



SPINOZA CAPITAL

b2venture Workshop | 20.03.2025

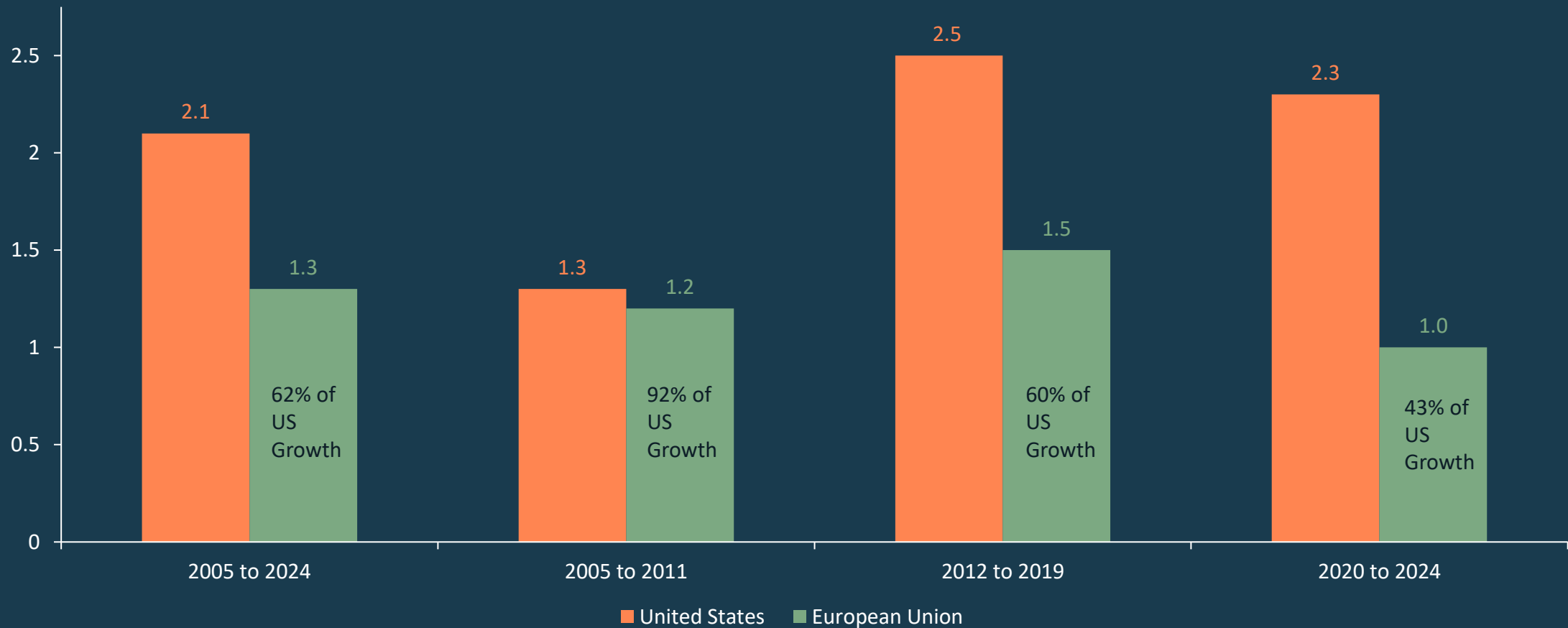
Analysis of the macroeconomic situation in Europe

Dr. Philip Schnedler

How has Europe performed in recent decades?

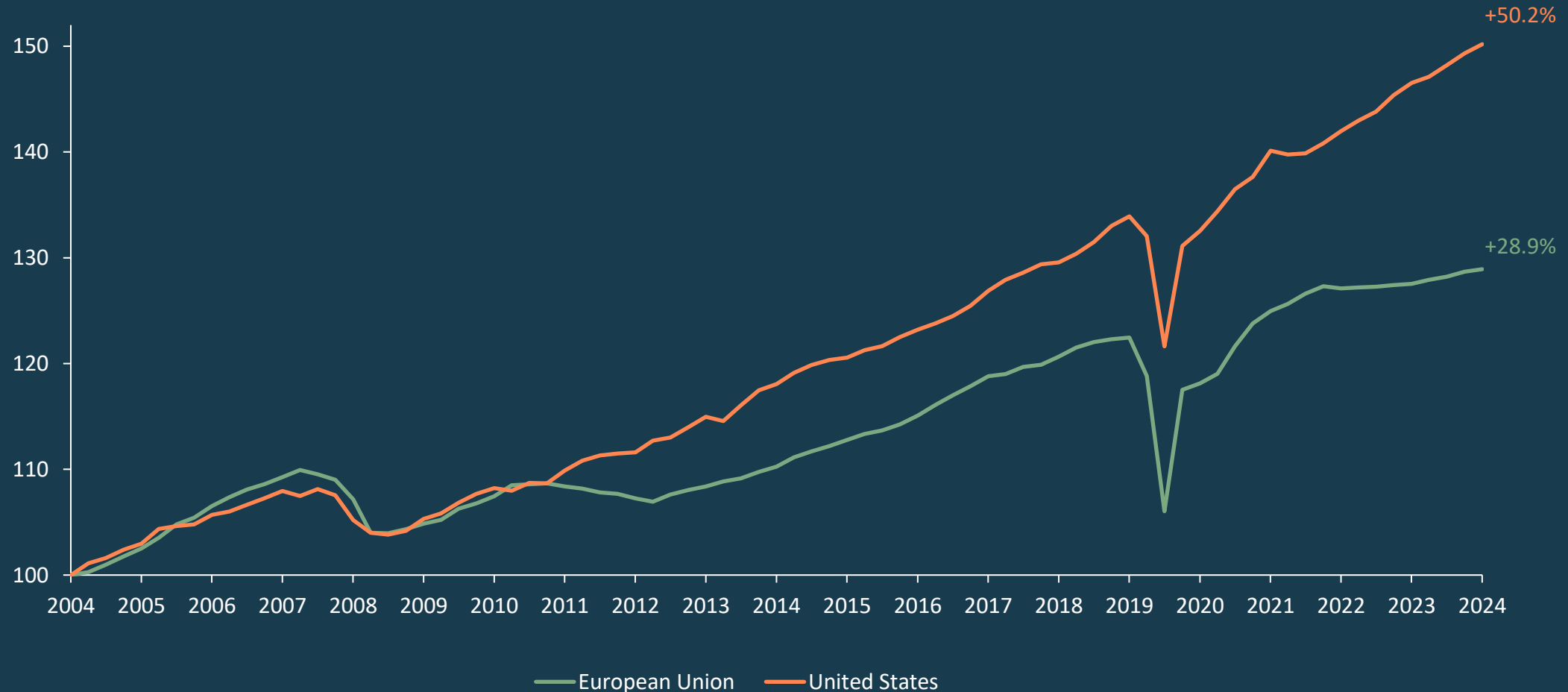
Growth in Europe significantly lower than in the US

