

The logo for the Party of European Socialists (PES) is a red speech bubble with the letters 'PES' in white. The speech bubble has a tail pointing towards the bottom left.

PES

On the road to smart green growth

EAPC Conference
May 9 2008

Poul Nyrup Rasmussen



The future of our welfare states

Making Europe:
(2000 & 2005)

“The most **competitive** and dynamic **knowledge**-based economy in the world, capable of creating **sustainable** economic growth, more and better **jobs** and greater **social cohesion**”

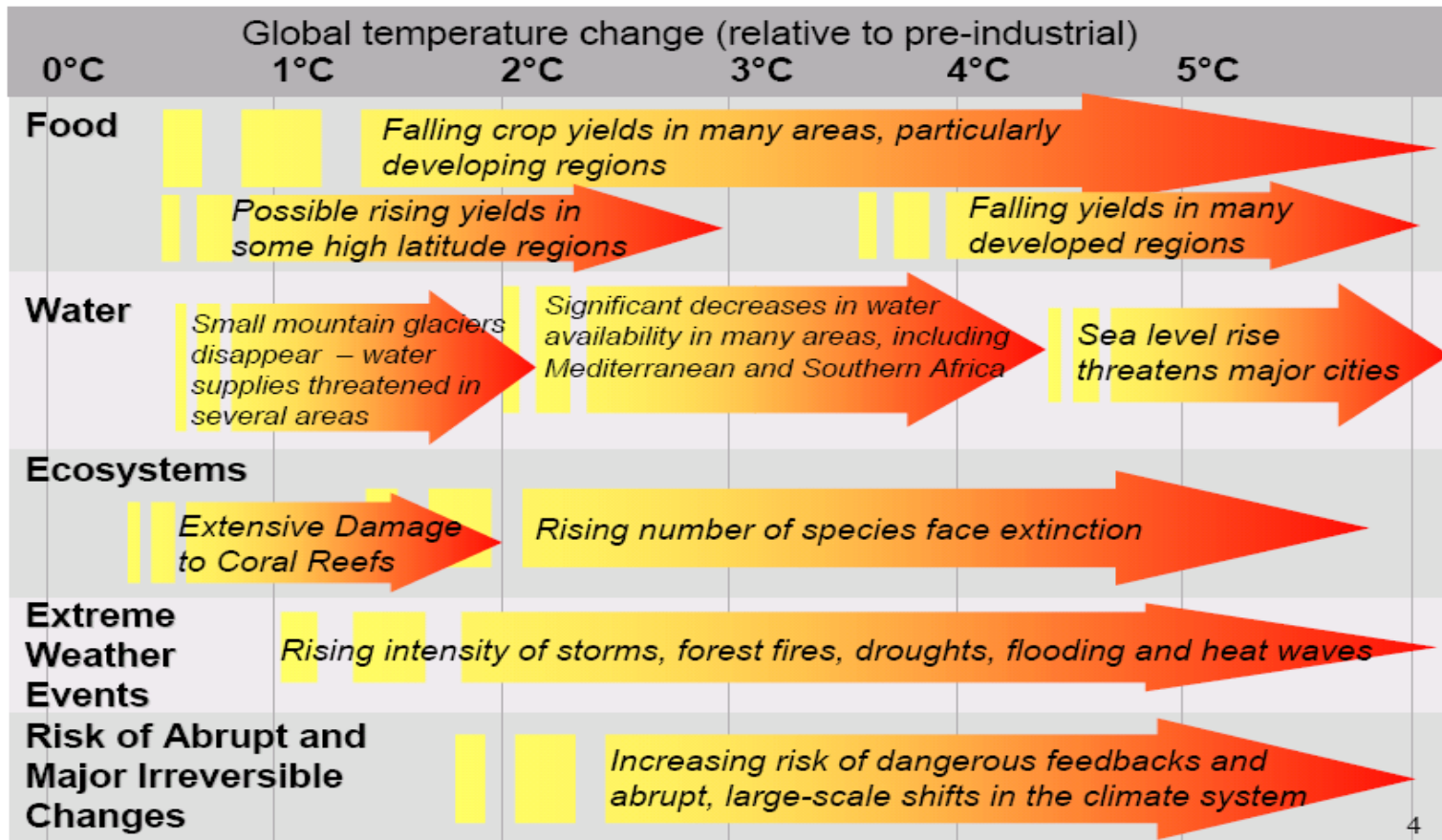
PES:
(Dec. 2006)

“New Social Europe”

Social market economy not market society!

