Consumer expenditure deflator	0.8	1.4	2.1	2.4	2.4	2.1
Labour productivity (per head)	0.2	0.6	0.3	0.3	0.4	0.5
Profit margin (1)	- 0.7	- 0.4	- 0.6	- 0.6	- 0.4	- 0.4
Compensation per employee	2.6	3.2	3.7	3.9	3.8	3.6
Real Compensation per employee	1.8	1.8	1.7	1.6	1.4	1.5
Real disposable income	0.9	0.9	0.5	0.2	0.0	0.2
Public sector balance (2)	0.1	0.2	0.1	0.0	- 0.2	- 0.1
Short term interest rates (1)	0.0	0.0	0.0	0.0	0.0	0.0
US dollar rate	0.0	0.0	0.0	0.0	0.0	0.0
Price of exports	0.5	0.8	1.1	1.3	1.4	1.3
Price of imports	0.2	0.3	0.5	0.6	0.7	0.7
Current Balance (2)	- 0.2	- 0.4	- 0.3	- 0.2	- 0.1	- 0.3

(1) % point difference from baseline, (2) % from baseline GDP. Source: Mimosa Model.

Table 9.13: a 2 % increase in the level of wages in the EU

Difference % from baseline except (1) & (2)

Year	1	2	3	4	5	10
GDP						
United States	0.0	0.1	0.1	0.2	0.2	0.2
Japan	0.1	0.1	0.2	0.3	0.2	0.1
European Union	0.4	0.6	0.6	0.4	0.1	- 0.1
Germany	0.5	0.7	0.7	0.5	0.1	- 0.5
France	0.4	0.5	0.5	0.3	0.1	0.2
Italy	0.4	0.6	0.6	0.5	0.2	- 0.4
United Kingdom	0.2	0.7	0.3	- 0.1	- 0.4	0.0
Northern EU	0.5	1.1	1.3	0.8	0.2	0.0
Southern EU	0.3	0.4	0.5	0.5	0.3	0.1
Unemployment (1)						
United States	0.0	0.0	- 0.1	- 0.1	- 0.1	- 0.1
Japan	0.0	0.0	- 0.1	- 0.1	- 0.1	0.0
European Union	- 0.1	- 0.2	- 0.3	- 0.2	0.0	0.1
Germany	- 0.2	- 0.4	- 0.5	- 0.4	- 0.2	0.2
France	- 0.1	- 0.2	- 0.3	- 0.2	- 0.1	- 0.1
Italy	0.0	- 0.1	0.0	0.1	0.3	0.4
United Kingdom	0.0	0.0	0.0	0.3	0.5	0.4
Northern EU	- 0.2	- 0.5	- 0.7	- 0.5	- 0.1	0.0
Southern EU	- 0.1	- 0.1	- 0.2	- 0.2	- 0.2	0.0
Consumption deflator						
United States	0.0	0.0	0.1	0.1	0.2	0.8
Japan	0.0	0.0	0.0	0.1	0.2	1.0
European Union	0.6	1.1	1.7	2.1	2.5	3.3
Germany	0.5	1.0	1.5	2.0	2.4	3.8
France	0.8	1.3	1.8	2.4	2.9	4.1
Italy	0.7	1.3	1.8	2.1	2.5	3.5
United Kingdom	0.8	1.6	2.4	2.9	3.1	3.0
Northern EU	0.6	1.2	1.9	2.5	2.9	3.1
Southern EU	0.5	0.9	1.3	1.6	1.9	2.3
Public Sector Balance (2)						
United States	0.0	0.0	0.0	0.1	0.1	0.1
Japan	0.0	0.0	0.1	0.1	0.1	0.0
European Union	0.2	0.2	0.3	0.3	0.2	0.1
Germany	0.3	0.4	0.5	0.5	0.3	- 0.1
France	0.2	0.2	0.2	0.3	0.2	0.3
Italy	0.1	0.1	0.1	0.0	- 0.1	0.0
United Kingdom	0.1	0.2	0.2	0.1	- 0.1	- 0.1
Northern EU	0.1	0.2	0.4	0.4	0.3	0.2
Southern EU	0.2	0.3	0.3	0.3	0.3	0.5
Current Account (2)						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.1	0.1	0.1	0.1	0.1
European Union	- 0.1	- 0.1	- 0.2	- 0.1	- 0.1	- 0.2
Germany	0.0	- 0.1	- 0.1	- 0.2	- 0.1	- 0.3
France	- 0.1	0.0	0.0	0.1	0.1	- 0.1
Italy	- 0.1	- 0.1	- 0.2	- 0.1	- 0.2	- 0.2
United Kingdom	- 0.1	- 0.4	- 0.3	- 0.2	- 0.1	- 0.2
Northern EU	- 0.3	- 0.7	- 0.9	- 0.8	- 0.6	- 0.3
Southern EU	0.0	0.0	0.0	- 0.1	- 0.2	0.1
Short term interest rates						
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates (3)						
Japan	0.0	0.0	0.0	0.0	0.0	0.0
European Union	0.0	0.0	0.0	0.0	0.0	0.0

(1) % point difference from baseline, (2) % from baseline GDP, (3) an increase is a depreciation of the currency vis-à-vis the dollar. Source: Mimosa Model.

CONCLUSION

Without going back to fundamental theoretical critiques addressed to macroeconomic models some limits of the present experiments deserve some attention. First the results presented here do not show the long-run properties of the model, since the long-run in many cases is far beyond the horizon of the simulation period. Further investigation would be necessary. Second, some differences across country in the response to similar shocks (e.g. the productivity effect leading to a temporary price decrease after a demand shock in Italy) do not appear fully indicated. Even though these differences are grounded on estimated parameters, they lack theoretical justification and they cannot be considered as robust stylized facts. As Whitley (1992) mentions, there is no consensus among multinational models on countries structural specificities.

Nevertheless, the variety of the simulations allowed by MIMOSA makes it a useful tool for analyzing macroeconomic policies and international developments. Its capacity to deal with international financial and trade spillovers is a crucial advantage in a world with increasing international interdependencies. Furthermore, thanks to its disaggregated nature, MIMOSA can be operated as a relevant tool for detailed case study of macroeconomic conditions and policies in particular major countries.

Some improvements of MIMOSA are currently under way. First, more options in the financial sector are being included, among which empirically grounded reaction functions, and a variety of expectations schemes and exchange rate regimes. Second, a single country model for unified Germany is being considered.

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