Average Real GDP Growth p.a., in %



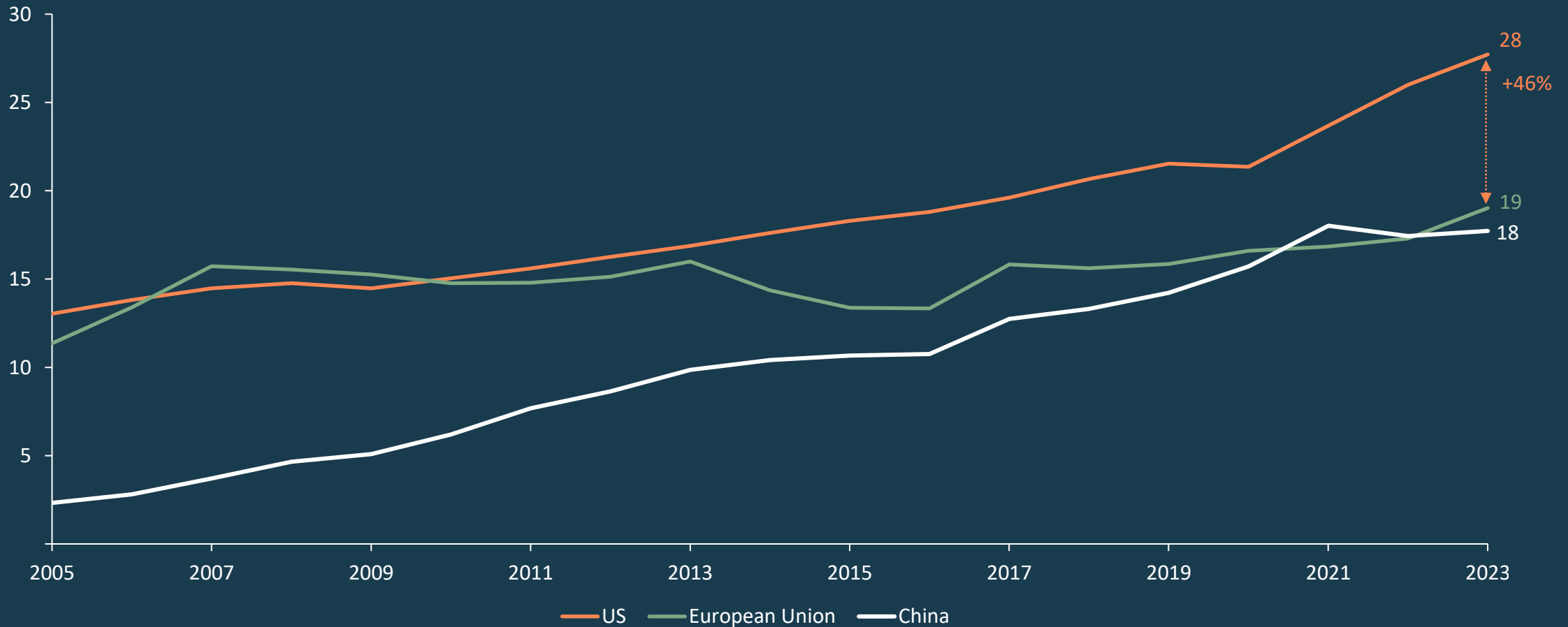
Similar growth until 2010. After that, the US outperforms

Development of Real GDP, indexed to 100 in 2004



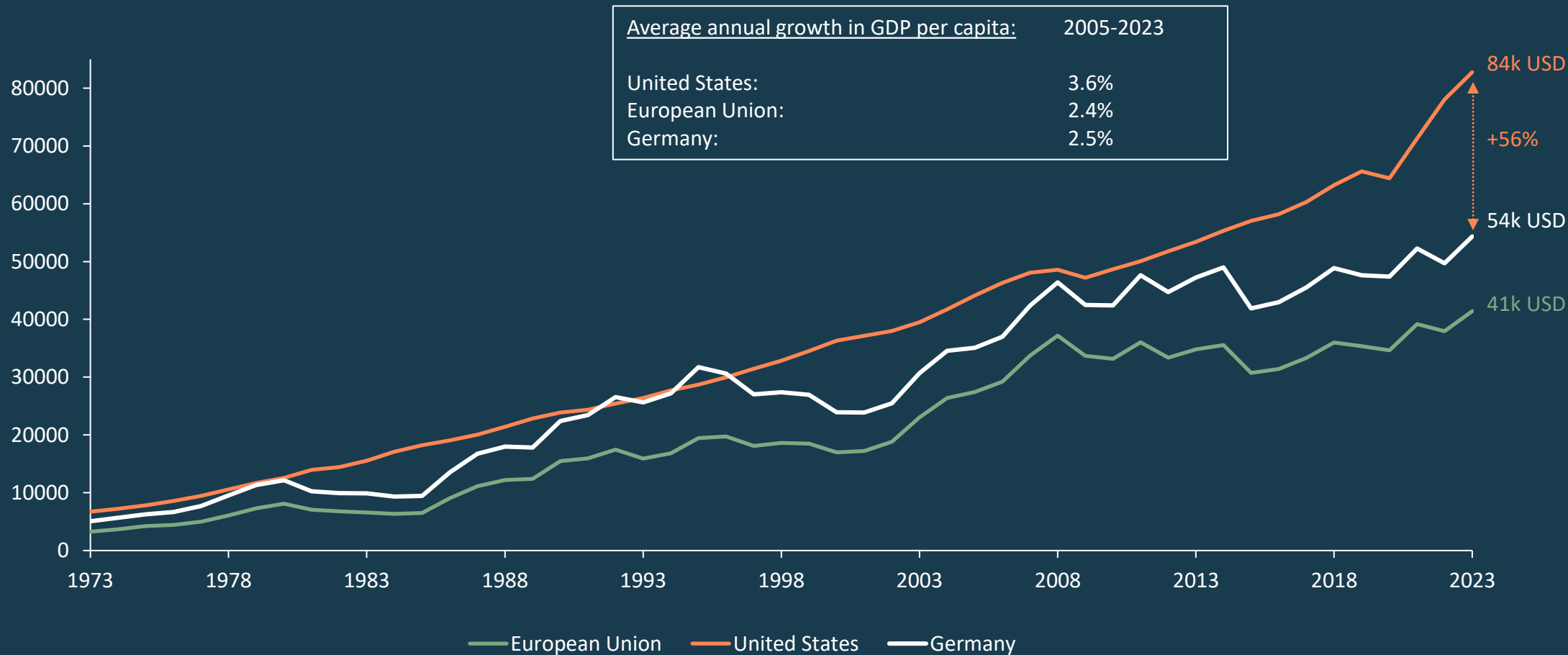
The EU was the world's largest economy in 2007

GDP in trillion USD, current prices



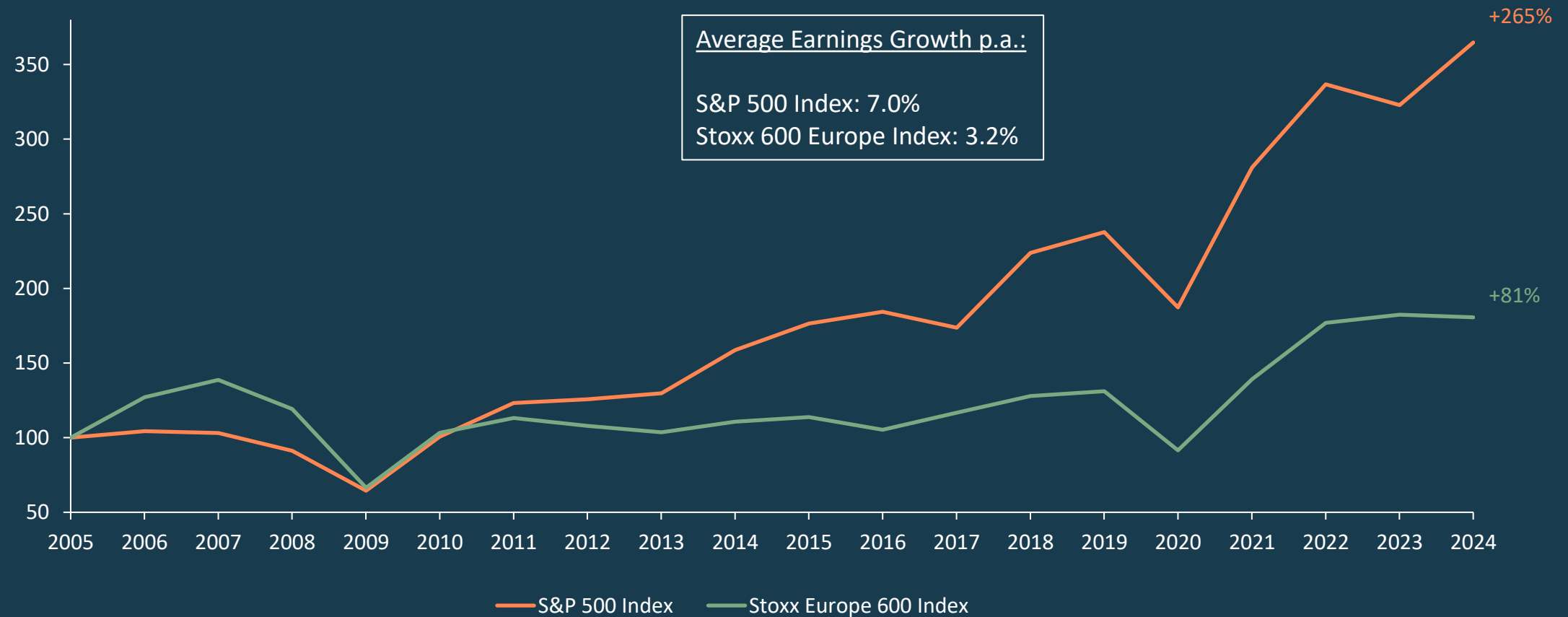
GDP per capita grew significantly faster in US than in Europe

