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Economic Stimulus Packages in Europe

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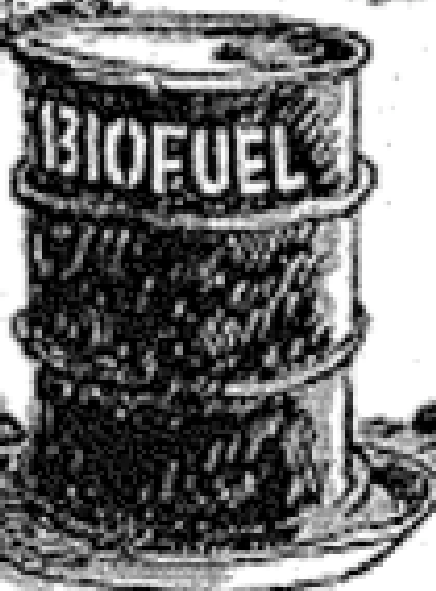
Background Paper by
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(Red, Green, Black or Blue? Whatever, it is Borrowed!)**
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CHILDREN IN AMERICA
ARE RUNNING OUT OF GAS!



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14T April 17th, 2008



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

▶ **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 "Full-safe Products" to "Too Big to Fail"

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▶ **Questions: Do the Stimulus Packages Address These?**

Do the Lisbon Strategy and the EU SDS Address These?

Analysis is not Finished -
The Crisis is Not Over Yet!

What is in the Stimulus Packages ? [approx. in bn Euros]

Member State	Fiscal Measures	SMEs	Infra-structure Investment	Public Buildings	Energy Saving, Renewables	Regional Employment	Research & Education	Cash for Cars
Austria (I and II)	3.1	0.7	(0.9)	(0.9)	0.1			0.05
Germany (I and II)	31.5	17.6	4.0	16.5				5.0
France (+ 0.5 for defence)		10.5	8.0	1.7	0.2	4.9		0.22
Poland (10.0 bank garant.), + (7.0) accelerated Invest.	+0.25		3.8		0.34			
Slovenia (no figures)								
UK 11/08, 1/09, Budget 09 +1,500 for bank bail-outs	15.4		4.0	1.2	2.6		1.3	0.7

"What's the Colour of Money" in the Stimulus Packages?

Lisbon Strategy Priorities	Fiscal Measures	SMEs	Infra-structure Investment	Public Buildings	Energy Saving	Regional Employment	Research & Education	Cash for Cars
Sustainability of Public Finance	--	-	-	0	-	-	0	-
Labour Market and Employment Policies	0	+	+	+	+	++	+	+
Research & Development and Innovation	0	0	0	0	0	0	+	0
Infrastructure	0	0	++	0	0	0	0	0
Competitiveness and Promotion of SMEs	0	++	0	+	+	0	+	+
Life-Long Learning	0	0	0	0	0	0	+	0
Sustainable & Fair Social Security Systems	0	0	0	0	0	+	0	0

"What's the Colour of Money" in the Stimulus Packages?

EU Sustainable Development Strategy	Fiscal Measures	SMEs	Infra-structure Investment	Public Buildings	Energy Saving	Regional Employment	Research & Education	Cash for Cars
Climate Change and Clean Energy	0	0	+	+	++	0	0	0
Sustainable Transport	0	0	+	0	0	0	0	-
Sustainable Consumption and Production	0	0	0	0	+	0	0	-
Conservation and Management of Natural Resources	0	0	(-)	(-)	0	0	0	0
Public Health	0	0	0	(+)	0	0	0	0
Social Inclusion, Demography and Migration	+	0	0	0	0	+	+	0
Global Poverty & Sustainable Development	0	0	0	0	0	0	0	0

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



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Thank You for Your Attention

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