Expert Commission presents 10-point plan to increase investment, growth, and jobs

The Expert Commission appointed by Federal Minister of Economic Affairs Sigmar Gabriel proposes a 10-point plan to lay a new foundation for increasing investment, growth, and jobs in Germany. With this, both the existing investment opportunities in the public sector as well as the framework conditions for private investment should improve — including through an investment pact for municipalities, the formation of a public infrastructure institution, and a public infrastructure investment fund. In the creation of a plan to “strengthen investment in Germany,” the Expert Commission was able to draw upon an unusually broad consensus: Representatives from the private sector, academia, public institutions, and trade unions worked for eight months on a common set of measures. "We agree that the major investment gap must be solved in order to make our country sustainable and ensure long-term prosperity. To this end, the Commission's recommendations for action can make a substantial contribution that will benefit the country, its citizens, its economy, and the government,” explained Marcel Fratzscher, Chairman of the Commission and President of the German Institute for Economic Research, Jürgen Fitschen, Co-Chairman of the Management Board of Deutsche Bank, and DGB Chairman Reiner Hoffmann at the joint press conference in Berlin on Monday. "Now the decision lies with the policymakers. We have a laid good foundation for the government to achieve the goal set out in the coalition agreement, which aims to increase the rate of investment so that it exceeds the OECD average. "The complete report will be presented to the Federal Ministry for Economics on April 21 in Berlin.

Fratzscher presented some of the core elements of the report: The recommendations for action are geared toward increasing public investment in the long term and, above all, helping municipalities reduce their large investment backlog. "For this, we propose a national investment pact for municipalities, the enhancement of municipal capacities, the establishment of a public infrastructure institution, the strengthening of public cooperation as well as a strengthening of commitment from the government. We also consider it necessary to look into the creation of a public transport infrastructure company for federal highways to get the problem of dilapidated roads — which burden not only citizens, but also the economy — under control. In order to increase private investment, economic policy must significantly improve the framework conditions. This is especially true for the key sectors of the future: innovation and startups, energy and digital infrastructure. Furthermore, the Commission recommends extending the Juncker plan for the strengthening of investment throughout Europe. If the plan is successful, it could be developed into a permanent mechanism.”

Fitschen emphasized the opportunity to incorporate private capital into the financing of public infrastructure projects. "Long-term investment in infrastructure has taken hold beyond the banking sector, in insurance companies and pension funds. It is important that the policies create stable framework conditions suitable for this purpose to ensure that private investors are also attracted. As members of the Expert Commission to strengthen investment in Germany, we have jointly signed off on numerous recommendations to advance the development of infrastructure in Germany. However, purely national proposals are not enough,” explained Fitschen. "Many infrastructure projects, such as the digitization of the economy, the future of our energy supply, and the further integration of the European financial markets, must be thought out and implemented with all of Europe in mind."
Reiner Hoffmann, Chairman of the German Federation of Trade Unions (DGB), praised the constructive cooperation of the members of the unusually diverse Commission. He emphasized that the federal government should first exhaust state funding options for projects. "Measured against the OECD average, Germany’s annual investment needs amount to 90 billion euros. This is a priority for the future of our country, for future jobs, and for future prosperity." The Commission discussed this challenge intensively and in a constructive atmosphere. When financing projects, the DGB favored a credit-financed investment program in which the federal government would not have to pay interest even on longer-term loans, thanks to the current low interest rates. This would provide a historic opportunity to modernize the crumbling public infrastructure at no cost and to lay the foundations for growth and community development. That would be sensible and fair – especially for future generations.”

The Expert Commission was established in summer 2014 by Federal Minister of Economic Affairs Sigmar Gabriel. The proceedings took place between August 2014 and April 2015. The members of the Commission are: Prof. Marcel Fratzscher, Ph.D. (DIW Berlin, President); Dr. Stephan Articus (Deutscher Städtetag); Frank Bsirske (Ver.di); Robert Feiger (IG Bauen, Agrar, Umwelt); Prof. Dr. Lars Feld (Walter Eucken Institut und Albert Ludwig University of Freiburg); Jürgen Fitschen (Deutsche Bank); Prof. Dr. Veronika Grimm (University of Erlangen–Nuremberg); Reiner Hoffmann (DGB); Dr. Helga Jung (Allianz); Dr. Markus Kerber (BDI); Wolfgang Lemb (IG Metall); Franz-Josef Lersch-Mense (State Chancellery of North Rhine-Westphalia); Dr. Hans-Hartwig Loewenstein (Central Association of German Construction); Dr. Thomas Mayer (Flossbach von Storch); Dr. Torsten Oletzky (Ergo Insurance Group); Prof. Dr. Siegfried Russwurm (Siemens); Prof. Dr. Monika Schnitzer (Ludwig Maximilian University of Munich); Dr. Harald Schwager (BASF); Dr. Eric Schweitzer (DIHK); Michael Vassiliadis (IG Bergbau, Chemie, Energie).

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