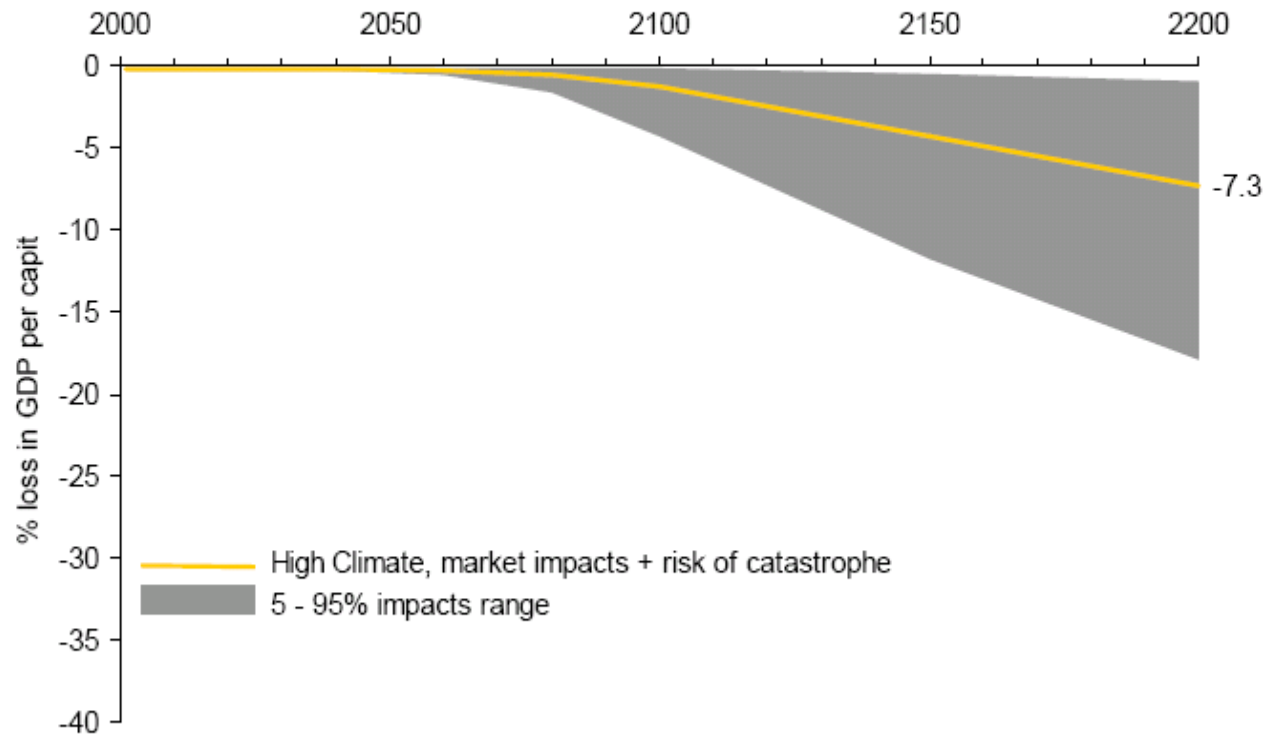
The Climate Change Threat

Projected Impacts of Climate Change



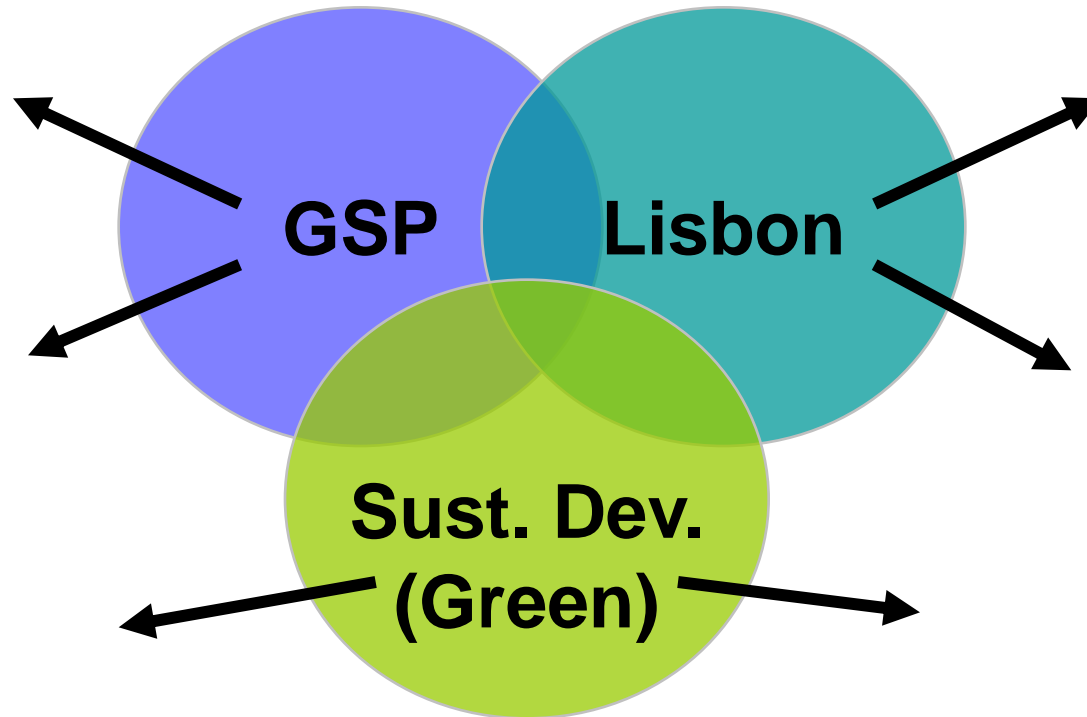
Climate change will affect growth

Aggregate Impacts of Climate Change



3 European strategies - 3 directions

- Overlap • Compete • Different time horisonts •

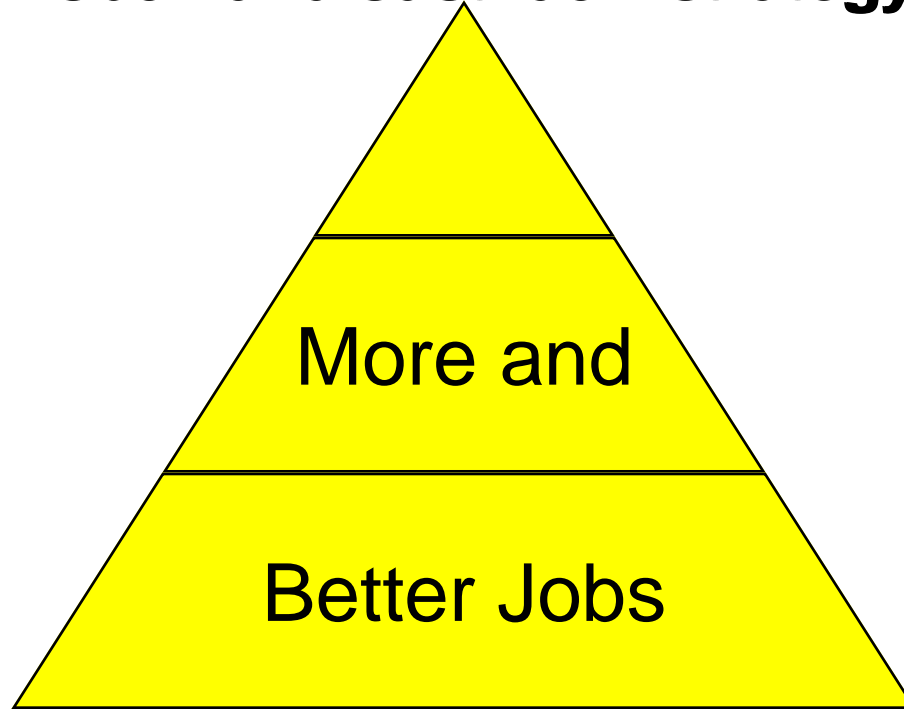


Financial Perspectives

Member states: **HELP!** ▶ ▶ ▶ Losing integration benefits

EU Golden Triangle for Growth

Lisbon and sust. dev. strategy



**Stability
and Growth
Pact**

**Broad
Economic
Guidelines**

European Macroeconomics – What's going on?

Dominating Strategy

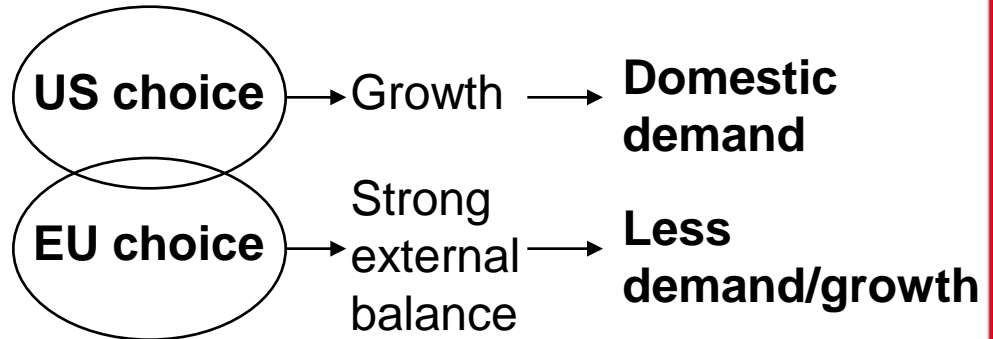
”Budgetary discipline stands out as the most important macroeconomic challenge identified by MS”