GDP per Capita, in USD



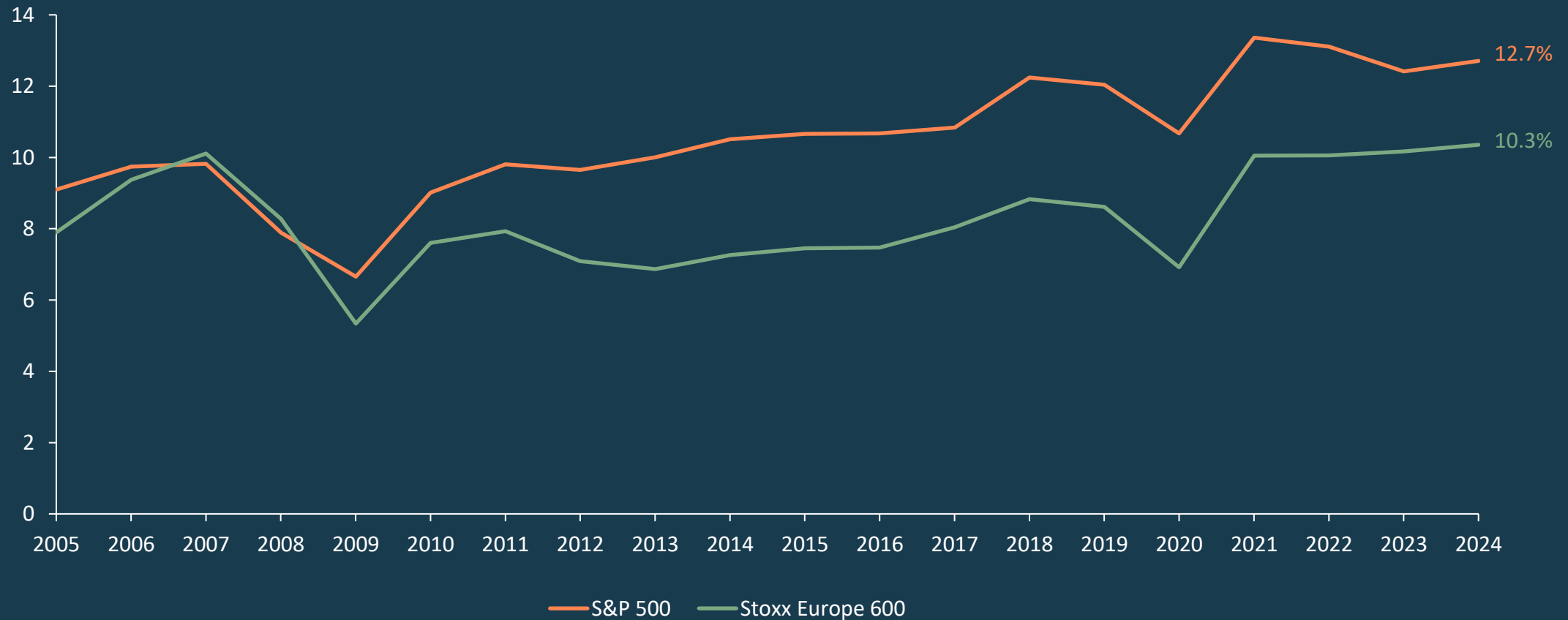
Corporate Europe has fallen significantly behind since 2010

Earnings of S&P500 and Stoxx 600 Europe in EUR, indexed to 100 in 2005



Significant gap in profit margins emerges after financial crisis

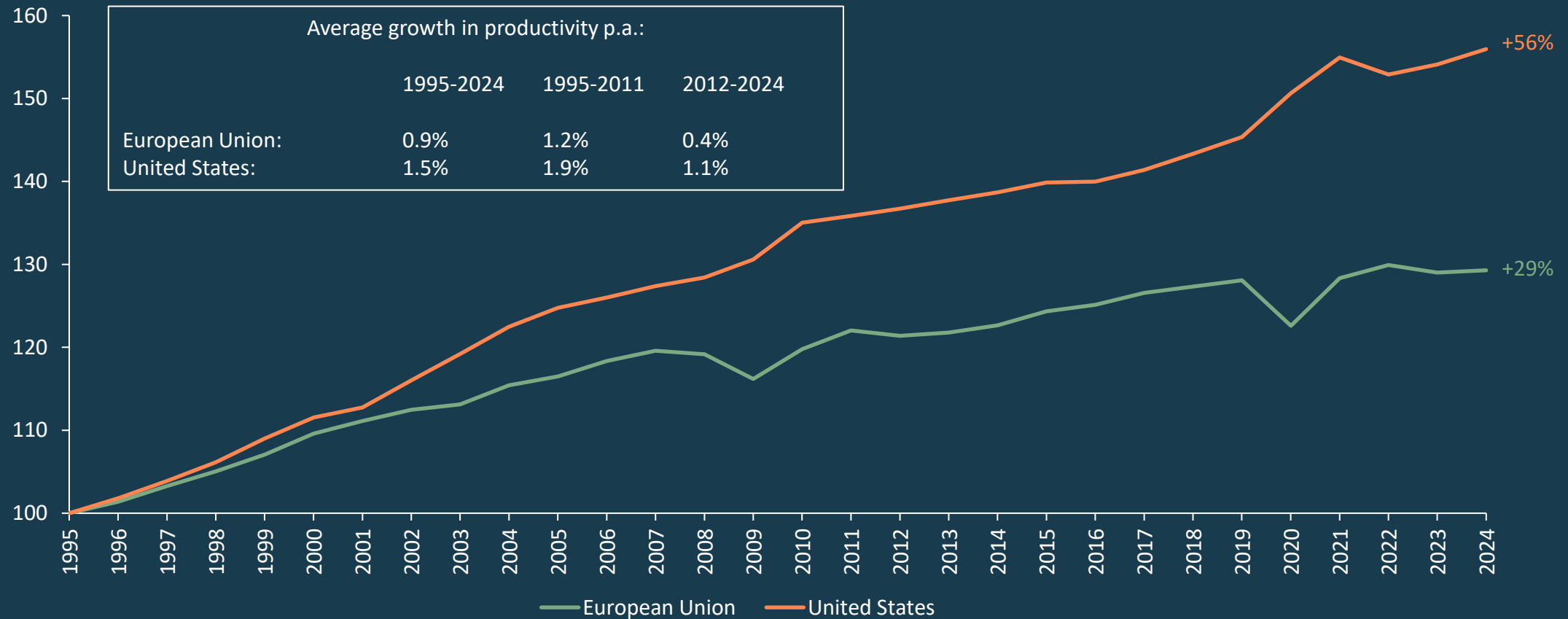
Profit Margin of Companies in S&P500 and Stoxx 600 Europe, in %



Why has Europe underperformed?

