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## National Stimulus Packages – Steps toward Recovery or Pathways to Progress?

### Event

[Dinner Dialogue](#)

### Date

5 May 2009

### Speaker

[Dr. Nils Meyer-Ohlendorf](#)  
Michael Kohlhaas

On 5 May 2009, an Ecologic International Riverside Chat brought [Michael Kohlhaas](#) and [Nils Meyer-Ohlendorf](#) together to discuss the opportunities of the current economic crisis for creating a more sustainable economy. Michael Kohlhaas is a Research Associate at the Department of Energy, Transportation and Environment at the German Institute for Economic Research and Dr. Nils Meyer-Ohlendorf is a Senior Fellow and Coordinator of International Governance at Ecologic Institute, Berlin.

Michael Kohlhaas started his initial remarks with a set of fundamental questions regarding the nature and the principal purpose of stimulus programmes on the one hand and green investment on the other hand. He pointed out that although the idea of a “green new deal” is clearly appealing, long lead times of green investment and the limited production capacity of sustainable goods and services can run counter the purpose of stimulus programmes. That is because the stimulus packages mainly aim at ramping up demand for existing production capacity as fast as possible. Michael Kohlhaas therefore called for a cautious approach that mainly focuses on identifying available capacity for green investment in order to avoid public money being used to merely push up prices for sustainable goods. He also called for best practice exchange on “wise spending” between different government agencies at both the national and the regional level.

The second speaker of the evening, Nils Meyer-Ohlendorf, stressed the importance of structural changes often neglected in the current discussion on green stimulus spending. First, he illustrated how difficult it is to actually determine the green component of any stimulus package, mainly because a certain share of the spending is often handed down to regional or local governments. Secondly, he argued that many economic and environmental problems are a result of economic structure which stimulus packages do not attempt to alter. As an example he cited the housing bubble that created both financial turmoil and environmental problems by increasing urban sprawl. In his closing remarks, Nils Meyer-Ohlendorf concluded that although stimulus packages provide a huge opportunity for kick-starting the low-carbon economy, they will need to be accompanied by comprehensive structural reform, including a new regulatory framework for financial markets, and green tax reform to change the incentive structure for energy use.

In the subsequent discussion, Martin Rosenberg, Editor-in-Chief of EnergyBiz Magazine, commented on the speakers' opening remarks from an US perspective. Stressing people's exceptional confidence in President Obama, he expressed his optimism that with its new style of governance, the new Administration could achieve a short-term stimulus and long-term change at the same time. Other participants contributed insights on their countries' energy policy. Common issues emerged, such as the importance of the private sector in implementing low-carbon investments and the difficulty of coordinating action from different levels of government.

The Riverside Chat was held as part of a thematic visitors programme entitled 'Climate Protection and International Cooperation on Climate and Energy', sponsored by the German Federal Foreign Office. As part of the program, international journalists and decision makers from Chile, China and Hongkong, Latvia, India, the Philippines, the United States and Vietnam were invited by the German government to partake in a week-long exploration of the German and international dimensions of climate and energy policies.

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### **Funding**

[Federal Foreign Office](#) (AA), Germany

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