- Growth?
- Green?
- Jobs?

But:

1990-2006 Private Net Savings

- EU 15 ▶ Surplus 2-6 % GDP p.a.
 - ▶ Surplus Current Account Balance
- Germany Surplus 7-8 %
 - ▶ Current Acc. Balance + 5 %
= 5 % of German GDP **NOT** used for investments/comsump.



We are not investing in EU

We are financing US growth!



EU Climate Change Package

March 2007

- **20% reduction in GHG emissions by 2020 (and 30% if we achieve a global deal)**
- **Binding 20% target for renewables in the EU's overall energy mix by 2020**
- **10% biofuels in their transport fuel mix by 2020**
- **20% rise in energy efficiency by 2020**

The Old Recipe

Structural reform 1990-2005

- Single Market
- Single Currency
- Enlargement to EU 15 and to EU 25
- Deregulation of markets: Energy, Telecom etc.
- Privatisation of public enterprises
- Globalisation of trade and finances
- The introduction of ICTs

Productivity growth

- 1990-1995: 2.6 per cent per year
- 1996-2003: 1.3 per cent per year

Old Growth Strategy OR A smart Green Growth Strategy

Our Choice

- 21th Century – New Paradigm
 - More resource efficient technologies
 - Investing in people
- EU Green Paper on Energy Efficiency
 - Save 20% = 60 bill.€ p.a.
- EU Package 2007

But: Only if we invest!

- Europe still leading but...
 - Japan • Top Runner Program
 - US • 9 states • General Electric
 - China
 - G-8 • "...It is important to act wisely now" (July 2005)

Is Europe ready?