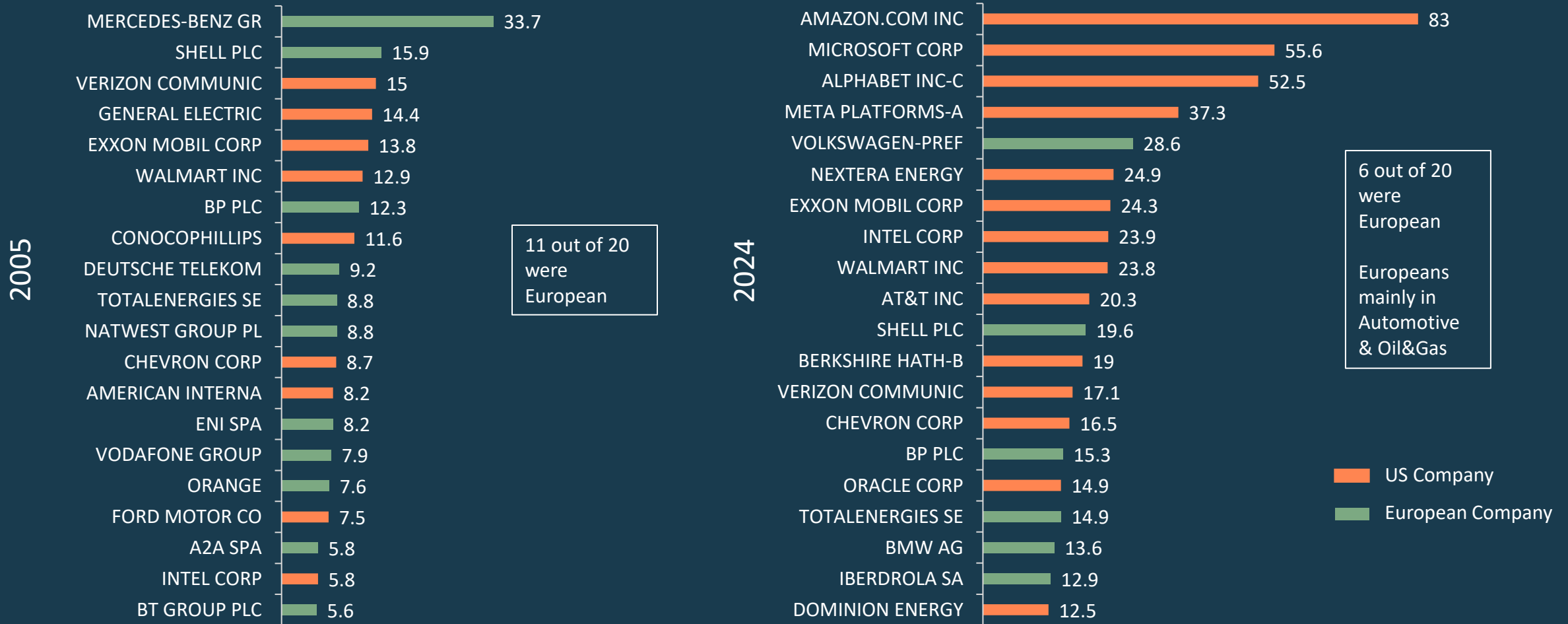
Labour productivity growth lags behind the US

Labour Productivity per Person, indexed to 100 in 1995



European business investment under-represented in innovative sectors

Top 20 Companies in US and Europe by Capital Expenditure, in bn USD

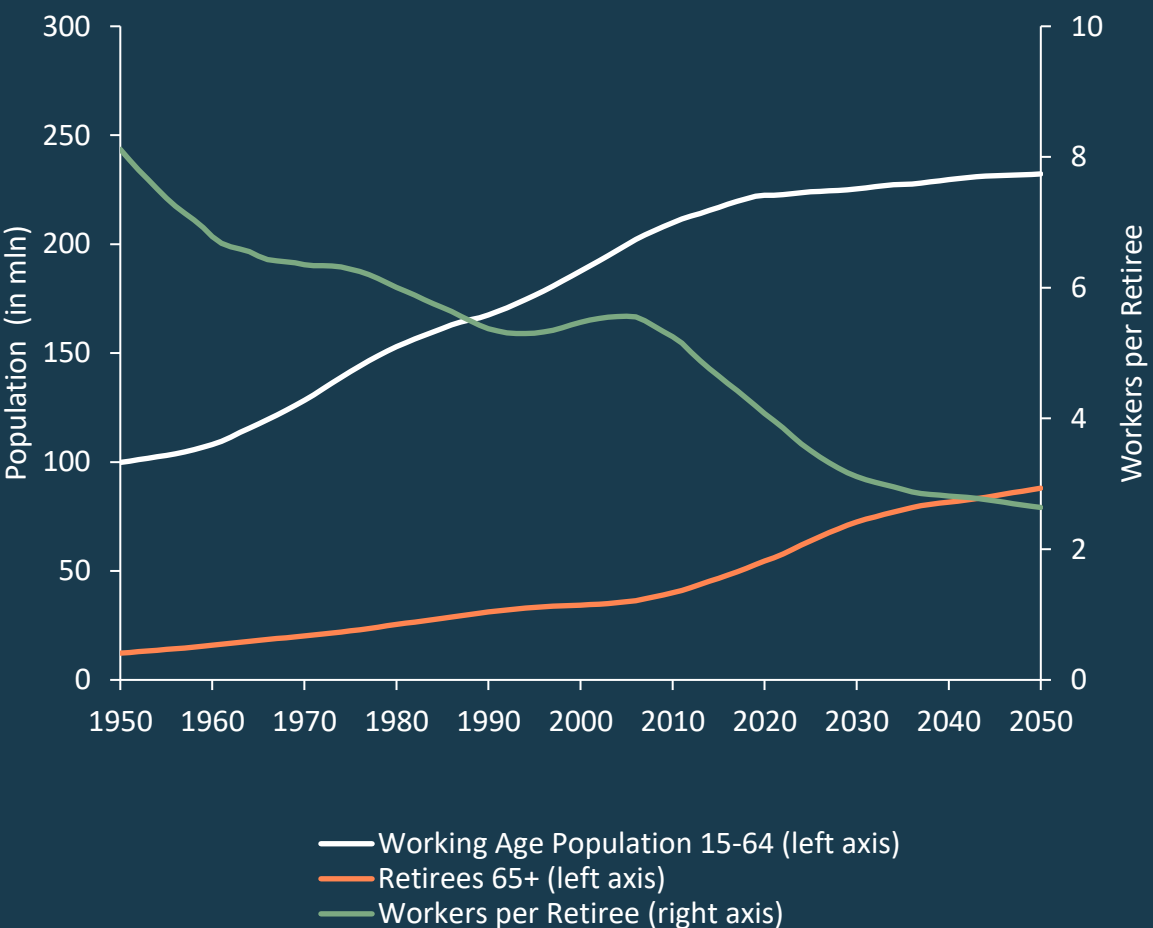


Europe's labour force has been in decline since 2011

Population Development in Europe



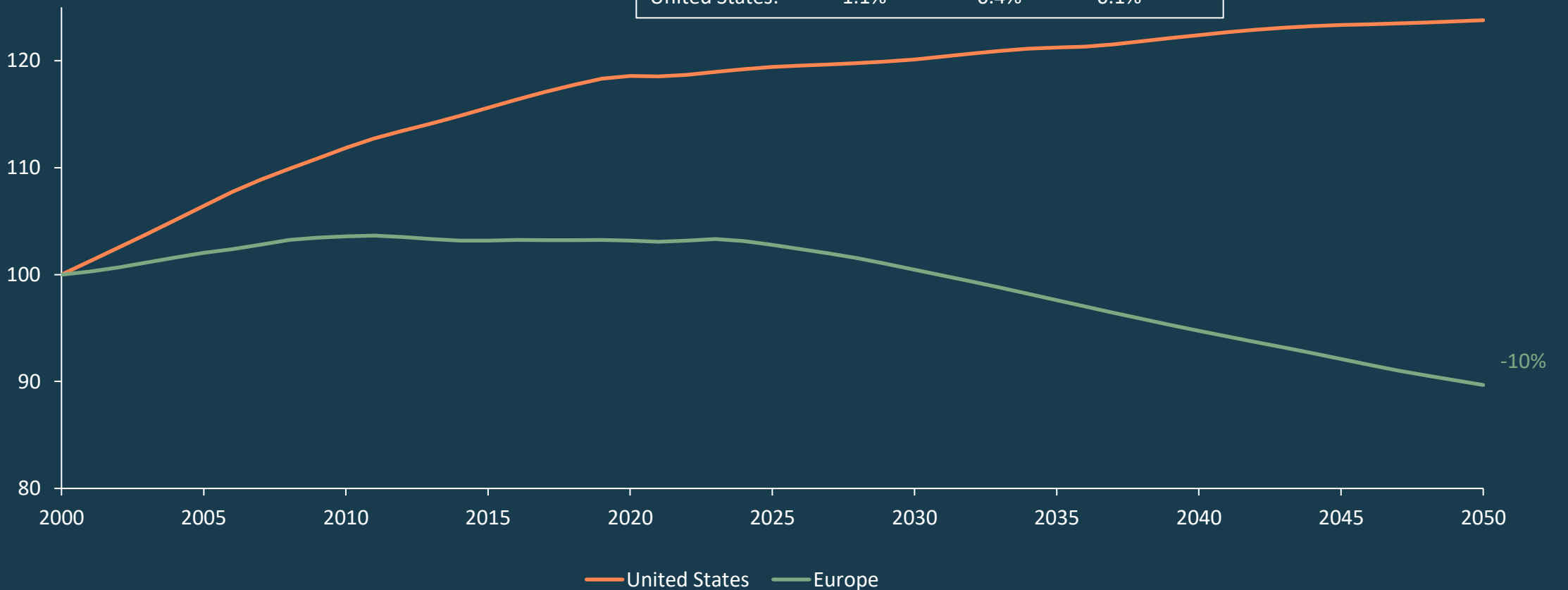
Population Development in the United States



