

75 – How the Necessary Economic Support Measures Can Cushion the Corona Crisis and Accelerate the Ecological Transition

Holger Bär, Matthias Runkel, Kai Schlegelmilch

Introduction

The Corona crisis is shattering our societies and is forcing governments to provide emergency aid and far-reaching economic measures of historic proportions. While we focus on health and support for employees and companies, we must not repeat the mistakes of past economic crises. The economic recovery measures can not only “restart” the economy, but also set the course for the necessary transformation. Climate protection can and must be a driver of economic recovery.

Lessons learnt from economic stimulus programmes after the financial crisis for 2008/9

Economic crises teach us that they are always both an opportunity and a risk. They often bring radical change and trend-setting decisions - both positive and negative. In the 2008 financial crisis, climate protection and other long-term goals were pushed into the background, while short-term economic interests instead dominated the political agenda. Climate protection lost priority on the political agenda. Now, there is no time for another postponement. Economic recovery and climate protection can - and must - go hand in hand this time.

Avoid the “wrong things” and doing the “right thing”

The Hippocratic Oath says: " Primum non nocere, secundum cavere, tertium sanare - first do not harm, secondly be careful, thirdly heal". A good approach therefore attempts to think of short- and long-term challenges together: when dealing with the acute and short-term effects, not to lose sight of the requirements of long-term transformation tasks and to find potential synergies between the different objectives:

1. Health: measures reduce the number of new infections and strengthen the health system.
2. Emergency aid for employees and companies: Measures provide short-term support for employees, households, and companies to cushion social hardship and economic downturn.
3. Green structural change: measures steer the economic relaunch in the right direction and promote sustainable structural change.

"Thinking about tomorrow" means above all keeping an eye on green structural change - without it we will not achieve any climate protection or development goals. We should regard the massive public spending in the context of combating the corona crisis as investments in the future and use it to prepare companies and employees for structural change, to accelerate it and thus combine economic opportunities and climate protection. Proposals for the right responses to the Corona crisis will thus be given and analysed.

Conclusions, recommendations and research tasks

Finally, conclusions and recommendations are drawn and the remaining research tasks are identified.

Biographical note

Kai Schlegelmilch is a banker and environmental economist. He has more than 26 years of experiences in environmental economics and policies, mainly in the Ministry for the Environment, Nature Conservation and Nuclear Safety (since 1999) where he supported the introduction of the Ecological Tax Reform. In his private capacity, he is Chair and Co-Founder of Green Budget Germany (founded 25 years ago in 1994), a think tank on environmental fiscal instruments. Similarly on European level in 2008, he co-founded

Green Budget Europe. He wrote many studies and advised many countries on how to implement such instruments. In 2016, he was appointed Member of the UNESCAP Eminent Expert Group on tax and public expenditure. In Viet Nam in 2012, a major environmental protection tax law was implemented after his intensive consultancy.