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THE GREAT RESET

2021 European Public
Investment Outlook

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Una differenza sostanziale rispetto all'edizione 2020 di questo Outlook è che, nel 2021, gli investimenti pubblici hanno guadagnato un elemento europeo significativo attraverso il meccanismo di finanziamento con il Fondo che offre un sostegno finanziario su larga scala per riforme e investimenti intrapresi dagli Stati membri, ossia il **Recovery and Resilience Facility** (RRF), associato al bilancio UE 2021-27. Con 672,5 miliardi di euro, questa è di gran lunga la voce più grande del pacchetto Next Generation EU, che ammonta a 750 miliardi di euro, il 5,4% del PIL dell'Unione europea del 2019. Questo approccio macroeconomicamente significativo e abbinato agli investimenti pubblici è un'importante innovazione.

Il formato dell'edizione 2021 dell'Outlook rimane invariato.

OUTLOOK 2021

The Great Reset. 2021 A European Public Investment Outlook

The **Great Reset. 2021 A European Public Investment Outlook** (edited by **Floriana Cerniglia**, **Francesco Saraceno**, and **Andrew Watt**) was written after the most dramatic moments of the COVID-19 pandemic had passed, but still during times of considerable uncertainty. Our thanks go to the heads of our respective institutions: **Franco Bassanini**, President of Fondazione Astrid, **Sebastien Dullien**, Director of IMK for their support and encouragement, **Alberto Quadrio Curzio**, President of CRANEC and **Xavier Ragot**, President of OFCE-Sciences Po.

The pandemic and its dire impact on the European economy and society required a coordinated response from the European Union to tackle the challenge of economic recovery by adopting unprecedented measures. These include the activation of the Stability and Growth Pact general escape clause, a temporary easing of the rules on state aid, and economic stimulus packages, which are financed through the emission of long-term European sovereign debt securities.

For the first time the taboo of a creating significant amounts of European sovereign debt has been overcome, unveiling the strong appetite of global financial markets for European safe assets.

The result - presented as a one-off - marks an epochal turn from the "fiscal austerity plus national reforms" approach to a "European Public Capital spending plus national reforms" approach, embedded in the ambitious Next Generation EU programme. The emission of "Eurobonds" by the European Commission is also a crucial and innovative tool for financing the investment of Next Generation EU.

Outlook 2021 provides an update of the EU's Investment strategy. The format of the 2021 edition of the Outlook remains the same as in 2020. It goes to the heart of the subject of public investment from two complementary vantage points assessing the importance of public capital both within European countries and as a European public good. The specific group of countries that are assessed include: France (Chapter 2), Germany (Chapter 3), Italy (Chapter 4), Poland (Chapter 5), and Spain (Chapter 6). The common thread of these chapters is to update the data presented in the prior edition and provide a description of the policy response to the COVID-19 crisis and of the respective economic recovery plans as part of NGEU.

A crucial issue remains, for the moment, unsolved: the new European policies to support public (and private) investment (and the related instruments) have so far been conceived as exceptional and temporary. Can they be made structural and permanent? This is the question underlying the debate on the Stability and Growth Pact reform, on ways to make the NGEU programme permanent, on the development of a common EU fiscal policy, and on the creation of a European Debt Agency. These important topics will perhaps be the subject of the next Outlook.