Decline in European labour force accelerating

Working Age Population, indexed to 100 in 2000

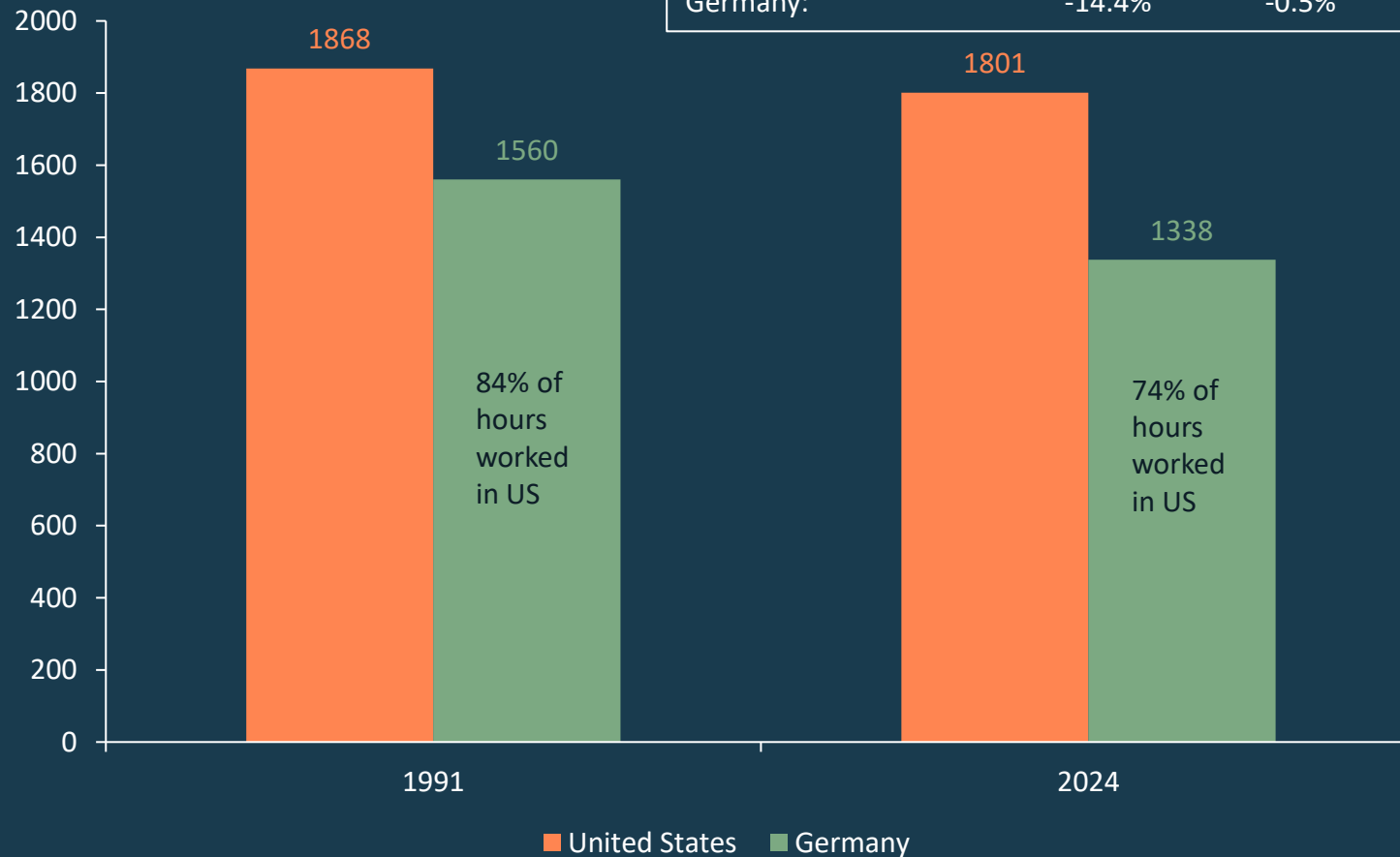
Average growth in working age population p.a.:			
	2000-2010	2011-2024	2025-2050
European Union:	0.4%	-0.03%	-0.5%
United States:	1.1%	0.4%	0.1%



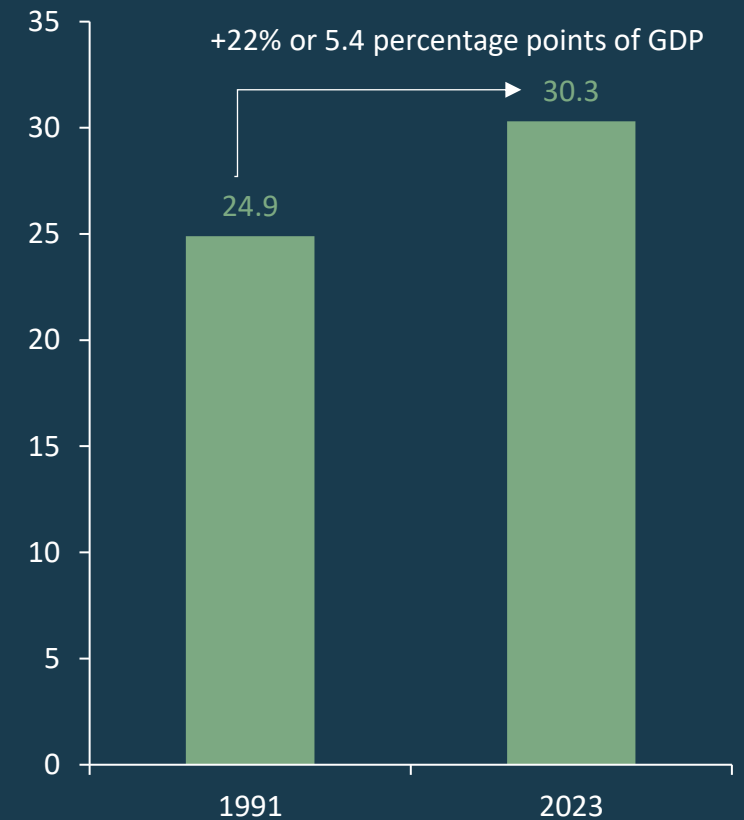
Sharp decline in working hours and expansion of welfare state

Hours Worked Per Employee p.a.

<u>Change in Hours Worked:</u>	1991-2024	Avg. change p.a.
United States:	-3.7%	-0.1%
Germany:	-14.4%	-0.5%

