Six years after the Global Crisis, the recovery is still anaemic despite years of near-zero interest rates and extraordinary central bank manoeuvres. Is 'secular stagnation' to blame?

This eBook gathers the thinking of leading economists including Larry Summers, Paul Krugman, Robert Gordon, Olivier Blanchard, Richard Koo, Barry Eichengreen, Ricardo Caballero, Ed Glaeser and a dozen others. A fairly strong consensus emerged on four points.

- Secular stagnation (SecStag) means that negative real interest rates are needed to equate saving and investment at full-employment output levels.
- The key worry is that SecStag will make it hard to achieve full employment with low inflation and financial stability using macroeconomic policy as it is currently structured and operated.
- It is too early to tell whether secular stagnation is to blame, but uncertainty is not an excuse for inaction. Policymakers should start thinking about solutions; if secular stagnation sets in, today's toolkit will be inadequate.
- Europe has more to fear from the possibility of secular stagnation than the US, given its slower overall growth and its lack of pro-growth reforms and more constrained policy framework.

The authors point to two classes of solutions: 'Prevention' (raising long-run growth potentials) and 'symptomatic treatment' (raising the inflation target to alleviate the zero lower bound problem, and using fiscal policy to address balance-sheet recessions).

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