

Climate, social and economic policy in times of Covid

By Friedrich Hinterberger for cooppa.at

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A few weeks ago the world was still normal. Economists were still looking at it crooked when they demanded a few billion euros in investments for the implementation of the decisions of the EU Commission and the Austrian government, which at the beginning of the year had after all included "climate neutrality by 2040" in its government programme.

How else could this be done, the climate expert wondered in bewilderment. Stefan Schleicher from the Wegener Center in Graz spoke of 4 billion per year in January.

<https://www.derstandard.at/story/2000113826478/klimaneutralitaet-bis-2040-kostet-jaehrlich-vier-milliarden-euro>

After all, the turquoise-green programme contains two billion - for the entire legislative period! Zero deficit and "no new taxes" still seemed the order of the day. After all, a task force had been set up.

And now? Corona and the foreseeable consequences! Suddenly "money's here". "As much as is needed", said the Minister of Finance earlier this week - when it was still 4 billion €. In the meantime, there are already 38 of them - that is 4,300 € per head of the population - or 10% of the economic output of a year, as economic researcher Margit Schratzenstaller emphasized on the radio earlier this week.

Let's get fiscal

And there we are in good company. "Governments are coming down on each other when it comes to putting together bigger and better packages to stimulate the economy," writes the London-based "Economist", for example, of an "experimental treatment".

<https://www.economist.com/briefing/2020/03/19/governments-are-spending-big-to-keep-the-world-economy-from-getting-dangerously-sick>

The Republicans, for example, brought an 800 billion dollar package to the US Senate (only half of the current Austrian package per capita, by the way), and 600 billion dollars is the rescue package that the German government intends to pay out in its draft bill "for the establishment of an economic stabilisation fund (WSF)" according to the Handelsblatt (we are already at 7,000 € per capita).

In the FAZ, prominent German economists around Michael Hüther, director of the business-oriented Institute of the German Economy, demand that Europe should stand together. "The countries of the European Union are confronted with a supply and demand shock at the same time. This is a meeting place of an industry and a consumption. And further: "The state is encouraged to help the serious ecological effects through liquidity and to cushion the serious transfers as best it can. This will require very high levels of public funding. All countries must be in a position to take

the necessary measures to protect the population, stabilize the economy and revive it quickly after the crisis.

Concrete proposal: "The countries of the EU should therefore borrow from the EU at a level of 1000 million euros (around 8 percent of the EU's gross domestic product), limited to the crises. Members of this pool can be supported if they threaten to lose access to the capital market. <https://www.faz.net/aktuell/wirtschaft/corona-pandemie-gastbeitrag-europa-muss-jetzt-finanziell-zusammenstehen-16688858.html> (see also: <https://www.iwkoeln.de/presse/in-den-medien/beitrag/michael-huether-europa-muss-jetzt-finanziell-zusammenstehen.html>)

"Let's get fiscal," says The Economist. And "more will be needed". Two questions arise for me in this context: for whom and from where?

For whom?

It's been a long time since there has been this much agreement on economic issues. But when it comes to concrete measures, the rifts are already opening up. As in Austria, the German package is primarily about helping companies to bridge liquidity bottlenecks. Andrew Ross Sorkin, for example, calls for a "government bridge loan" in the New York Times. <https://www.nytimes.com/2020/03/18/business/dealbook/coronavirus-economy-bailout-plan.html?action=click&module=Spotlight&pgtype=Homepage>

In contrast, "Basic income for 6 months instead of aid credits" is demanded by a civil society initiative in Germany, which has already collected 350,000 signatures (https://www.change.org/p/finanzminister-olaf-scholz-und-wirtschaftsminister-peter-altmaier-mit-dem-bedingungslosen-grundeinkommen-durch-die-coronakrise-coronavirusde-olafscholz-peteraltmaier?recruiter=16387007&utm_source=share_petition&utm_medium=facebook&utm_campaign=psf_combo_share_initial&utm_term=psf_combo_share_initial&recruited_by_id=ca0ee4e0-1f78-0130-f92e-3c764e049c64&utm_content=fht-20820136-de-de%3Av5). A corresponding appeal in Austria has already 20,000 signatures: <https://mein.aufstehn.at/petitions/grundeinkommen-in-der-corona-krise-1> Such a "temporary basic income" was also demanded in Great Britain by David Cameron's former Secretary of State for Trade, Jim O'Neill, as well as by the ex-Labour boss Ed Miliband, according to ORF. <https://orf.at/stories/3158423/>

The "Economist" quotes Ugo Gentilini of the World Bank, who has already identified 25 countries that want to pay out money in view of the corona virus. These include Brazil, Australia and Hong Kong, where the equivalent of 1200 euros will be paid out to each inhabitant. The American Republicans are demanding a direct payment of 1200 Euro per capita to all those with an annual income of less than 100,000 dollars, which is only a drop in the ocean over several months. This basic income is not really "unconditional" either.

"I am affected by the crisis myself," writes the public welfare economist Christian Felber. "My lectures, discussions, book presentations, interviews and international events of all kinds are probably cancelled for the next four months" <https://christian-felber.at/2020/03/20/neuer-vlog-von-corona-zum-gemeinwohl/>. Of course, this also affects

female Uber-drivers, yoga teachers, artists or the precariously employed supervisory staff in museums, who were just about to return to paid service from their winter break.

"In this situation, the immediate introduction of an unconditional basic income (BGE) above the at-risk-of-poverty threshold would make the most sense", Klaus Sambor, coordinator of the "Round Table Basic Income", a network of various associations, initiatives and individuals who have taken up the cause of introducing such a BGE, told cooppa. "In no way does it help small companies, artists, etc. if they have to pay back the money they now receive. They won't be able to do so after the crisis.