A Scenario for Green Growth

Five Commission facts on environment and employment

- Environment policy is **not a job-killer!** - Neutral/positive impact on the number of people in work
- Environmental goods and service sector operates a **trade surplus** with the rest of the world and is growing rapidly
- **EU-10** has huge potential to improve energy efficiency – and thereby creating more jobs
- Clear link between **quality of jobs** and environment policies
- The **poor** suffer most from environmental degradation

Source: Commission staff working document on the links between employment policies and environment policies (2005)

A smart Green Growth Strategy

– some recommendations:

- ▶ Integrate 3 strategies to one:
 - Smart Green Growth
 - EU global leader
 - Investing in people
 - Investing in technologies
 - Work smarter not harder
 - ICT
 - Ressource efficient technologies for SD
- ▶ Flexicurity:
 - Labour Market
 - Public/Private
- ▶ Coordinated investment strategy for Europe
- ▶ "Guiding" consumption patterns
 - Green taxes and regulations

▶ Principle of best performance

▶ 10 years structural transformation:

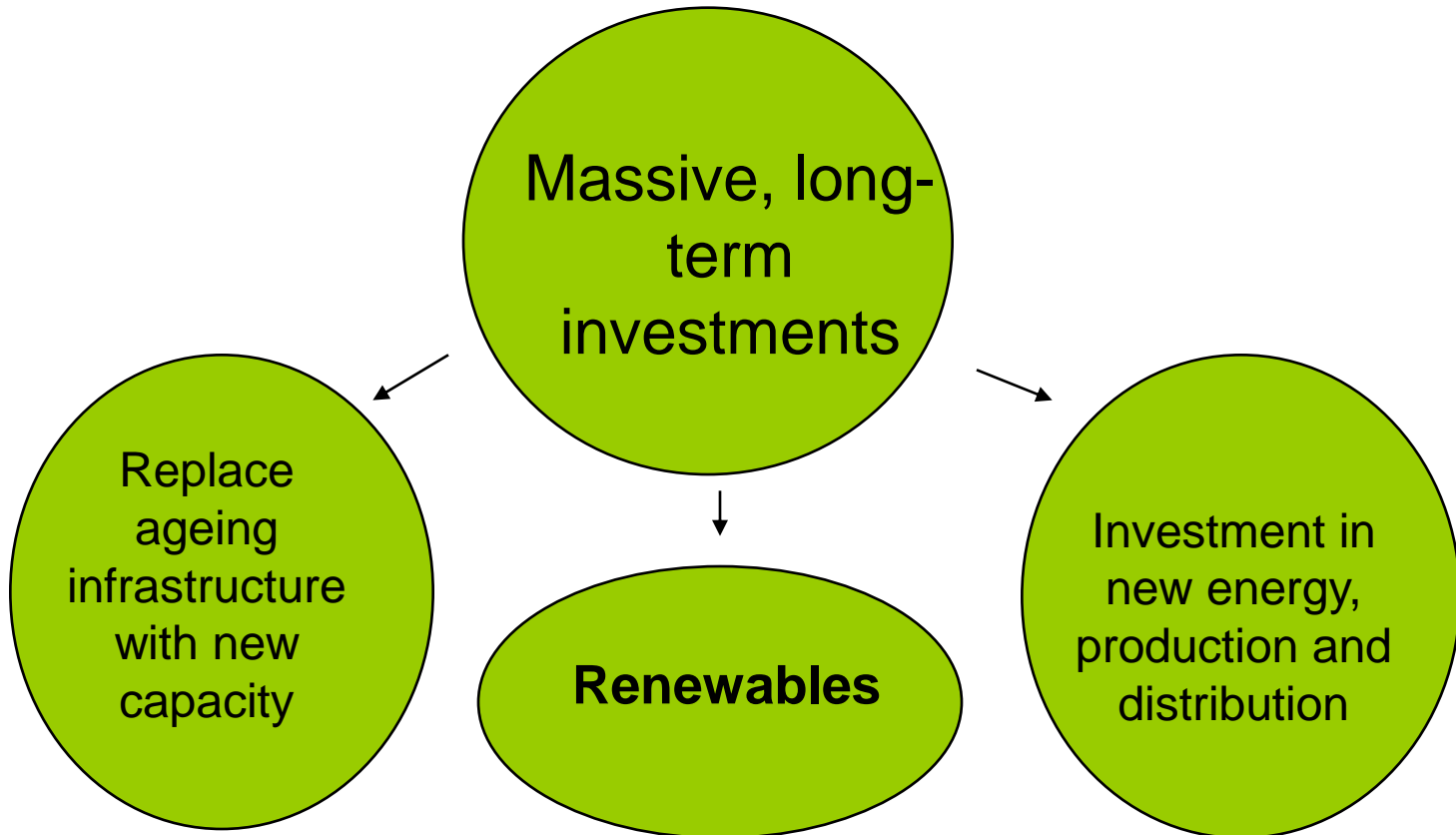
Ex:

