The Outlook for the European Green Deal in the Light of the Corona Pandemic

Wuppertal Institute formulates requirements for the design of green stimulus programmes

Reports about the European Green Deal and possible economic stimulus packages to assist in the recovery after the Corona pandemic are coming thick and fast at the moment. Most stories give the impression that the green stimulus programmes worth billions that were introduced after the financial crisis ten years ago never even existed. There is a lot to be learned from this. Scientific Managing Director of the Wuppertal Institute, Professor Manfred Fischedick, states that: “Ecological modernisation has not been merely a niche issue of green politics at least since the financial crisis of 2008/2009, but rather a key component of economic crisis management.” The green deals emerging from the financial crisis of a decade ago have clearly left their mark on the United Nations and the Organisation for Economic Co-operation and Development (OECD). Nevertheless, major conceptual uncertainties remain.

Wuppertal, 7 May 2020: Professor Philipp Schepelmann, Project Co-ordinator in the Urban Transitions Research Unit of the Energy, Transport and Climate Policy Division at the Wuppertal Institute, published a study on this issue ten years ago, entitled A Green New Deal for Europe: Towards green modernisation in the face of crisis. He has a warning: “Unfortunately, no government wanted the Green New Deals to be subjected to an open and systematic evaluation. That means that we missed an opportunity for policy-learning. However, we can still use them to identify some key requirements for future billion-euro programmes.”

The Wuppertal Institute has therefore now compiled five findings from the previous analysis in a new discussion paper.

1. The Green New Deal is not just a climate deal

A Green New Deal and associated stimulus programmes must follow a holistic approach. Account must be taken of all risks of transgressing planetary boundaries, not least to avoid shifting problems from one area to another. At the European Commission, this knowledge appears to have taken root – at least to some extent. For example, the new European Green Deal extends beyond climate protection to also include aspects relating to an environmentally friendly food system, biodiversity and a circular economy. In terms of reporting, the first promising signs of a move towards sustainable governance can also be seen in the European Commission’s European Green Deal.

2. The Green New Deal is planetary

Another fundamental realisation, based on past experience, is that green economic stimulus programmes are a worldwide phenomenon – one in which the European Union has so far lagged behind other regions. The major programmes in China, the United States and South Korea could also inspire European governments to take a bolder approach. When European Commission President Ursula von der Leyen spoke of a “man on the moon moment” when she introduced the European Green Deal. This comparison highlights the magnitude of the challenge, which is a
planetary one this time, however. The corresponding measures therefore need global coordination.

3. Future Green Deals need a “policy learning accelerator”

For the purpose of accelerated policy learning in particular, the experts at the Wuppertal Institute hope that it will not only be European Union instruments like the European Semester that will be expanded in regard to a green deal. They argue that a mechanism for speeding up learning processes – a so-called “policy learning accelerator” – needs to be created at the international level that all ambitious governments worldwide can participate in.

4. The Green New Deal must engage the relevant stakeholders

Recent years have shown that questions relating to the fairness of the green transformation (“just transition”), for example, are becoming increasingly urgent. In view of the growing risks posed by populist trends in particular, greater consideration must be given to those who are expected to suffer as a result of green structural policies. With regard to the traditional supply of energy from fossil sources, the German Federal Government’s “Coal Commission” (Commission for Growth, Structural Change and Employment) and the structural adjustment assistance Germany is making available to the coal- and lignite-mining areas of Lusatia and the Rhineland could serve as international examples.

5. The Green New Deal has “blind spots”

“The conceptual paradox that ‘green growth’ will ultimately allow the economy to continue to grow is both a political taboo subject and a blind spot in the debate surrounding the Green New Deal,” says Schepelmann. However, the expansion of financial flows, goods production and the service sector are some of the main drivers of environmental destruction and climate change.

“It is therefore all the more important that careful thought goes into the design of economic stimulus programmes, which will also set the key parameters to ensure that prosperity can be achieved with lower resource consumption and less exploitation of the natural world. Good examples of this include investments in the circular economy and in the products and services based on this system,” adds Fischedick.

Good sense and cooperation are needed in times of crisis

The Corona pandemic is leading many people to realise that the world’s population has grown closer – not only economically, but physically as well. The crisis offers the chance for this knowledge to also give rise to solidarity on a political level. In addition to the science and research needed for reporting, containment and control of the virus are, of necessity, globally interconnected. Even governments that have had problems with evidence-based policies in the past must recognise that international cooperation is vastly preferable to individual governments acting alone.

Fischedick: “People around the world have surely understood that populists have nothing to offer in this crisis. Good sense and cooperation are needed more than ever in times of crisis, but so too is good guidance. This also applies to other pending issues on the agenda besides managing this crisis, namely the prevention of new crises – whether novel viruses or the climate crisis.”
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Original publication:
Discussion paper: The 'European Green Deal' after the Corona Pandemic – Lessons from the 2008 Financial Crisis:

Study: A Green New Deal for Europe – Towards green modernisation in the face of crisis:
https://epub.wupperinst.org/frontdoor/index/index/docId/3336

Research activities and information of the Wuppertal Institute on the European Green Deal:
https://wupperinst.org/en/a/wi/a/s/ad/5026/


Attachment Discussion paper: The 'European Green Deal' after the Corona Pandemic – Lessons from the 2008 Financial Crisis http://idw-online.de/en/attachment79870