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# The “European Green Deal” after the Corona Pandemic

Lessons from the 2008 financial crisis

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## Haven't we learned anything?

*The news about a European Green Deal in the context of potential economic stimulus packages after the Corona crisis create the impression as if green stimulus programs after the financial crisis 10 years ago had never existed. However, the programs of that time had the same scale. The stimulus programs of China, the USA and Japan alone added up to more than one trillion euros. Nevertheless, the experience from the past are barely considered in the current debate even though calls for similar economic stimulus programs intensify on national European and international levels. For example, the President of the European Commission had proposed a European Marshall Plan and a European Green Deal. In the United States civil society and the Democratic Party have developed a comprehensive Green New Deal. Already in 2009, the Wuppertal Institute outlined how Green New Deals became the cornerstone of economic stimulus programs as a response to the financial crisis<sup>1</sup>. Over the past decade policy-making failed in systematically monitoring and evaluating the impacts of these programmes, however, important lessons can be learnt.*

The green investment programs had massive volumes. How can it be that they got out of the focus of policy-making and research? The career of political buzzwords like the “Green New Deal” are not well researched. In this case the extensive discussion about the Green New Deal disappeared as fast as it had emerged. Shortly after the banks, the financial crisis hit the state budgets. European decision-makers turned their attention towards interstate crisis management and the creation of governance instruments like the European Stability Mechanism (ESM) and the European semester.

Even though the public debt crisis drew attention from the Green New Deal, the financial crisis of 2008/2009 landmarked that ecological modernisation had emerged from the niche of environmental policy and became a cornerstone of economic crisis management. The current Corona crisis can be seen as a test for this hypothesis.

The European Green Deal of the European Commission will most likely have a deep impact on shaping post-Corona stimulus programs even though there is resistance in some EU Member States and powerful EU lobbying coalitions. Furthermore, the legacy of the 2009 Green New Deals will contribute to greening the debate. For example, since 2011 the so-called “Green Growth Strategy” of the Organisation for Economic Cooperation and Development (OECD) has improved the knowledge-base of green economic policy. The Green New Deals of 2009 had also a considerable impact on the United Nation’s discourse on environment and development. The theme “Green Economy” dominated the Rio+20 summit. In comparison, the societal and scientific discourse of the 1992 summit in Rio de Janeiro had been much broader encompassing a much larger spectrum of aspects related to environmental destruction, economic growth and social development.

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<sup>1</sup> <https://gef.eu/publication/a-green-new-deal/>

## Lessons learnt

Even though the financial crisis had a considerable influence on the environmental agenda-setting in the OECD and the United Nations, the Green New Deals of 2009 had never been subject to a comprehensive evaluation. Therefore, we lack a valuable resource which could help to inform the design of successful green stimulus programs. Looking back, this is probably the most bitter lesson we can learn from the past: By losing sight of the Green New Deals, policy-making has missed a huge opportunity for international cooperation, policy-learning, research and innovation. In addition to a content-oriented debate about the characteristics, criteria and indicators of future Green New Deals policy-makers need to engage in an institutional discourse to improve global governance and research on green modernisation. Evidence on successful crisis management schemes has to be secured in the short and long-term. Governments have to improve mechanisms for policy-learning and, most of all, they have to accelerate learning, because the urgency of multiple ecological challenges of the Anthropocene increases.

Despite the missing evaluations of the 2009 deals, there are a few insights, heuristics and rules of thumb about Green New Deals which can already be considered by political decision makers:

### 1 | **The Green New Deal is not only a climate deal**

The Green New Deals of the past have not only dealt with climate change. Green New Deal and related post-Corona stimulus programs have to follow a holistic approach. All planetary boundaries have to be considered. At least the European Commission seems to have understood that message. In addition to climate protection, the European Green Deal addresses aspects of ecological farming, biodiversity and a circular economy. The European Commission also intends to improve monitoring. The President of the European Commission, Ursula von der Leyen, has already decided to integrate the Sustainable Development Goals (SDGs) of the United Nations into the European semester. The European semester had been introduced after the state budget crisis as an intergovernmental mechanism of economic reporting and policy coordination. The introduction of the SDGs into the powerful economic steering mechanism of the EU could be a basis for a comprehensive monitoring of the European Green Deal, for example, also by taking advantage of the OECD green growth indicators.

### 2 | **The Green New Deal is a planetary deal**

Another lesson that can be learnt from past experiences is that the Green New Deal is a global phenomenon. Compared with other regions, the European Union had been lagging behind rather than leading the debate. The large green deals of China, the USA and South Korea could also motivate European governments to take more courageous action. When the President of the European Commission introduced the European Green Deal she tried to evoke a “man on the moon moment” comparing the European Green Deal with the US Apollo project. Her comparison underlines the dimension of the challenge. However, in the Anthropocene the challenge is not interstellar but planetary in every sense of the word.

### 3 | **The green deals need a “policy-learning accelerator“ (POLLACC)**

Policy-learning about ecological modernisation has to improve. Not only European monitoring mechanisms like the European semester have to take account of the European Green Deal, but a “policy-learning accelerator“ (POLLACC) needs to be created at international level under participation of all ambitious and like-minded governments and multilateral institutions.

### 4 | **The Green New Deal and just transition**

The experience of the past did not only reveal opportunities but also weaknesses and blind spots. For example, the concept of a just transition has increasingly drawn public attention. The interests of the victims of a green “creative destruction”, e.g. in the fossil energy sector, have to be considered. Otherwise, the digital “post truth era” will offer populist and irrational solutions to the losers of green modernisation.

An example for good governance of a just transition could be, for example, the development of the federal state aid programs for the transition of the lignite mining districts in Germany. The German Federal Government established an innovative consensus finding process by setting up a so-called “Coal Commission” (Commission for growth, structural change and employment). In 2019, under the participation of the relevant stakeholders the Coal Commission tabled a masterplan for the transition of the lignite mining districts integrating aspects of climate protection, secure energy supply, competitiveness and employment. Similar social innovations could inspire other governments to take interests of different stakeholders into account.

### 5 | **The blind spot of the Green New Deal**

A taboo and blind spot in the debate about the Green New Deal is the conceptual contradiction that also “green growth” contributes to economic growth. However, the growth of the financial sector in combination with increasing production of goods and services is a main driver of environmental destruction.

## **“In times of crisis, evidence-based policy-making and multilateralism are required more than ever“**

The Corona pandemic has demonstrated that humanity is increasingly connected not only in economic terms but also physically. The crisis could offer the opportunity for further increasing the political ties among the nations of the world. Research and innovation for improved monitoring, containment, and mitigation of the COVID-19 virus disease is organised by necessity on a global scale. During the pandemic, evidence-based policy-making and multilateralism have saved lives, while gut feelings and nationalism of a few have put lives at risk. Upcoming elections in democratic societies worldwide will show whether people have acknowledged that populists have little to contribute in a world in crisis and that there is no alternative to a smart co-development of science and policy-making.

In times of crisis, evidence-based policy-making and multilateralism are required more than ever. This lesson also needs to be considered for precautionary policies preparing for future risks. The researchers at the Wuppertal Institute are convinced that in an open society, economic and political decision-makers will have to improve learning to face emerging risks for society. Only the open and transparent communication and management of risks can increase resilience of the systems on which our societies depend.