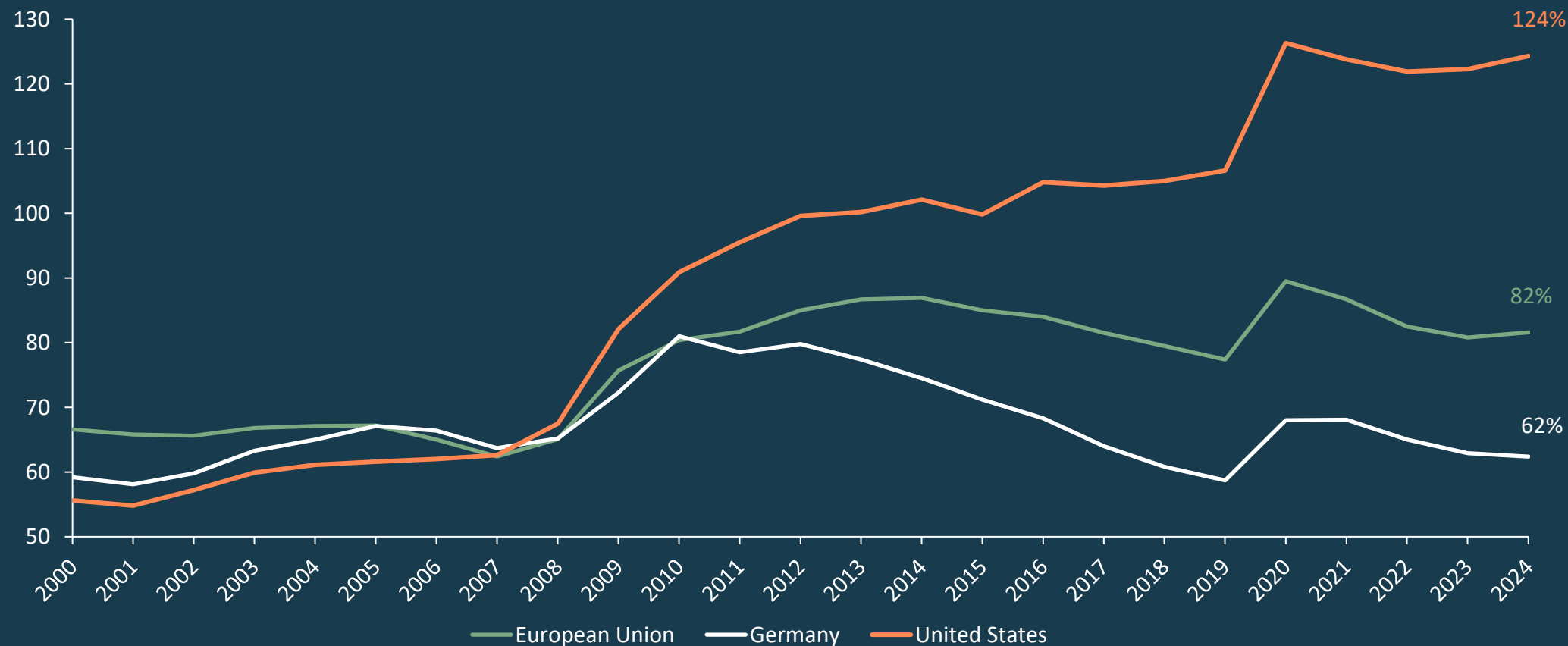


Social Benefit Ratio in Germany, in % of GDP



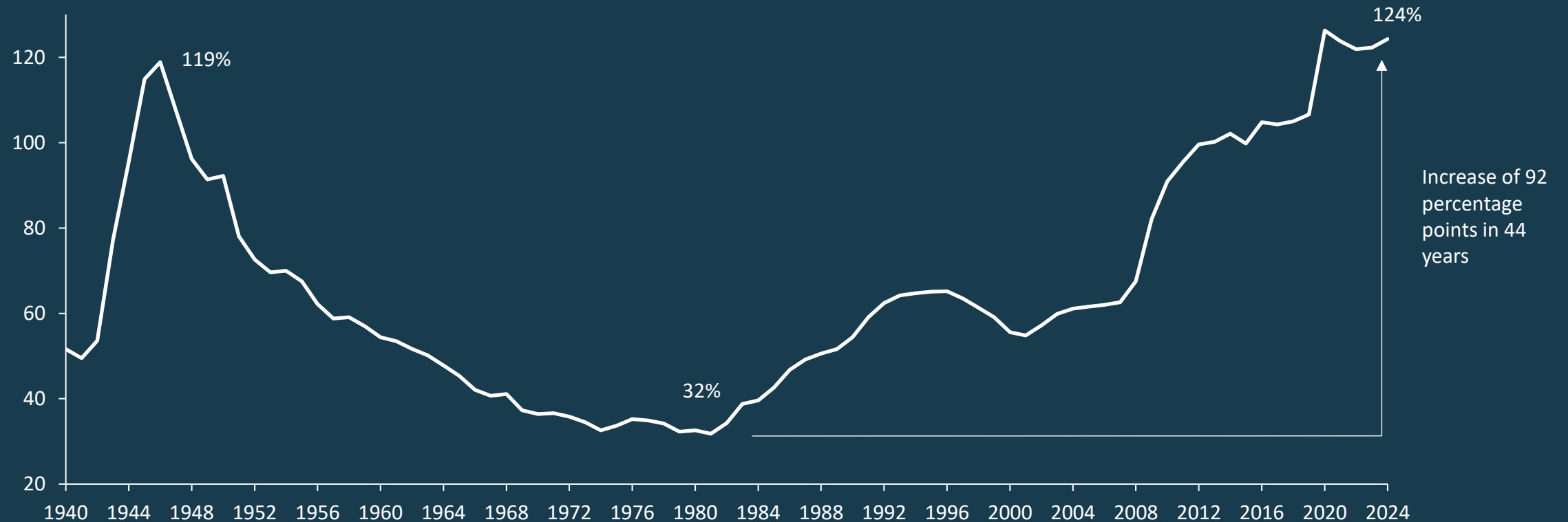
Government debt has risen much more in the US than in Europe

Government Debt to GDP, in %



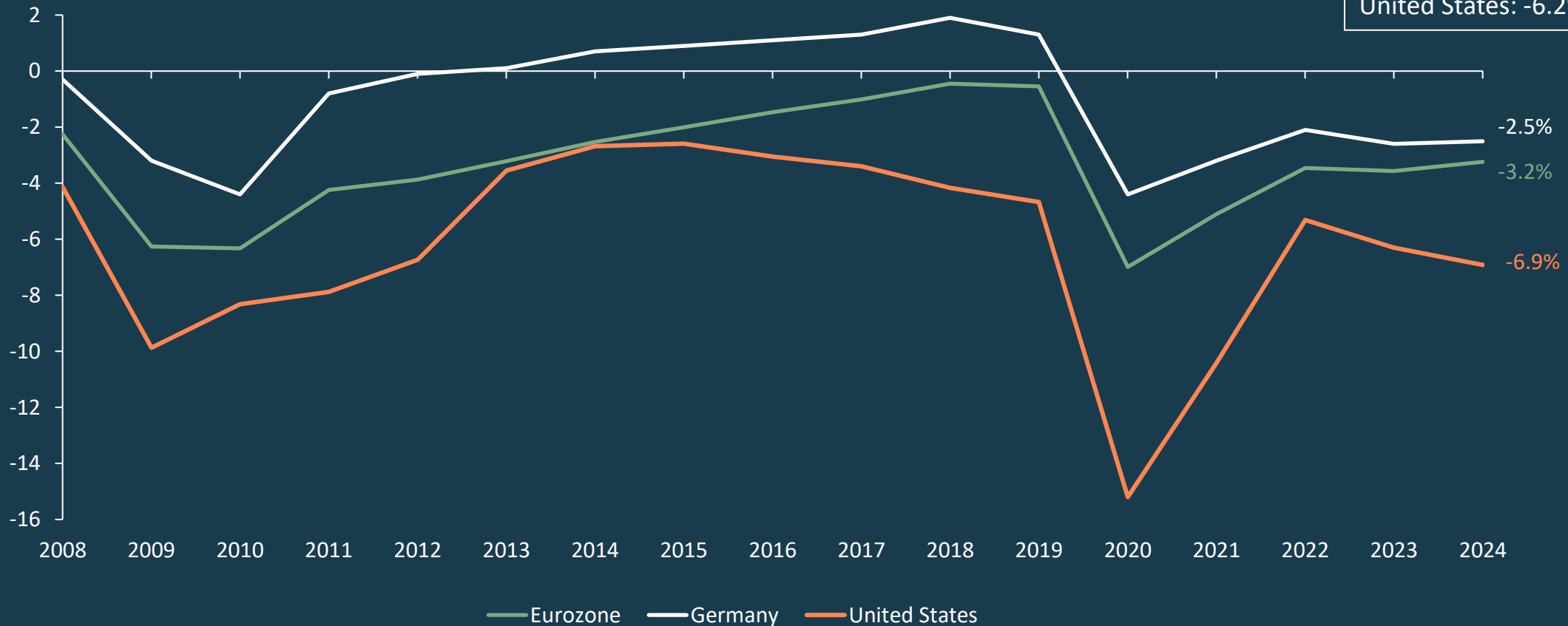
US government debt now higher than after World War II

