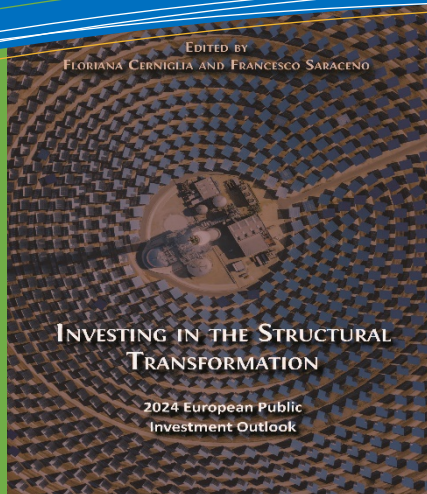


Il **quinto** volume della serie, *“Investing in the Structural Transformation. 2024 European Public Investment Outlook”*, è incentrato principalmente sugli investimenti pubblici necessari per una nuova politica industriale nella UE che sembra finalmente ritornata al centro della scena (i Rapporti Draghi e Letta lo testimoniano), soprattutto dopo l’invasione dell’Ucraina.

Il volume affronta temi che si situano nel contesto della politiche che dal 2008 non ha solo una natura economica ma è sempre più legata a fragilità/rischi globali e geo-politici, sociali e sanitari. Rischi inediti che necessitano di un ripensamento sia dell’architettura istituzionale della UE sia del rapporto tra i poteri pubblici - della UE e degli Stati - e il mercato, mettendo in primo piano un nuovo ruolo per la politica industriale e il finanziamento di beni pubblici europei.

Il Leit Motiv del volume è che la politica industriale non può essere ridotta semplicemente a strumento per consentire ai mercati di funzionare, ad esempio “livellando il terreno di gioco” e riducendo o eliminando le rendite e il potere di mercato (la dottrina che ha prevalso all’interno della Commissione Europea in passato); né a favorire la creazione di grandi conglomerati oligopolistici con l’obiettivo di competere sui mercati internazionali; o, ancora, a operare esclusivamente tramite la regolamentazione. La politica industriale deve piuttosto essere una strategia multidimensionale che favorisca la trasformazione strutturale e riduca i colli di bottiglia nei settori strategici, facilitando il processo di distruzione creativa che rialloca risorse dalle attività a bassa produttività a settori che siano strategici per le transizioni ecologica e digitale o semplicemente per motivi geopolitici.



NUMERO

01-25

GENNAIO

Direttore: Prof.ssa Floriana CERNIGLIA
Presidente: Prof. Alberto QUADRIO CURZIO

<https://centridiricerca.unicatt.it/cranec>

OUTLOOK 2024

Investing in the Structural Transformation. 2024 European Public Investment Outlook

Investing in the Structural Transformation. 2024 European Public Investment Outlook is the **fifth** report in the ‘European Public Investment Outlook’ series.

This volume, edited by **Floriana Cerniglia** and **Francesco Saraceno**, received the support of their respective institutions headed by **Alberto Quadrio Curzio**, President of CRANEC and **Xavier Ragot**, President of OFCE-Sciences Po.

When the first **European Public Investment Outlook report** came out in 2020, the global economy had been pulled into an unprecedented economic crisis and was experiencing deflation. By 2023, the situation had flipped, and the world economy was characterised by high inflation and increasing interest rates. As the latest instalment, the **2024 European Public Investment Outlook** is published, the situation has progressed to yet another landscape, with issues such as strategic autonomy, productivity, industrial policy at the forefront of the policy debate.

While many European Union governments are engaging in fiscal consolidation plans, in an urge to bring down public debt, the publication in September 2024 of the Draghi Report on productivity highlighted a completely different set of priorities. The Report’s starting point is the diagnosis of an increasingly evident growth gap that has been opening between the EU and its main competitors (mainly the United States and China) - a gap that the former European Central Bank president rightly attributes to a chronic stagnation of productivity growth, for large and small countries alike. While lacklustre EU productivity has many causes, the Report has the merit of emphasizing that boosting productivity cannot occur without substantial resources.

The digital and green transitions will require massive investment, and so will the efforts to enhance strategic autonomy and EU security. The Draghi report quantifies these resources at around €800 billion annually (around 5% of EU GDP), of which about half should come from public investment. The existing evidence, in fact, quite robustly points to the fact that public investment crowds-in private capital. This happens on one side by providing a stable macroeconomic environment; and on the other side by increasing the expected profitability of private investment; the crowding-in effect is even larger when uncertainty is higher, so, typically during periods of structural transformation like the one that lies ahead for the European and the world economy.

It worth noting that the emphasis on the need of a substantial increase in investment, both public and private, has been apparent to most economists and practitioners since 2009; and, of course, something that the **European Public Investment Outlook series** have consistently emphasized. But the Draghi Report is an important breakthrough as it is now garnering the attention of the media and policy makers.

The sequence of crises that has shaken the world and European economies since 2008 has belied the faith in the markets’ ability to converge to the natural equilibrium that characterized the consensus in macroeconomics before the Global Financial Crisis. The long period of supposed “Great Moderation”, characterized by stable growth and inflation, led some economists to speak somewhat imprudently of the end of history. However, this period fostered growing inequality and financial fragility, issues which, when they eventually emerged into the light of day during the Global Financial Crisis, exposed the inability of markets to allocate resources efficiently and to integrate long-term constraints such as environmental and social sustainability into their behaviour.

To access the four volumes
click

Outlook 2020

<https://www.openbookpublishers.com/books/10.11647/obp.0222>

Outlook 2021

<https://www.openbookpublishers.com/books/10.11647/obp.0280>

Outlook 2022

<https://www.openbookpublishers.com/books/10.11647/obp.0328>

Outlook 2023

<https://www.openbookpublishers.com/books/10.11647/obp.0386>

Outlook 2024

<https://www.openbookpublishers.com/books/10.11647/obp.0434>

OpenBook
Publishers 

ebook

ebook and OA editions
also available



The long overdue “Rethinking Macroeconomics” process set in motion by the crises is not over yet, and it is unclear whether a new consensus will emerge. However, the repeated, evident inability of markets to coordinate on stable and satisfactory equilibria suggests that, in the future, theoretical models will foresee a role for economic policy in pursuing socially desirable and economically efficient outcomes. Depending on the circumstances, this can be accomplished by supporting markets, guiding them, and sometimes even replacing or counteracting them. Therefore, the multifaceted impact of a changing economic paradigm and the global scenario on Europe and its Member States is the Ariadne’s thread that runs through **Investing in the Structural Transformation. 2024 European Public Investment Outlook**, which focuses mainly on industrial policy. It explores how Europe can drive structural transformation through strategic public investment. Reflecting on the lessons from the 2008–2020 crises and recent economic challenges, it examines the role of fiscal policy in both stabilization and in the long-term. As with the previous reports, the **2024 European Public Investment Outlook** includes two parts.

Part One details the challenges for public investment and industrial policy in selected European countries. This part starts with a description of public investment trends in Europe by European Investment Bank economists (Chapter 1), which have increased in recent years, but require better coordination in three key areas: European Public Goods (EPGs), national policy coordination, and funding in the current global context of strained multilateralism and globalization (such as constantly shifting geopolitical developments, climate change, the COVID-19 pandemic, energy crises, and the demand for strategic autonomy). Furthermore, the chapter underlines that country-specific challenges, such as import dependency and technological backwardness, also require tailored solutions.

This general chapter is followed by four in-depth country reports. France (Chapter 2) has historically invested in public infrastructure. However, since the 2008 financial crisis, the trend has reversed leading to a decline in the public capital stock and net wealth. While the initial post-crisis focus was on cost reduction and competitiveness, the pandemic shifted the emphasis to industrial sovereignty and reindustrialization. The frequent policy oscillation highlights a lack of long-term vision in French policymaking.

Germany (Chapter 3) continues to face chronic underinvestment in public infrastructure. The recent ruling by the Federal Constitutional Court, blocking the transfer of unused pandemic funds to the climate fund, has worsened the situation. Moreover, the reimposition of the debt brake in 2023 further tightens fiscal constraints, jeopardizing Germany’s capacity to address crucial infrastructure and climate change challenges.

Italy (Chapter 4), the second largest EU manufacturer and among the EU’s leading exporters, is in need of an industrial policy strategy. The analysis offers insights on identifying aspects of a national industrial strategy through the Italian National Recovery and Resilience Plan (NRRP), particularly Missions 1 (Competitiveness) and 4 (Education and Research) and the strengthening of Special Economic Zones (SEZs).

The assessment on Spain (Chapter 5) delves into public investment trends, highlighting the significant impact of the COVID-19 pandemic. The crisis led to renewed fiscal stimuli and the allocation of Next Generation EU funds, enabling the country to implement an industrial transformation strategy centred on key sectors with high potential and multiplier effects.

Like in previous instalments of the Outlook series, **Part Two** presents contributions on the theme of the report. From the different perspectives of the chapter authors, it emerges the crucial need for a robust European industrial policy that effectively addresses pressing challenges such as the green transition, economic security, and the imperative to invest in key strategic sectors, including defence and the automotive industry. Moreover, this part offers some considerations on sustaining structural investment financing beyond 2027.

Several chapters advocate for a new industrial policy that transcends traditional manufacturing boundaries. This policy should be globally oriented, driven by education, green innovation, and societal well-being (Chapter 6). More specifically, it should address the decline of core countries’ competitiveness in sophisticated industries and the underperformance of peripheral countries. To revitalize growth, the EU should focus on innovation, scaling up, and reorienting peripheral economies towards global markets (Chapter 7).

The other chapters of Part 2 focus on specific sectors that are particularly relevant in the current juncture and reinforce the point that modern industrial policy needs to resort to a multiplicity of instruments to effectively address the challenges of structural transformation.

A recurring theme is the need for European public goods, in the context of a more integrated economic security (Chapter 8) and a more integrated defence spending in (Chapter 9) to achieve greater convergence of foreign policy objectives.

The subsequent chapters focus on two current weaknesses of the European economy. One assesses the vulnerability of the European automotive industry and the relevance of the German development model in ensuring sustainable mobility (Chapter 10). The other attempts to delineate the challenges of the financial framework for the next long-term EU budget (Chapter 11).

The volume also emphasises the critical need for improved coordination, effective policies, and addressing challenges such as economic vulnerabilities, defence, and sustainable mobility. A robust EU industrial policy is essential for sustainable growth, economic security, and recovery. Moreover, **Investing in the Structural Transformation** links with the issue of the 2023 European Public Investment Outlook (**Financing Investment in Times of High Public Debt**), dedicated to the constraints posed by high public debt, by offering some proposals on sustaining structural investment financing beyond the year 2027.

This report is essential reading for researchers, economists and policymakers focused on understanding and implementing effective public policy in Europe and will further appeal to anyone interested in EU governance and public investment strategies more broadly.