

---

**GO FORTH AND PROSPER - RENEWED OPTIMISM SURROUNDS 2018 FINANCIAL FORECAST**

-

24.01.2018

---

EuroNews (23 January 2018)

According to a new report many CEOs believe this year could be the most fruitful ever.

The weather in Davos is finally improving at Davos and this adds even more optimism to the already very good mood among delegates, writes Sasha Vakulina.

Chief executives are more optimistic about the economic outlook than they have been for years. According to a PwC survey 57 percent expect global growth to improve this year and so do many politicians!

Euronews talked with Portugals Economy Minister Manuel Caldeira Cabral in Davos about the current state of the countrys economy and asked him □ how did Portugal manage to speed up its recovery since the eurozone crisis and whether we should be concerned that the growth in Portugal and Europe could be derailed.

I think the secret was to change from an austerity policy to a moderate policy, a policy that is quite responsible in terms of reducing the public debt, reducing the public deficit but that allows space for growth, said Caldeira Cabral. With this policy we created more confidence within people and also more confidence among investors. Were experiencing very important growth in investment, both, national investment and foreign investment are growing with record numbers over the last 20 years but this growth has more to do with confidence, and I think it was the change of policy that brought that about.

But also I think that the growth that is happening in Portugal is being distributed is not only part of the society that is benefiting but its also the poorest of the poor that are becoming better. We had the important reduction in the poverty rate last year and we are also having an important growth in employment which means that we are managing to have more growth, better growth because its based on the exports and Investment but also more inclusive growth that results in better employment and more employment for the young and also in the reduction of poverty that is also an important goal for all government.

If Europe looks at the future and just thinks about Brexit and problems and financial issues, its not going to mobilise its youth, its citizens but if it looks at the future and reaffirms itself as a region in the world that is open for trade, that is committed with innovation, that is committed with inclusive growth, I think this is a project that can gather a lot of people around it. Its a project that can build bridges to South America but also to other parts of the world.

### **Crisis? What crisis?**

In its updated Global Economic Outlook, the International Monetary Fund warns against being complacent about growth. We asked Harvard economist, Kenneth Rogoff, what could possibly go wrong with the worlds economy and what could trigger the next crisis.

Certainly the stock prices are very high but interest rates are very low and so, to me, if you ask what could really make things go south quickly it would be something that made global real interest rates inflation, adjusted interest rates rise quicker than anything the market expects, said Rogoff.

It could come from a crisis in China that stopped money from flowing out, thats when holding down interest rates, it could also happen because some countries in Europe, France is doing better, Germany is going well, the US starts doing better, but some countries dont, explained Rogoff. Perhaps Japan and Italy will enjoy growth but not nearly enough to pay for their debt as the interest rates rise. There are emerging markets that are doing better or Russia, Brazil have very good stories this year but if global interest rates rise I think would be painful.

### **Brexit and beyond**

Its not good for either side, the uncertain see thats coming out of Brexit, the whole thing is not good I think. On the one hand the best thing would be to have a little change as possible, on the other hand the Europeans need to bargain aggressively because maybe somebody else will decide to do the same thing, added Rogoff. So I think Brexit is going to be pretty bad for the UK but I also think its going to be pretty bad for Europe and I think the Europeans would be well advised to not just look at punishing the United Kingdom, but also to try to keep this good growth going, not to rock the boat, try to be more generous in what they agree with the UK and maybe push them issues off into the future.

---

Kaynak/Source: