

How to spend it: A proposal for a European Covid-19 recovery programme

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The Recovery Fund recently proposed by the EU Commission marks a sea-change in European integration. Yet it will not be enough to meet the challenges Europe faces. There has been much public debate about financing, but little about the sort of concrete projects that the EU should be putting public money into. We propose in [Policy Brief n°72](#) a 10-year, €2tn investment programme focusing on public health, transport infrastructure and energy/decarbonisation.

The investment programme consists of two pillars. In a national pillar Member States – broadly as in the Commission proposal – would be allocated €500bn. Resources should be focused on the hardest-hit countries and front-loaded: we suggest over a three-year horizon.

The bulk of the money – €1.5tn – would be devoted to finance genuinely European projects, where there is an EU value added. We describe a series of flagship initiatives that the EU could

launch in the
fields of public health, transport infrastructure and
energy/decarbonisation.

We call for
a strengthened EU public health agency
that invests in health-staff skills and then facilitates their
flexible
deployment in emergencies, and is tasked with ensuring
supplies of vital
medicines (Health4EU).

We present
costed proposals for two ambitious transport initiatives: a
dedicated European
high-speed rail network, the Ultra-Rapid-Train,
with four-routes cutting travel times between EU capitals and
regions, and,
alternatively, an integrated European
Silk Road initiative that combines transport modes on the
Chinese model.

In the area
of energy/decarbonisation we seek to “electrify”
the Green Deal. We call for funding to accelerate the
realisation of a
smart and integrated electricity grid for 100%-renewable
energy transmission (e-highway), support for complementary
battery and green-hydrogen projects, and a programme, modelled
on the SURE
initiative, to co-finance member-state decarbonisation and
Just Transition
policies.

The crisis
induced by the pandemic, coming as it does on top of the
financial and euro
crises, poses a huge challenge. The response needs to take

account of the
longer-run structural challenges, and above all that of
climate change. The
European Union should rise to these challenges in the reform
of an ambitious medium-run recovery programme,
appropriately financed. An outline of such a programme is set
out here
by way of illustration, but many permutations and options are
available to
policymakers.

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