

## GERMANY AND EUROPE: TOWARDS A NEW GROWTH PATH?

A Workshop at the Mercator Project Centre Berlin

*Date:* Tuesday, June 19, 2012  
*Venue:* Neue Promenade 6, Berlin  
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**“German leaders will have to choose between a shipwreck and a change in course. I do not know which Germany will choose. I do not know whether its leaders know. But on that choice hangs the fate of Europe.”**

This is how Martin Wolf of the Financial Times describes the drama unfolding in Europe – a drama that has gained a new twist with France electing president Hollande.

Germany’s perception of its role in Europe hangs in the balance. On one hand, a rigid economic orthodoxy supports a simple view of how the national interest of Germany and the collective interest of Europe fit together: just turn the ECB into a scaled-up version of the old *Bundesbank*, restrict the role of government to ensure that markets are competitive and that public goods are provided with balanced budgets, and everything will be all right. If this means social hardship for some countries, perhaps even dropping out of the Eurozone, that’s the price they have to pay for past violations of allegedly well-established economic laws.

On the other hand, however, in German political life there is a different possibility to define German and European interests. It is the possibility to see Germany as a pioneer in overcoming unsustainable ways of life. This includes a deep desire to establish and maintain peace – a core driver of European integration. And it includes the desire to develop and maintain an environ-mentally friendly way of living. The decision to phase out nuclear energy while drastically reducing greenhouse gas emissions is an important outcome of this desire. It can hardly be implemented without a Europe-wide switch to a new growth path. The old economic orthodoxy will not deliver that. New economic thinking is required, in particular to distinguish between marginal changes within the current basin of attraction of the European economy and inframarginal changes that lead to a basin of attraction with less dire prospects.

Besides the obvious need for a public debate about these issues, there is an urgent need for a professional dialogue about the tools that economists can develop to help designing and implementing suitable policies.

In this spirit, Thomas Fricke, chief economist of the Financial Times Deutschland and Carlo Jaeger, chairman of the Global Climate Forum, have started a series of dialogues among interested economists. The next step will be a workshop to be held at the Mercator Project Centre in Berlin on Tuesday, June 19, 2012. This workshop will discuss the relevance of new economic thinking for Germany and Europe, especially in view of economic opportunities arising in climate and energy policy.

Previous steps included the GSDP (Global Systems Dynamics and Policy) conference „New Thinking about Global Challenges“ in Berlin, October 10-11, 2011,

contributions to the INET (Institute for New Economic Thinking) conference „Paradigm Lost: Rethinking Economics and Politics“, in Berlin, April 12-15, 2012 and the GSDP conference „Financial Risks, Green Growth and Jobs“, in Barcelona, May 3-4, 2012. Subsequent steps are in preparation, again linking new economic thinking to practical challenges in climate and energy policy.

These encounters can help to establish a community of researchers supporting each other in setting standards for new economic thinking. They provide a productive setting to share current research efforts, to provide comments to and inspiration for each other's work, and to engage in dialogues with relevant stakeholders.

## **PROGRAM** (as of May 30)

12.00 - 13.00      *Welcome Lunch*

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### **Part 1: Towards a New Franco-German Dialogue**

13.00 – 15.00      *French and German economists share the state of economic policy debates in the respective countries, identify key open questions, promising research initiatives and helpful policy advice. Special attention shall be paid to the relation between short-term crisis management and long-term investments for sustainable development.*

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15.00 – 15.30      *Coffee Break*

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### **Part 2: Energy Transmission Networks in Germany and Europe**

15.30 – 17.30      *Creating European energy transmission networks which support a massive use of renewable energies is a necessity from the viewpoint of sustainable development. It is also a double opportunity: to redefine the European identity from a common tasks perspective, and to trigger investments badly needed to embark on a new growth path. Experts on power grids and energy networks shall help identifying investment needs, cost structures, plausible returns and, last not least, policy measures for national and European action.*

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18.00 – 20.00      *Dinner*

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### **Part 3: Public debate on the need for new economic thinking**

20.00 – 22.00      **Chief economist meets ... Thomas Straubhaar!**  
*Recently, Thomas Straubhaar, Director of the Hamburg Institute of International Economics, has expressed massive criticism of an economic orthodoxy that he himself represented for a long time. He did so in an interview with Thomas Fricke, chief economist of the Financial Times Deutschland. For the first time, the two will discuss the need for new economic thinking in a public debate (in German).*

22.00 – open end      *Drinks, snacks, and small talk*



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