1000 euros for every Austrian for half a year would be 54 billion - a number that no longer seems so astronomical today.

The time of the cynics has now passed and the time of big questions ("climate change, capitalism, globalisation, justice, social inequality", Thomas Seifert writes in the Wiener Zeitung: <https://www.wienerzeitung.at/nachrichten/reflexionen/vermessungenen/2055050-Die-Katastrophe-vor-der-Haustuer.html>

"Not that the past and future aren't interesting. On the contrary. But if you want something better, you have to start here and now. Always: whether you call it progress, sustainability or transformation. Even if you call it revolution," Fred Luks writes in his blog.

Everywhere it seems that this has not yet arrived. It becomes cynical when in the almost 250-page bill of the Republicans to the US Senate only half, i.e. 600€, is earmarked for low-income earners and the disabled, as the New Yorker (<https://www.newyorker.com/news/our-columnists/the-republican-stimulus-bill-is-full-of-holes>) reports, citing former Clinton and Obama advisor Gene Sperling, who identifies three more serious "holes" in the Republicans' package currently being negotiated. A peculiar logic to support low-income earners less than people with average incomes.

From where?

When it comes to where the money should come from, almost everyone looks at the financial markets. The European Central Bank has announced that it will buy up bonds issued by governments and companies, and the issue of the EU's own bonds on the financial market - a no-go for many economists so far (<https://www.zeit.de/2011/35/Eurobonds-Pro-Contra/seite-2>) - is also being discussed. <https://kurier.at/wirtschaft/coronavirus-von-der-leyen-stellt-jetzt-eurobonds-in-aussicht/400787291>

The "whatever it takes" by Mario Draghi on the occasion of the financial and economic crisis 12 years ago celebrates its happy beginnings. As important as the financial injections are now: "the virus should not be a reason for a further inflation of claims or debts that can never be served anyway", Raimund Diez, initiator of the Austrian full-money initiative (<https://www.provollgeld.at>) says to cooppa. "Debt only feeds the financial economy, secures a steady source of income in the long run, but burdens society for further generations. He therefore recommends (today in the Wiener Zeitung) that the money be distributed directly by the central bank instead of making private banks the winners of the current crisis. <https://www.wienerzeitung.at/meinung/gastkommentare/2055171-Wirtschaft-und-Notleidende-finanzieren-aber-wie.html>

"Monetary state financing does not create any new national debt, and taxpayers will not have to pay for it in the future either," the freelance economist Ernst Dorfner told cooppa. "In principle, the central bank can transfer and write off the money. Another possibility

would be to give the money to the state with zero interest and perpetual maturity and thus sink it into the central bank balance sheet.

Suddenly, the billions of euros at stake in the fight against climate change appear in a new light. 40 to 80 billion euros, spread over the current decade: that is 450 to 900 euros per capita and year, which could be used to improve the quality of life and the climate for all of us by improving public transport, using free bubbling energy sources or switching to domestic animal feed, but also to revive the economy after the corona crisis.

And growth?

But do we really need this revival of the economy? "Should our children in 2066 buy a new car and go on holiday twice as often as we do, should our great-grandchildren in 90 years endure eight times the traffic and eight times the construction activity and should they drink a cup of tea eight times as often as we do?" asks Hellmut Butterweck today in Standard (<https://www.derstandard.at/story/2000115992010/die-corona-krise-ein-wink-ein-fingerzeig>). "Instead of schools and theatres, tax loopholes could be closed for the big corporations and the wealthy. And more and more goods are being repaired," write Ulrich Brand and Heinz Högelsberger today in the Standard.

<https://www.derstandard.at/story/2000115991988/klimapolitik-nach-corona>

In any case, the finance minister wants to make savings again after the crisis, as he stated today in the "Journal zu Gast" on Ö1: "If we get through the crisis well and then also pursue a good growth policy, we can get down to a decent level of debt within ten years.

<https://orf.at/stories/3158829/>

In a 90-minute webinar entitled "Clarity at this Crucial Moment", Donnie Maclurcan Ph.D. and Crystal Arnold from the American Post Growth Institute (<http://postgrowth.org>) take a close look at this: "We explore how the coronavirus is affecting both global and local economies, and what you can do to help to ensure we manage this moment wisely. Short presentations are followed by questions and answers.

https://www.youtube.com/watch?v=ll1Lnv7K6Ds&feature=youtu.be&utm_source=PGI+Master&utm_campaign=b89b879f94-

[EMAIL_CAMPAIGN_2019_10_14_09_46https://www.youtube.com/watch?v=ll1Lnv7K6Ds&feature=youtu.be&utm_source=PGI_01&utm_medium=email&utm_term=0_bc7edefbba-b89b879f94-1254476521](https://www.youtube.com/watch?v=ll1Lnv7K6Ds&feature=youtu.be&utm_source=PGI_01&utm_medium=email&utm_term=0_bc7edefbba-b89b879f94-1254476521)

Many media have now released their Covid-19 coverage from the paywall, including most of those quoted here. And in addition to the health aspects, there is also an increasing focus on economic aspects. He now has "a little more time than usual to put my thoughts and insights into the world in this virus-free form," writes Christian Felber in his Vlog. <https://christianfelber.at/2020/03/20/neuer-vlog-von-corona-zum-gemeinwohl/>

The debate on social and economic policy has thus been opened. We will be staying tuned.