Danuta Hübner

For far too long European policy makers have been waiting for expansionary effects of fiscal austerity. Projected growth figures for years to come, growing unemployment, especially among young people, seem to confirm that, under current circumstances dominating in the financial markets, without strong growth impulses coming from public spending, relaunching growth is rather unlikely. The longer stagnation lasts, the bigger the damage to productive structures and competitiveness of European economy.

Markets do not look any more at debts and deficits only but increasingly at capacity to relaunch growth. So we must look at austerity packages with a profound criticism because it is clear now that factors other than sovereign debts influence markets, meaning that responses must go beyond fiscal adjustment.

The need for immediate action to boost growth is absolutely clear. Only growth can make financial and fiscal stabilities less fragile.

Growth agenda cannot be focused only on structural reforms, important as they are. These will take time. Boosting investment, exports, consumption - there is nothing new about it. Improving access to finance is also obvious. Boosting public investment is a policy measure well known from the history. Surplus countries doing their job - this is a new factor which has not yet been exploited to facilitate growth in those countries hit most by the crisis. Better exploiting the fact that EU's economic health is not a simple sum of national situation and that interlinkages can help should be also on European growth agenda.

Growth path based on the right balance between the long term budgetary consolidation and short term public policies boosting investment is a very narrow path. There is no miracle, no one size fits all solution but there are policy measures one can think of.

Macroeconomics of austerity has done a lot of damage to the productive potential of European economies, especially to the labour force. Microeconomics matters increasingly. But microeconomics will not look after itself, so we need to act at microeconomic level.

Adjustment through austerity takes too much time. Microeconomic approach to growth is today necessary. So helping SMEs to get credit, being pragmatic in creating stimulating conditions for investment in innovation, facilitating access to affordable adequately educated work force.

Filling the gap banks have left, for example by facilitating now, not tomorrow, access for SMEs to venture capital is urgent. There are many ideas of how to make lenders feel more secure.

We must also understand that there is no trade-off between innovation and job creation. There is a need to strike a sustainable balance between support for existing jobs and the creation of new ones. Investing in a highly skilled labour force will go hand in hand with innovation. There will be jobs that are not sufficiently rewarded by the markets. We must have policy instruments to cope with this.

New growth agenda must produce measures both on the supply and demand side. It is not about going back to where Europe economy was when the crisis hit. It is about creating jobs in new enterprises and sectors, it is about young people being helped to create jobs and not about them looking for jobs.

It is about new financial instruments designed and conceived with public funding but having an exceptionally strong leverage potential attracting private capital through risk sharing. EU budget must be wisely designed to deliver leveraging.

Growth agenda, if we mean by it just a national or European plan with supportive instruments that can be launched in 3-4 years, will not make it. Getting local and regional levels on board is fundamental. Universities look for partners among SMEs down there, on the ground, banks can get involved with cooperatives or SMEs which are around the corner, confidence can be generated and nurtured among partners that know each other.