Economic Stimulus Packages in Europe

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Background Paper by
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Katharina Umpfenbach, Michael Mehling
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- Obstacles and Ways Over or Around Them – Policy Integration?
- Q: Insights for the Future of the Lisbon Strategy and the EU SDS
EAT YOUR DINNER—CHILDREN IN AMERICA ARE RUNNING OUT OF GAS!
Origins, Causes, Triggers & Revelations of the Crisis 2008

- Housing & Settlements, Transports Patterns & Modes (Sprawl)
- Energy Consumption, Reliance on Finite Energy Resources
- Production, Consumption and Trade Patterns, and Trade Finance
- Financial System (institutions, products & selling, regulation)
- Risk Allocation: From "Fail-safe Products" to "Too Big to Fail"
- Land Use – Forest, Food, Feed, Fuel, Fiber, Fine Chemicals

Questions: Do the Stimulus Packages Address These?
Do the Lisbon Strategy and the EU SDS Address These?
Origins, Causes, Triggers & Revelations of the Crisis 2008

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Questions: Do the Stimulus Packages Address These?
Do the Lisbon Strategy and the EU SDS Address These?
What is in the Stimulus Packages?  [approx. in bn Euros]

<table>
<thead>
<tr>
<th>Member State</th>
<th>Fiscal Measures</th>
<th>SMEs</th>
<th>Infrastructure Investment</th>
<th>Public Buildings</th>
<th>Energy Saving, Renewables</th>
<th>Regional Employment</th>
<th>Research &amp; Education</th>
<th>Cash for Cars</th>
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</thead>
<tbody>
<tr>
<td>Austria (I and II)</td>
<td>3.1</td>
<td>0.7</td>
<td>(0.9)</td>
<td>(0.9)</td>
<td>0.1</td>
<td></td>
<td></td>
<td>0.05</td>
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<td>Germany (I and II)</td>
<td>31.5</td>
<td>17.6</td>
<td>4.0</td>
<td></td>
<td>16.5</td>
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<td>5.0</td>
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<td>France (+ 0.5 for defence)</td>
<td>10.5</td>
<td>8.0</td>
<td>1.7</td>
<td>0.2</td>
<td>4.9</td>
<td></td>
<td></td>
<td>0.22</td>
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<tr>
<td>Poland (10.0 bank garant.), + (7.0) accelerated Invest.</td>
<td>+0.25</td>
<td>3.8</td>
<td></td>
<td>0.34</td>
<td></td>
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<td>Slovenia (no figures)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>UK 11/08, 1/09, Budget 09 +1,500 for bank bail-outs</td>
<td>15.4</td>
<td>4.0</td>
<td>1.2</td>
<td>2.6</td>
<td></td>
<td>1.3</td>
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"What's the Colour of Money" in the Stimulus Packages?

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<tr>
<th>Lisbon Strategy Priorities</th>
<th>Fiscal Measures</th>
<th>SMEs</th>
<th>Infrastructure Investment</th>
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<tr>
<td>Sustainability of Public Finance</td>
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<td>--</td>
<td>0</td>
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<td>Labour Market and Employment Policies</td>
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<td>+</td>
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<td>+</td>
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<td>++</td>
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<td>Research &amp; Development and Innovation</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>+</td>
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<tr>
<td>Infrastructure</td>
<td>0</td>
<td>0</td>
<td>++</td>
<td>0</td>
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<td>Competitiveness and Promotion of SMEs</td>
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<td>Life-Long Learning</td>
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<td>0</td>
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<td>0</td>
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<td>Sustainable &amp; Fair Social Security Systems</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
<td>+</td>
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"What's the Colour of Money" in the Stimulus Packages?

<table>
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<th>EU Sustainable Development Strategy</th>
<th>Fiscal Measures</th>
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<th>Infrastructure Investment</th>
<th>Public Buildings</th>
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<th>Regional Employment</th>
<th>Research &amp; Education</th>
<th>Cash for Cars</th>
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<td>Climate Change and Clean Energy</td>
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<td>Sustainable Transport</td>
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<td>0</td>
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<td>0</td>
<td>0</td>
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<td>Sustainable Consumption and Production</td>
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<td>0</td>
<td>0</td>
<td>+</td>
<td>0</td>
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<td>–</td>
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<tr>
<td>Conservation and Management of Natural Resources</td>
<td>0</td>
<td>0</td>
<td>(−)</td>
<td>(−)</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Public Health</td>
<td>0</td>
<td>0</td>
<td>(+)</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Social Inclusion, Demography and Migration</td>
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<td>0</td>
<td>0</td>
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<td>Global Poverty &amp; Sustainable Development</td>
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<td>0</td>
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<td>0</td>
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</table>
Policy Challenges and Choices

Q: How Can We Integrate SD Requirements into Stimulus Policies?

Shifting from:
- Stimulus to Transformation
- Short-term to Long-term Thinking
- Particular Interests to the Good of Society as a Whole
- Supply-side to Demand-side Measures
- Politics to (rational) Policies

Understanding the Rationalities, Dynamics, & Obstacles through:
- Case Studies & Story Telling (empirical, historical, backward-looking)
- Scenarios & Backcasting (conceptual, futurological, forward-looking)
Questions for the Discussion:

► **How to Prepare Better, Transformational Stimulus Packages?**
  ► Maybe in 2009/2010 if Current Packages Prove Insufficient
  ► Maybe in 3 to 5 Years Time if the Crisis Returns (with a Rhyme)

► **How Can We Prepare for the Coming Fiscal (or Budget) Crisis?**
  ► Reform of Taxes and Charges, and Revenue from Emission Trading
  ► Subsidy Reform: Cut Perverse Subsidies, and Support Transformation

► **Understanding the Origins, Causes, Triggers of the Current Crisis:**
  How Can We "Hard-Wire" Transformation into EU Processes?
  ► Lisbon Strategy & Multilateral Surveillance; EU S.D.Strategy
  ► Other Process, or New Processes that Need to Be Established
Thank You for Your Attention

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