# The European Investor State: when public actors act like investors

*In this video, Ulrike Lepont and Matthias Thiemann present a special issue of the journal* Competition and Change *on "The European Investor State in the Making", that they co-edited.*

## What is this special issue about?

**Ulrike Lepont**: The aim of this special issue is to contribute to a current debate about the strengthening of state interventionism since the 2008 financial crisis and the way to characterise it. It gathers 7 articles about public investment in Europe, which use and discuss, at least partially, the concept of "European Investor State".

**Matthias Thiemann**: By this concept, we seek to capture the reconfiguration of state intervention in Europe, where financial instruments and derisking of private investors have become ever more important. And so we are trying to capture how the state starts to behave like an investor, speaks like an investor and seeks to collaborate with private investors, on the European Union level, on the national state level and on the local level.

## What about your own articles?

**Ulrike Lepont**: My article develops an interpretation of the investor state, which helps to understand what seems to be a paradox in current fiscal policy, in France at least, that is a simultaneous emphasis on valuing public investment on one side, and maintaining austerity on the other side. And my claim is that investment is becoming not only a new form of state interventionism but also a new way for the state to legitimise its action.

On the flipside, the consequence of this, is that the public spending and state action in the healthcare sector, in primary education, in social policies, etc, which are not considered as investments, are deligitimised.

And that is why, to me, the concept of investor state allows to understand both the austerity and the promotion of public investment, not as two isolated phenomena, but as the two sides of the same political trend.

**Matthias Thiemann**: My article is called "Breeding Unicorns in the European Union". The coauthor Dan Mocanu and I are tracing the increasing involvement of the European Union in the venture capital market. What we are showing is how the European Union, from a merely supporting role from the 1990s, today is actually a major investor and director of venture capital in the EU, seeking to generate unicorns, that is enterprises that are worth more than 1 billion euro at the date of IPO [Initial Public Offering].

And we link this development to, on the one hand, the shortcomings of the venture capital market, which made intervention ever more important; and on the other hand, the increasing realisation of the European Union that in a context of competition with China and the United States, it is important to direct the development of technological innovation in a very conscious and strategic manner.

## And the other papers?

**Matthias Thiemann**: In a first article by Alayrac and Thyrard, we learn about the genesis of the European investor state from prior figurations of the European Union's modes of intervention in Europe. And we come to understand how and why this new European investor state is so dominated by development bankers and other actors that push for public investment.

In a second article by Vanessa Endrejat we learn how off-balance sheet entities, such as development banks, became so important in this configuration of the European investor state, both at the European but also at the national level, and how this off-balance sheet financing allows state to be active while keeping in line with European debt rules.

**Ulrike Lepont**: The article by Antoine Ducastel and his co-authors is a study of the implementation of public investment in green infrastructure in France. And what it shows is that there is a hiatus between increasing funding for this kind of green infrastructure and at the same time a decrease in the administrative capacity of the French state. And that's the paradox also of the European investor state.

Damien Piron's article compares Wallonia and Flanders in Belgium and shows that one region, Wallonia, did not use the financial instruments for its public investment policies as did the Flanders region. And the conclusion is that actually the investor state is not implemented everywhere; there is a political agency to choose to use this kind of financial instruments.

**Matthias Thiemann**: And in a last article by Clara Volintiru we learn about how the European investor state seeks to use its newly gained capacities to engineer the transition to the carbon free economy and how it seeks to compensate losers with investments, a strategy that doesn't really seem to be working, at least according to the authors.

*Interview by Véronique Etienne, January 2024*