

**PRESS RELEASE****Vienna, 27 June 2014****Charting Ways out of Europe's Impasse – a Policy Memorandum**

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***In view of the EU Council meeting, at which European heads of state will discuss economic growth, competitiveness and employment in Europe, the international AUGUR research consortium published a Policy memorandum, in which it outlines possible ways out of prolonged stagnation and low growth in Europe.***

The **European Union has reached a critical juncture** in dealing with the fallout from the **2008 financial meltdown** that started in the USA and spread to engulf banks and the financial markets of Europe. The ensuing recession or stagnation in many member countries was compounded by austerity programs undertaken by national governments, in some cases as a pre-condition for rescue from potential bankruptcy.

**Europe's leaders took initiatives to strengthen financial systems but have been unable to secure a significant recovery of the European economy or avert growing divergences between member states** in GDP per capita, unemployment rates and external-account balances.

This **Policy memorandum** written by participants of a **3-year research project on Europe and the world's socio-economic future to 2030 (AUGUR)** discusses possible ways out of prolonged stagnation and low growth. The current trajectory can trigger **renewed crises** of political-economic sclerosis in Europe and progressively **undermine social standards and well-being**. Such an outcome would strengthen the forces that aim to dismantle European integration.

An **overriding priority must be given to rebalancing the distribution of growth** between different parts of Europe. Policies in R&D, competition and external trade must be reassessed with these objectives in view. **EU finance for social programs in lower-income countries** is needed to support improvements in education, health and other public services that benefit social cohesion thereby securing the foundation for higher productivity and competitiveness.

## **AUGUR - The world and Europe in 2030**

The challenge of this project, which was funded by the EU 7<sup>th</sup> Framework Program, was to capture, within a set of scenarios, the characteristics and implications of a variety of patterns that may occur in 2030 in all domains, be it **political, economic, social, environmental or technological** in Europe and in the world. The project attempted to take stock of **long-term trends** identified in demography, environmental changes as well as to feature some of the effects of likely changes in technology and social behavior, but it also wanted to take into account important **institutional transformations**. To reach this objective, three types of approaches were combined in a systematic way: (1) use of macro models, ensuring that the main interdependencies are taken into account; (2) assuming an institutional perspective, whereby the main mechanisms of coordination were investigated; (3) stemming from the long experience of foresight studies. **The Vienna Institute for International Economic Studies (wiiw)** was one of seven project partners and had the lead of a work-package on Innovation and technology diffusion.

Detailed information on AUGUR: [www.augurproject.eu](http://www.augurproject.eu)

The **Policy memorandum** is enclosed to this press release.

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