How to get really out of the Great Recession?
iAGS is an independent project

Financial support from the S&D Group of the European Parliament within the context of their Progressive Economy Initiative launched jointly with FEPS
What is iAGS?

- A task force of 15+ economists from 3 renowned economic institutes
  - OFCE (Paris), IMK (Düsseldorf), ECLM (Copenhagen)

- An assessment of the situation of the EU (mainly EA in iAGS 2013)
  - Economic, public finances and social
  - A global view as EU is a global entity
  - A country by country analysis as well

- An alternative strategy for EU policy
  - Fiscal, monetary policies and structural reforms

- A competitor to the Commission’s Annual Growth Survey
  - Independent, fostering a debate
  - Opening black boxes

- A recurring analysis
  - Proud to present the iAGS 2013 report
The Great Recession is going on

<table>
<thead>
<tr>
<th>GDP yearly growth</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
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<tbody>
<tr>
<td>Germany</td>
<td>3.1</td>
<td>0.8</td>
<td>0.6</td>
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<tr>
<td>France</td>
<td>1.7</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Italy</td>
<td>0.6</td>
<td>-2.1</td>
<td>-1.5</td>
</tr>
<tr>
<td>Spain</td>
<td>0.4</td>
<td>-1.3</td>
<td>-1.3</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1.1</td>
<td>-0.9</td>
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<tr>
<td>Belgium</td>
<td>1.8</td>
<td>-0.2</td>
<td>-0.2</td>
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<tr>
<td>Ireland</td>
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<td>-0.4</td>
<td>-0.4</td>
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<tr>
<td>Portugal</td>
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<tr>
<td>Greece</td>
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<tr>
<td>Austria</td>
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<tr>
<td>Finland</td>
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<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Eurozone</td>
<td>1.5</td>
<td>-0.4</td>
<td>-0.3</td>
</tr>
</tbody>
</table>

OFCE IMK ECLM joint forecast, nov. 2012

→ Commission forecasts
2012: -0.4%
2013: +0.1%

More on main section of iAGS 2013 report
Social impact of the crisis

- Long-term unemployment in EU can reach 12 million in 2013

Forecast for long-term unemployment within EU-27 and EA

More on main section of iAGS 2013 report
The adjustment has begun

- but at a high cost and without reduction of German surplus

Unit labor cost, 2000=100

Current account (% GDP)

More on main section of iAGS 2013 report and special study « macroeconomic imbalances »
The great Recession is going on because of austerity

- Strongest austerity plans ever, for 3 to 4 years
- Due to degraded outlook, fiscal multipliers are high
- Austerity is ill-designed: it causes recession

More on main section of iAGS 2013 report and special study « Is there an alternative strategy for reducing public debt by 2032? »
A new plan is necessary and possible: iAGS strategy

- Delayed and spread austerity is the solution
  - Waiting for better time to reduce public deficits
  - Delayed austerity allows for debt reduction to 60% GDP in most countries in 2032, with more growth and less unemployment

- Mobilizing structural funds and EIB to sustain growth at EU level
  - But it has yet to be implemented!

- Addressing the ‘financial market pressure’, by a clear involvement of ECB
  - OMT is a step, conditionality with delayed and spread austerity

- Compatible with existing treaties

More on main section of iAGS 2013 report and special study « Is there an alternative strategy for reducing public debt by 2032? »