

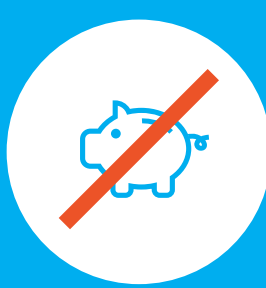
Austerity revisited versus a new sustainable growth path?

Europe needs to get back on a track of sustainable growth and quality job creation. Europe needs investment to stimulate growth and kick-start the economy. **It is time to draw conclusions from these lessons!**

Alternatives



Growth-oriented spending



Stop austerity policies



More ambitious investment plan



Higher wages and quality jobs

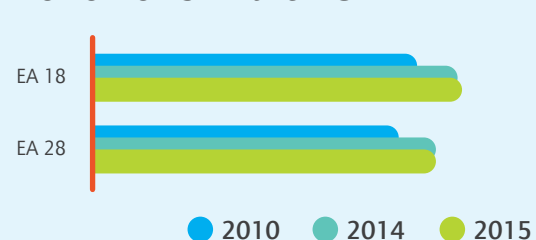


More worker participation

Economy

1 ? Has austerity decreased public debt? ⇒ Growth Very slow recovery

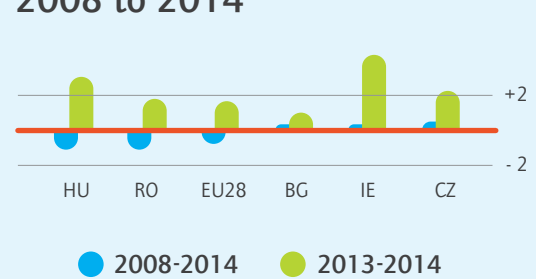
Gross public debt/GDP ratios, 2010-2015 in the EU



2 ? Has austerity led to GDP rise?

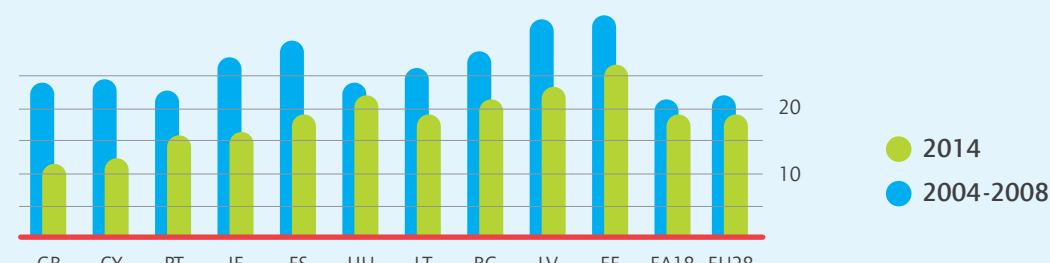
Debt Reduction Has not worked

Change in real GDP, 2008 to 2014



Investments Went down big time

Gross fixed investment as % of GDP, 2004-2008 and 2014



3 ? Has austerity stimulated anything but spending cuts?

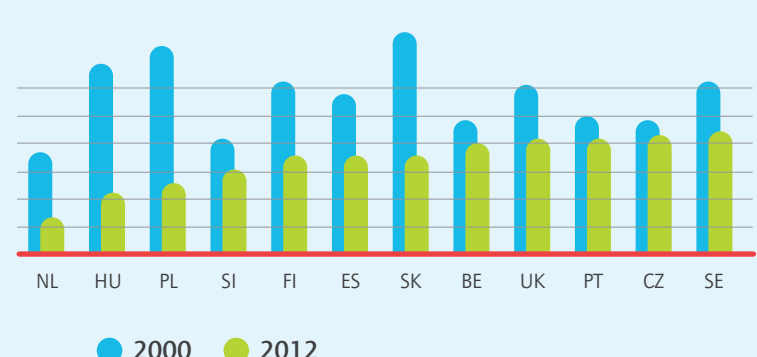
24 out of 28 EU countries

between 2010-2014 had more revenues than spending

4 ? Has austerity demanded equal share to be paid by citizens and corporations?

Average corporate tax rate in EU 2012: 6.5%
Statutory average EU tax rate 1995: 35% → 2014: 22.9%

Implicit tax rates, % of corporate income, 2000 and 2012

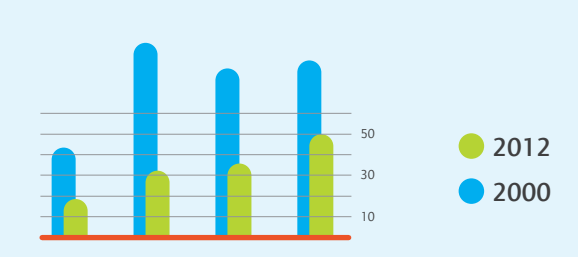


Ireland, Luxembourg, the Netherlands: tax reductions up to 95%

Jobs and wages

1 ? Has austerity protected workers' wages?

Collective bargaining coverage

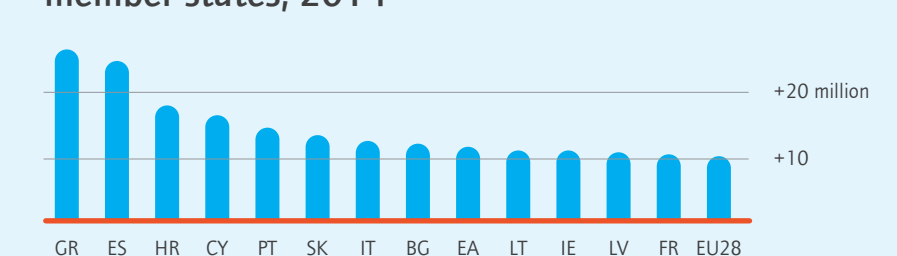


Collective bargaining decentralised and with smaller coverage

2 ? Has austerity produced more jobs?

Unemployment No progress

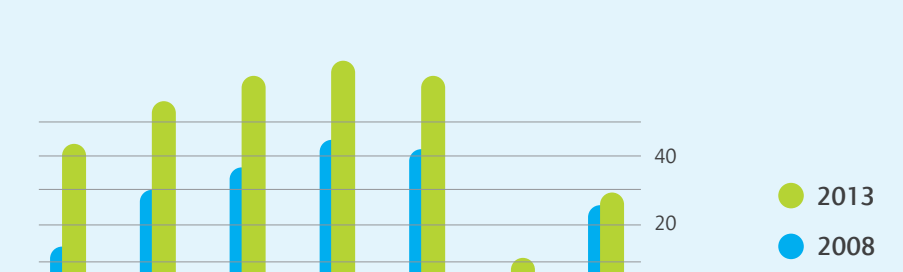
Unemployment rates in EU28 member states, 2014



Half the EU has high levels of unemployment

3 ? Has austerity produced better jobs?

Involuntary part-time employment as % of total part-time employment, 2008, 2013 age 15-64



But even worse: Most newly created jobs are of low quality

90% of new recruitments in Spain are to low quality jobs

2008

8

years of crisis management

After 8 years of crisis the EU still faces stagnation. Austerity does not deliver what its proponents expected, the Europe 2020 goals are beyond reach. Destructive effects of tight fiscal policies and deregulatory reforms have reached a dead end.

Have we learned the lessons?