US Government Debt to GDP, in %



US is running much higher budget deficits than Europe

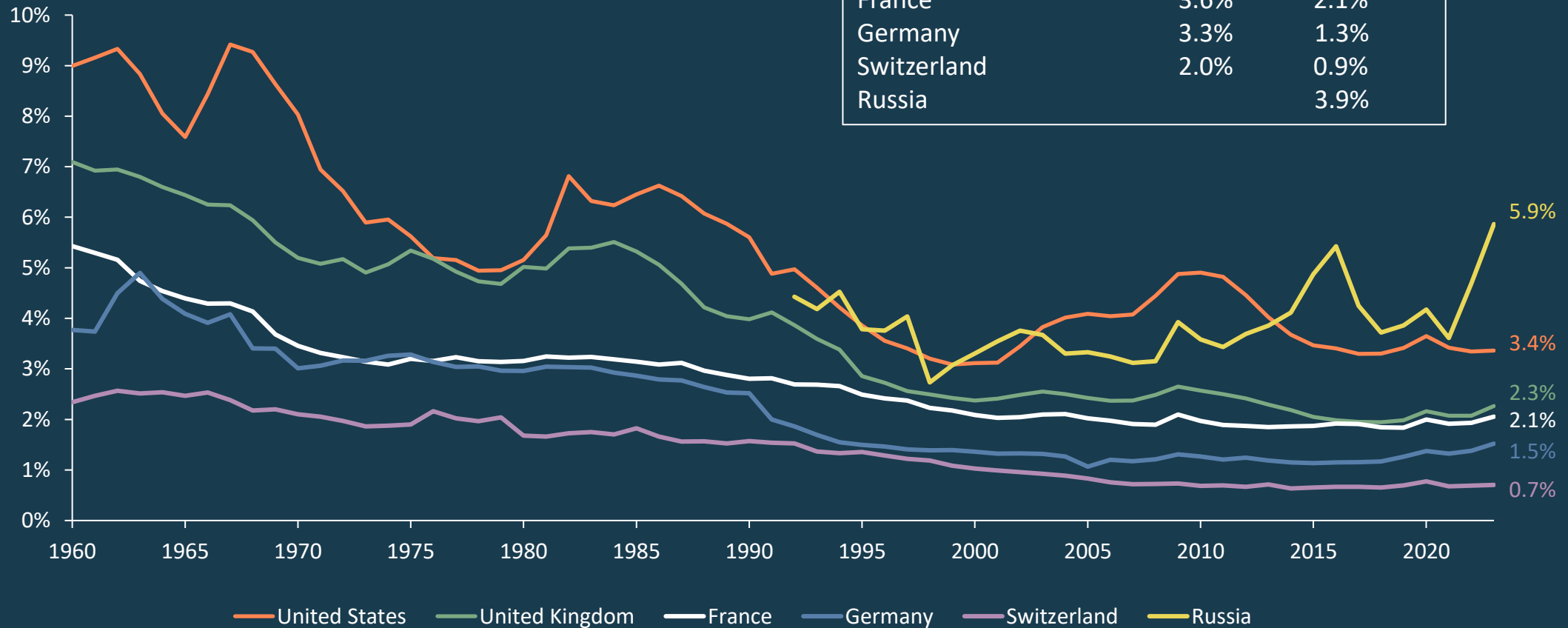
Government Budget Balance as % of GDP



Europe has cut military spending dramatically since end of Cold War

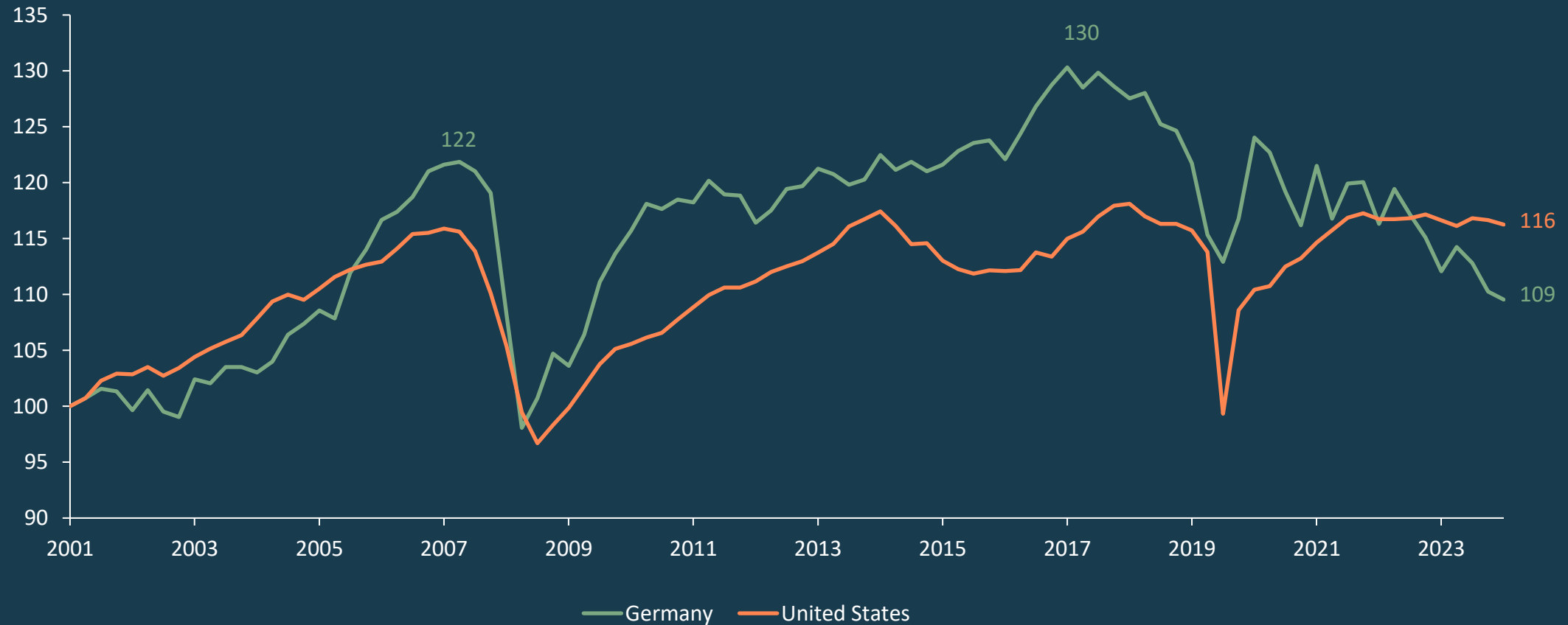
Defence Spending as % of GDP

Average	1960-1990	1991-2023:
United States	6.9%	3.9%
United Kingdom	5.4%	2.5%
France	3.6%	2.1%
Germany	3.3%	1.3%
Switzerland	2.0%	0.9%
Russia		3.9%



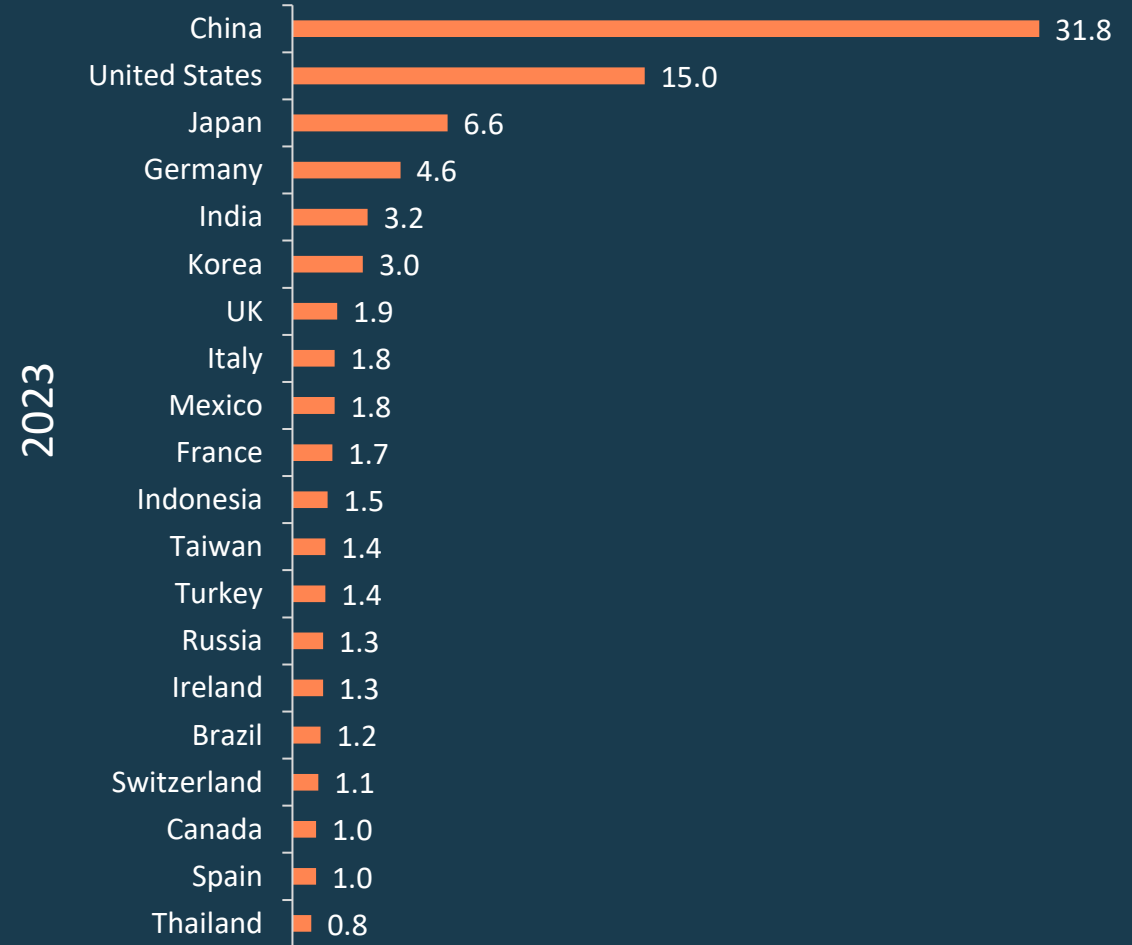
Industrial production has been falling in Germany since 2017

