SciencesPo
CENTRE FOR EUROPEAN STUDIES AND COMPARATIVE POLITICS

cnrs

Public investment policies in Europe

Workshop organized by Sciences Po, Centre for European Studies and Comparative Politics (Axis Transformations of Capitalism),
to be held September 6th and 7th 2021 at the CEE, Sciences Po Paris

One of the characteristics of the recovery plans set up in 2020 by the various Member States and the European Union to respond to the economic consequences of the current health crisis is that, in addition to measures to support businesses and household consumption, they also include a strong emphasis on long-term public investment. Targeted at sectors considered strategic, these investments are expected to stimulate the future growth of European economies. Thus, out of the 130 billion of the German stimulus package, 50 billion is earmarked for "investments for the future and green technologies". In France, at least 30 billion of the 100 billion provided for in the plan are also devoted to this type of spending. As for the European Commission, it intends to turn 750 billion of the European plan into an "investment plan for ecological and digital transition", making the granting of aid to member states conditional on these two objectives.

This promotion of public investment does not originate from the current crisis. The Investment Plan for Europe (known as the Junker Plan) adopted by the Commission in 2015 - and renewed since then - or the announcements by the new president of the Commission for a "European Green Deal" in the fall of 2019 already corresponded to this logic. In France - a country known for its tradition of economic dirigisme as much as for its support for more flexible budgetary rules (Schmidt, 1996; Verdun, 2003) - this was also the case with the establishment after the 2008 crisis of the Future Investment Programs (PIA) and the Public Development Bank (BPI France). However, other EU member states had started promoting public investment as well, such as Germany, which, in the face of declining growth, has been showing signs of a shift in economic policy towards public investment over the past one to two years (Boutelet, 2019; Nienaber, 2019). In Belgium, the federal government and the governments of the federated entities agreed in 2016 on a "National Pact for Strategic Investments" based on the following strategic areas: mobility, energy, digital, health, education and security/justice. In the same vein, the newly installed federal government has a Secretary of State in charge of Recovery and Strategic Investments. In addition, to address the risk of "secular stagnation", international organizations such as the IMF and the OECD had also begun to advocate a revival of public investment from the mid-2010s, particularly for countries with "fiscal space" deemed sufficient for this purpose (Ban, 2015, Seabrooke et al. 2015; Ban, Patenaude, 2018).

This promotion of public investment breaks with the doctrine of strict budgetary orthodoxy and the doctrine of non-intervention by the State in the economy, which should be limited to the role of market regulator (Majone, 1997; Thatcher 2002). By encouraging public investment, one reaffirms the legitimacy of the State to finance certain economic actors to the detriment of others and thus to give direction to the economy. This role, presented as necessary to stimulate growth, involves using the leverage of fiscal policy and may even justify indebtedness. However, it seems that these investments do not take the form of post-war investments, both from the point of view of the macroeconomic logic into which they fit and from the point of view of the instruments and modalities of their implementation (Mertens, Thiemann, Volberding, 2021). They rely much more on financial instruments such as loans, guarantees or temporary equity investments than on direct grants (Mertens, Thiemann, 2019). They also involve private actors more in decision-making, particularly through public-private partnership and co-financing instruments (Vecchi, Hellowell, 2018; Piron, 2020). The institutions in charge of their implementation, such as public banks or agencies, generally have a certain degree of independence from the State themselves. Through these instruments, it seems that current investment policies are taking a form adapted to European competition rules and, more generally, to the neoliberal framework (Mertens, Thiemann, Volberding, 2021).

The objective of this workshop is therefore to examine this (re)valorisation of public investments in Europe, the forms it takes and the logics it pursues. To this end, we would like to bring together works that empirically analyze how these investment policies are carried out thanks to sociological analyses of the actors involved, the interactions between them and the possible resistance they face. These case studies may focus on the investment strategy of a country as a whole or from more specific points of view: a sector (such as energy, research, digital), a territory (such as a region or a city potentially concerned by these policies), or specific institutions (such as public investment banks, administrations in charge of industrial policies at the national or local level, commercial banks, European institutions, etc.). They can take into account the entire policy making process, from policy formulation to implementation, or focus on one of its aspects. Finally, they may concern one or more European countries, European institutions, or even non-European countries if they can enlighten or serve as a counterpoint to the phenomena observed in Europe.

