Shifting Europe from Austerity to Growth:
A Proposed Investment Programme for 2012-2015

Based on an increase of lending by the EIB of almost 2% of EU GDP, the Foundation for European Progressive Studies (FEPS), the Initiative for Policy Dialogue (IPD) and the Economic Council of the Labour Movement (ECLM) have presented today an economic programme which expects to create more than half a million jobs in 2013, with accumulated total EU job increases of over 1.2 million by 2014.

Austerity is not the solution

"Strategies to overcome the European crisis focused on collective austerity only, are not working; they are bad arithmetic, worse economics and ignore the lessons of history." said one the co-authors Prof. Stephany Griffith-Jones, from Columbia University and FEPS Consultant.

Its proposals are along the very familiar lines of the Hollande Programme for Growth introduced over the last weekend. They were also presented in the context of the elections in Greece where Greek people confirmed their will to stay within the Eurozone, but, as noted by Matthieu MEAULLE, FEPS Economic Advisor, "*Greek people also mentioned clearly - given Syriza results - that austerity policies cannot be the solution. Indeed the Greek economic situation is even worsening."*

Time is short

The urgent restoration of growth has long been a strong argument of the FEPS, a think tank close to the S&D group and the PES. It seems now that there is a growing support for employment and growth oriented policies in Europe especially under the French President's initiatives. But time is short; every day 4 000 additional Spanish citizens are entering unemployment! Indeed, there is a need for a proposal that is not only desirable but also feasible; a sound initiative, which has real chances of success.

"One crucial advantage of this proposal is that with fairly limited public resources, a very large impact on investment, growth and employment can be achieved due to benefits of leverage. A second major advantage is that, as an existing successful European institution - the EIB - can be used. The measures can be quickly implemented." explained another co-author, Dr Matthias Kollatz-Ahnen, Former European Investment Bank Vice President

Marshall Plan bis

In total the additional EIB and EU resources allocated to growth could reach €35 billion in 2012 and go to €60 billion annually in the 2013-2015 period. The resources for 2013-2015 would correspond to around 0.5% of EU annual GDP. As they would be allocated to finance increased investment and working capital, the latter for small and medium enterprises, this would have a major impact on EU growth and employment.

"It is interesting that these resources, with a total dimension of almost 2% of EU GDP would be similar, though somewhat smaller, to those of the Marshall Plan. Hopefully they would also contribute to a significant renewal of growth dynamic in Europe" said Lars Andersen, third author of this paper and ECLM Director.

Read the full study
http://www.feps-europe.eu/uploads/documents/shifting-europe-from-austerity-to-growth-FEPS-IPD-ECLM-3.pdf