Industrial Production, indexed to 100 in 2001



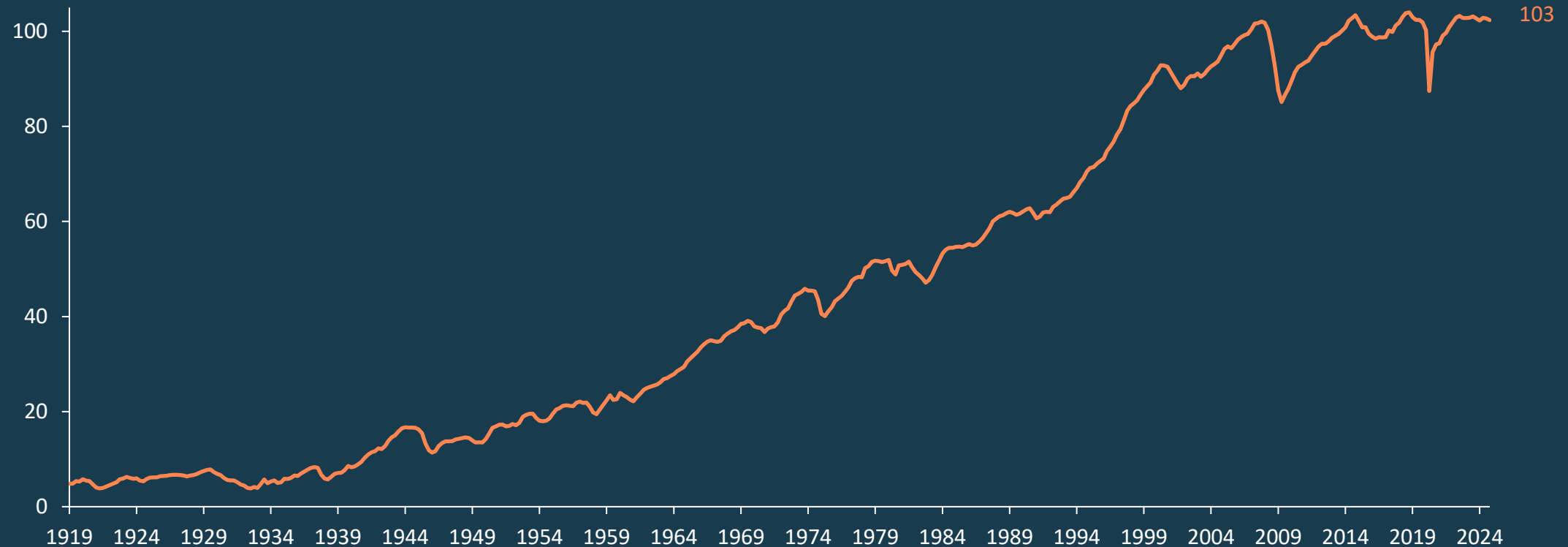
China takes the lead in global manufacturing

Share of Global Manufacturing, in %



Industrial production in the US has stagnated since the early 2000s

US Industrial Production



How can we make Europe competitive again?

Making Europe competitive again

Key drivers for growth and competitiveness

Increase productivity growth (e.g. through better education, digitalisation, AI, humanoid robots)

Increase investment spending (mainly infrastructure, education and defence) and reduce consumption spending on welfare state

Re-arm Europe: Spend >3% of GDP in the next 10+ years

Reverse demographic decline: increase birth rate, immigration of skilled people. Increase working hours and raise retirement age

Reduce energy prices: Increase energy supply (e. g. nuclear power plants), cut taxes on energy

Expand industrial production and rebuild strategic supply chains

Cut Red Tape: Reduce bureaucracy, cut regulations. Enhance government efficiency (e.g. DOGE Europe)

Harness huge pool of EU household savings for investment financing in Europe

Improve EU governance: Focus on policies that are in the economic interest of Europe and its people



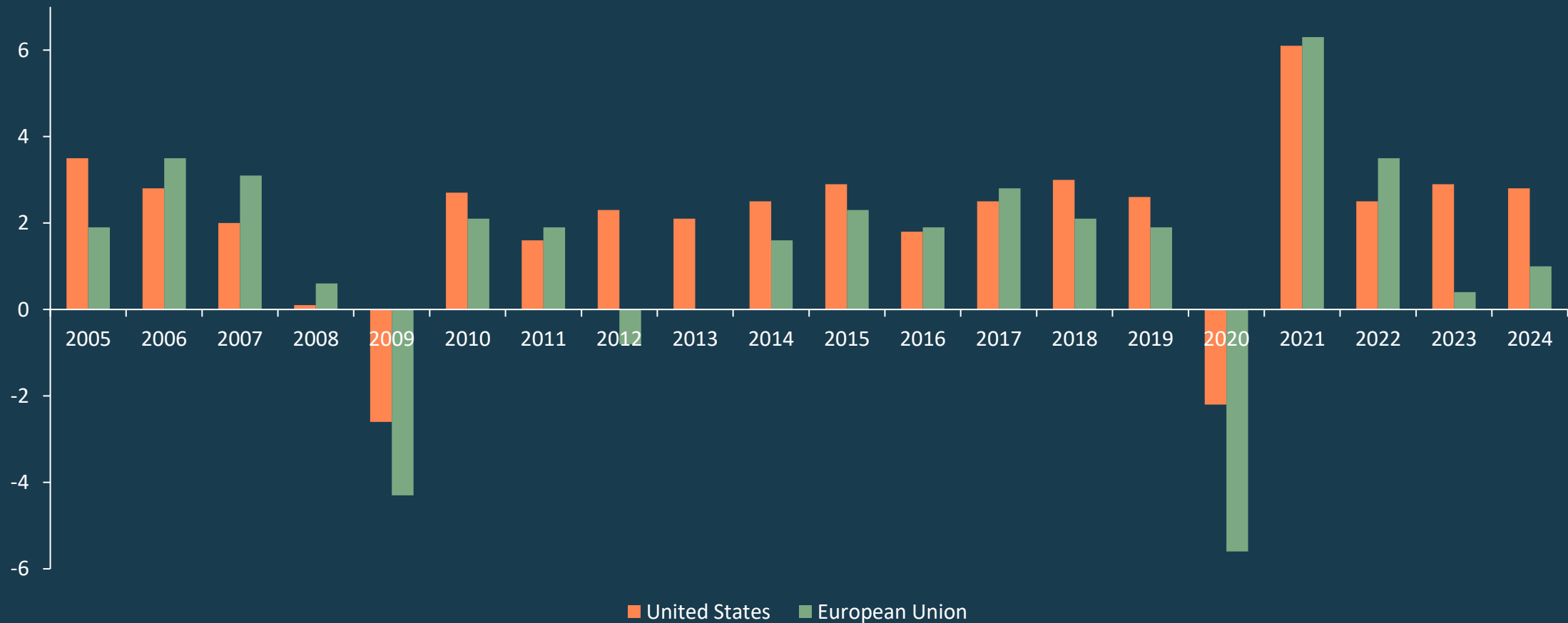
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Appendix

Growth in Europe has generally been slower than in the US

Annual Real GDP Growth, in %



Higher Household Savings Rate in Europe

Households Savings Rate (as % of Disposable Income)

