

Sustainable economic recovery

Perspectives from the 2020 ESPAS Conference

Summary

The prospects for a sustainable economic recovery after the coronavirus pandemic were discussed in one of the panels of the recent 2020 ESPAS Conference. Issues of governance, redistribution, green finance, carbon pricing and global rule-making featured prominently. Conference attendees voting on the most important obstacles to sustainable recovery placed dependence on fossil fuels and rising poverty at the top of their list.

Background

The latest [ESPAS annual conference](#) was held on 18-19 November 2020, with the event taking place online for the first time. The panellists on sustainable economic recovery were **Maria Demertzis** of Bruegel (Chair), **Céline Gauer** of the European Commission, **Luiz de Mello** of the OECD, **Jacob Funk Kirkegaard** of the German Marshall Fund and Peterson Institute, and **Lucile Schmid** of La Fabrique écologique. The online audience was comprised of about 250 foresight experts. The following synthesis highlights some of the themes that arose and points that were made during the session.

Governance

The EU's creation of a Recovery and Resilience Fund amounting to €672 billion over three years, based on borrowing by the European Commission, was a huge step, but such resources had to be used to maximum effect. Governance and robust public administration would be critical, with administrative capacity needed to guard against the potential for fraud and corruption. Bottle-necks to both public and private investment had to be tackled, and the private sector mobilised. Even if interest rates were low, which should encourage private investment, public funding needed to be mobilised for green investment which the market would not otherwise provide.

Poverty and inequality, which especially affect young people and their future prospects, had to be addressed. In some countries, one-third of the working population has suffered a drop in income. Compensation for those negatively affected was part of the equation, implying an active programme of tax and redistribution policies. Fairer taxation of digital services was also important.

Sustainability

The successive waves of the pandemic had shown the links between economic, social and environmental issues. Social issues had come to the fore, especially in the second wave. The recovery needed to be both green and fair to all. One should not assume that anything 'green' would automatically be fair – that had to be worked at. The green transition should have distributional effects, and it offered an opportunity for re-thinking how we wanted to organise our societies. Many environmental initiatives had started from the grassroots, not from a top-down approach.

There was a thirst for green finance, but were there enough projects that are ready to go? Energy efficiency in buildings was a quick, easy, equitable and job-creating win. A sustainability requirement for private investment should be considered. Carbon pricing was very important. While low oil prices were good for the economy in general, they reduced the willingness to invest in alternatives to fossil fuels.

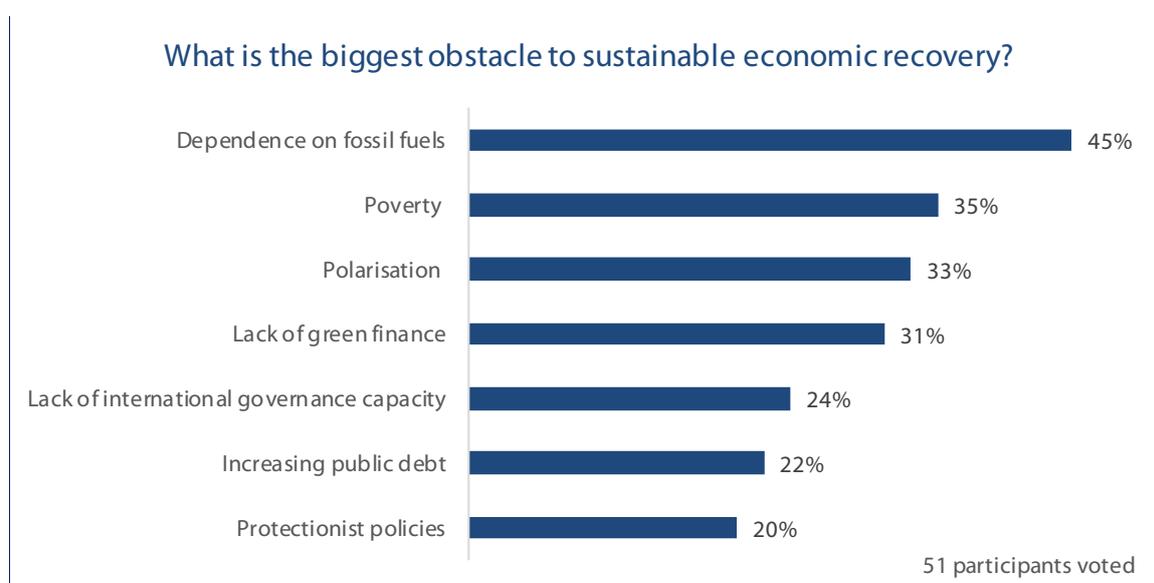
China was set to become the world's biggest market for green technology, opening the prospect of its standards becoming global standards. This had implications for Europe's ambition to be a rule-maker, rather than a rule-taker, in the global economy in the future.

Big data

Public access to big data sets was considered to be of major importance. Without democratising access to big data, uncontrollable monopolies would continue to emerge. Whilst views differed on how to best regulate social media platforms, there needed to be a focus on ensuring that digitalisation benefitted society as a whole, rather than it increasing inequality and division.

Obstacles to recovery

Online participants were invited to select the obstacles to sustainable recovery that they considered most serious. Almost half of the respondents identified dependence on fossil fuels as the greatest single obstacle. Poverty, polarisation and lack of green finance were the next most frequently invoked – each receiving almost equal backing. The fear of protectionist policies, increasing public debt and lack of capacity for international governance featured less prominently, but were by no means considered marginal.



Further reading

- ESPAS, [Global Trends to 2030: Challenges and choices for Europe](#), 2019.
- European Commission, [2020 Strategic Foresight Report: Charting the course towards a more resilient Europe](#), October 2020.
- EPRS, [Global mega-trends: Scanning the post-coronavirus horizon](#), November 2020.
- EPRS, [Towards a more resilient Europe post-coronavirus: An initial mapping of structural risks facing the EU](#), July 2020.
- EPRS, [Foresight within the EU institutions: The ESPAS process to date](#), May 2020.