Thanks to these surveys, we wish to explore the on-going transformations of the role of the State in the economy (Alami and Dixon, 2020) and the evolution of neoliberalism (Schmidt, Thatcher, 2013), the role of recent economic crises in this process, as well as the capacity of the State to steer the economy through these renewed investment modalities.

We plan to publish the contributions in a special issue for a journal such as the *European Journal of Public Policy, New Political Economy, Comparative Political Studies or Competition & Change.*

Proposals should be sent to the organizers at the following addresses by the 19th of March:
d.piron@uclouvain.be
matthias.thiemann@sciencespo.fr
ulrike.lepont@gmail.com

References:

Ban Cornel and Bryan Patenaude, 2018. The Professional Politics of the Austerity Debate: A Comparative Field Analysis of the European Central Bank and the International Monetary Fund. *Public Administration*, DOI: 10.1111/padm.12561.
Ban Cornel, 2015. Austerity versus Stimulus? Understanding Fiscal Policy Change at the International Monetary Fund Since the Great Recession ». *Governance*, 28 (2), p. 167-183.
Boutelet Cécile, 2019. Vers une nouvelle stratégie industrielle en Allemagne. *Le Monde*, 6 février.

Mertens Daniel, Matthias Thiemann, and Peter Volberding, 2021. Introduction: The Making of a European Field of Development Banking. In Daniel Mertens, Matthias Thiemann, and Peter Volberding (eds.), *The Reinvention of Development Banking in the European Union: Industrial Policy in the Single Market and the Emergence of a Field*, Oxford University Press.

Ilias Alami and Adam D Dixon, 2020. State capitalism(s) redux? Theories, tensions, controversies ». *Competition & Change*, 24 (1), p. 70-94.

Majone G, 1994. The Rise of the Regulatory State in Europe. *West European Politics*, 17 (3), p. 77-101.

Mertens Daniel and Matthias Thiemann, 2019. Building a hidden investment state? The European Investment Bank, national development banks and European economic governance. *Journal of European Public Policy*, 26 (1), 23-43.

Nienaber Michael, 2019, « Berlin envisage un "budget parallèle" pour emprunter plus », 9 septembre, https://fr.reuters.com/article/idFRKCN1VU238-OFRBS

Piron Damien, 2020. Gouverner l'investissement public par la comptabilité : Une valse à trois temps autour du traitement comptable des partenariats public-privé (PPP) en Europe. *Politique et Sociétés*, 39 (1), p. 65–92.

Schmidt Vivien. A., et Mark Thatcher (eds.), 2013. *Resilient Liberalism in Europe's Political Economy.* Cambridge : Cambridge University Press.

Schmidt Vivien, 1996. *From State to Market? The Transformation of French Business and Government.* Cambridge: Cambridge University Press.

Seabrooke Leonard, Cornel Ban, Oddný Helgadóttir, Emelie Rebecca Nilsson, Kevin Young, 2015. Assessing the Spread of Neoliberal Ideas and Influence. INET Conference, OECD, Paris, April 8-11.

Thatcher Mark, 2002. Analysing Regulatory Reform in Europe. *Journal of European Public Policy*, 9 (6), p. 859-872.

Vecchi, Veronica and Mark Hellowell, 2018. Public-Private Partnerships. In Edoardo Ongaro et Sandra van Thiel (sous la dir. de), *The Palgrave Handbook of Public Administration and Management in Europe*, p. 381-402.

Verdun Amy, 2003. La nécessité d'un « gouvernement économique » dans une UEM asymétrique. Les préoccupations françaises sont-elles justifiées ? *Politique européenne*, 10 (2), p. 11-32.