

GROWTH._€
TRANSITION

EU 2020

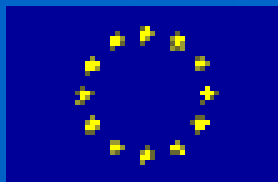
THE ELUSIVE QUEST FOR GROWTH ?



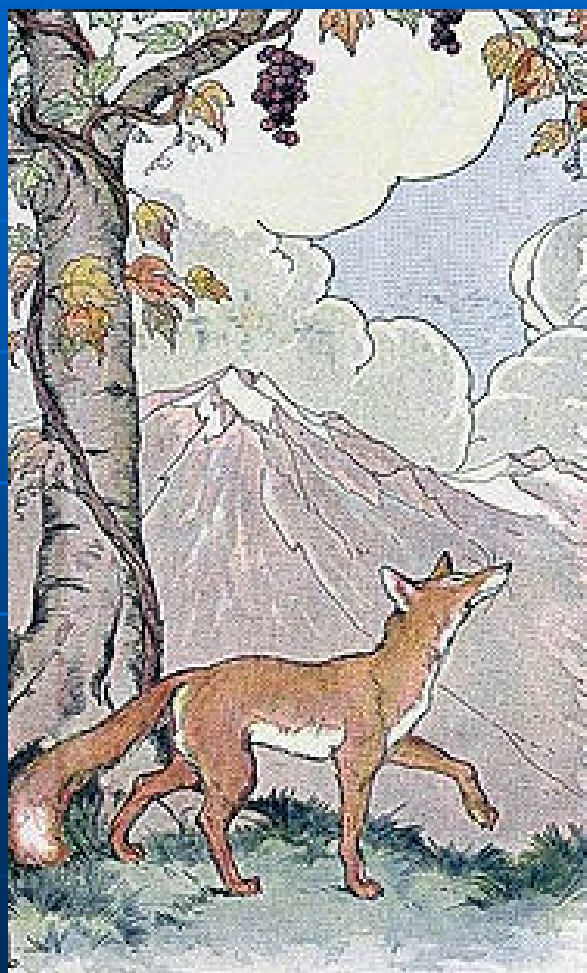
Karl Pichelmann

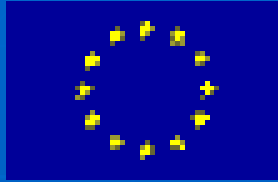
**Economic
and Financial Affairs**

DIRECTORATE • GENERAL



Lean years ahead ?

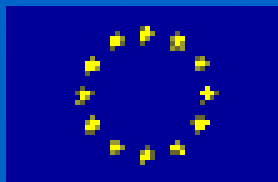




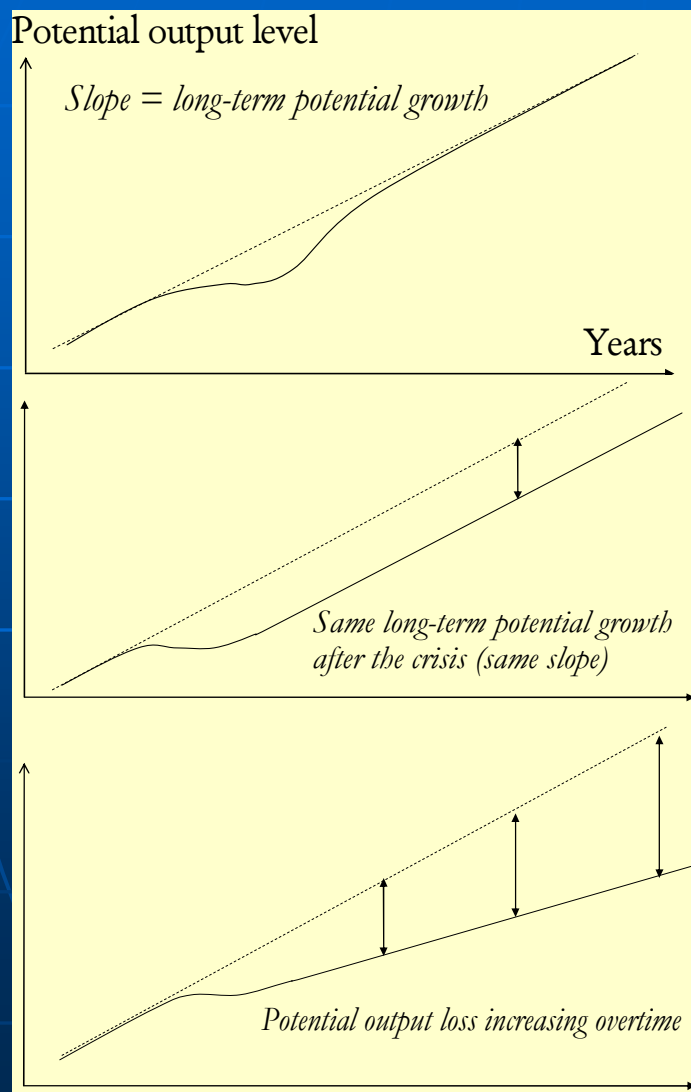
ὄμφακες εἰσὶν ?



From Wikipedia: *"Sour grapes" is an expression originating from the Aesop Fable 'The Fox and the Grapes'. It always refers to an unattainable goal and human reaction to it. It can mean to deny desire for the unattainable item. More often, it refers to the nature of humans to rationalize why they wouldn't want it anyway. The phrase has come to be synonymous with bitterness in most modern contexts.*



Potential growth trajectories – an illustration –

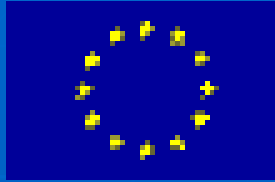


The impact on potential level going forward depends on

...whether growth can catch up to previous trend rates ...

...otherwise leaving a permanent loss in the potential output level...

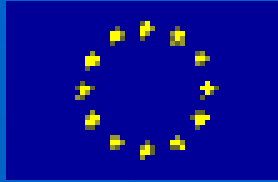
...which may increase over time if growth does not return to the pre-crisis rates.



Economic challenges ahead



- **Making a successful exit from the crisis – promoting overall exit strategies designed to secure growth and jobs – paving the way for the entry into a new sustainable social market economy, a smarter and greener economy => EU2020.**
- **Arrest the worsening of labour market conditions and avoid hysteresis effects taking hold**
- **Repair the financial system, fix vulnerabilities in the banking sector and proceed with the redesign of financial regulation and supervision**
- **Any premature withdrawal of policy stimulus should be avoided, but exit strategies should be ready for implementation when the recovery is firm.**
- **Address the long-term sustainability of public finances – not least in view of the implications of ageing populations**
- **Fiscal consolidation strategies should be embedded in a broader policy framework that also entails growth-enhancing structural reforms.**

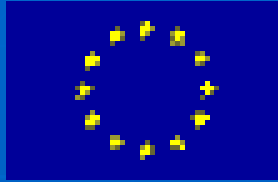


EU 2020



Acting together on a common vision

- **Creating value by basing growth on knowledge**
- **Empowering people in inclusive societies**
- **A competitive, connected and greener economy**



***Thank you very
much for your
attention***