

# 7 REASONS, WHY PUBLIC INVESTMENT IS NECESSARY FOR THE ECONOMY

Public investment in services of general interest is primarily investment in infrastructure; in other words in building and maintaining roads and transport networks, digital networks, energy and water supply, sewerage systems, hospitals, housing and educational facilities.



## PUBLIC INVESTMENT ...

### 1 ... INCREASES PRODUCTIVITY

The performance and productivity of private businesses depend to a large extent on the local conditions. Good conditions are created through public investment and the connected services. So, for example, a company benefits from good power supply or the local transport network, and can consequently reduce costs.

### 2 ... INCREASES A LOCATION'S ATTRACTIVENESS

The better local infrastructure is developed in a region, the more attractive it is for businesses to establish themselves there. This in turn attracts even more businesses. A developed public infrastructure starts the ball rolling for the local economy.



### 3 ... IS FOLLOWED BY PRIVATE INVESTMENT



Public and private investments go hand in hand. Public investment in infrastructure does not, as often assumed, take the place of private investment. On the contrary, public sector investment attracts private investment and increases its productivity.

### 4 ... PROMOTES INNOVATION



The private sector has an enormous potential for innovation. However, when the prospects for profit in a new industry or for a new product are still low, it is public investment that bridges the risk. Therefore public spending assists in the advent of new technologies.

### 5 ... CREATES VALUE

Investment expenditure of the public hand frequently gets brushed off as 'creation of more debt'. However public investment creates an enormous long-term value to society which remains in place over generations. Furthermore public investment has dual benefits: improvement of quality of life, and support for the economy.



### 6 ... CREATES JOBS

Public investment is relevant for employment. Spending by Austrian municipalities creates and secures 460.000 full-time jobs. Expenditure in Vienna alone results in 250.000 full-time jobs.



### 7 ... CREATES ADDED VALUE

Municipal spending has a very positive impact on the creation of added value. Local Council expenditure in Austria generated a total effect of EUR 39 bn - in Vienna alone EUR 18 bn.



**!** Public services do not only include services of general interest for people but also for public infrastructure, and with that for the local economy and its businesses.

