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Headline: Is Germany the 'Sick Man' of Europe Once Again?

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Tweet: .@MartinWolf_ notes that Germany's public investment of 2.5% of GDP is "extraordinarily low" relative to its peers, and argues for increased public investment funded by a portion of net private sector savings, which were 7.5% of GDP in 2023.

Summary: German net public investment has been close to zero since the beginning of this century. Thus, the ratio of public capital to GDP has been consistently falling. It makes no sense for a country with such vast surplus savings in its private sector not to use them at home, thereby generating both a stronger supply side and the demand that Germany and the Eurozone will need. Germany's short-term problems will pass. Its longer-term ones are more challenging. But the most unnecessary one is its reluctance to fund needed public investment at home. The time to repeal the absurd "debt brake" in the constitution is now.

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Primary Topic: Savings Glut/Trade Deficit

Topics: GDP, Op-Ed/Blog Post, Savings Glut/Trade Deficit

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