- Transport
- Energy
- Agriculture

▶ 5 years horizontal aims for:

- Business – Annual reports with triple bottom line
- Public procurement – based on SD, tenders Incl. SD declarations

Massive investment needed



At least 1 trillion Euro!

We need capital markets to finance our investments

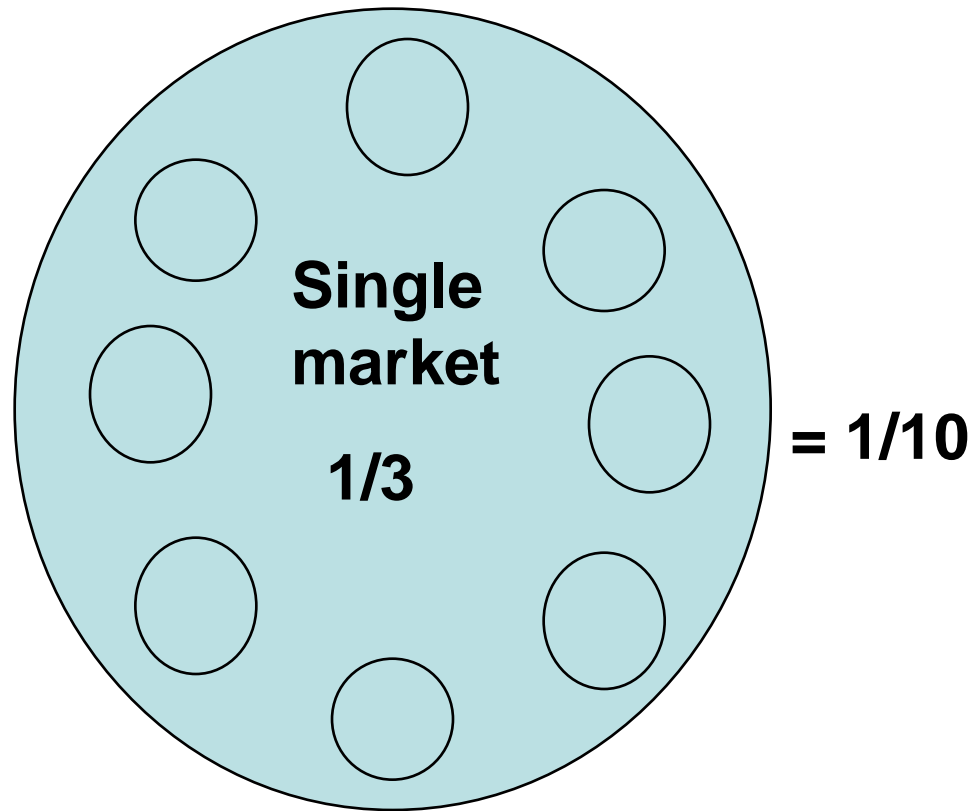
**Real Economy
& Investments**

**Financial Markets
HFs & PEs**

- **Cost effective?**
- **Transparent and accountable**
- **Long-term financing?**
- **Companies better off?**
- **Respecting company values?**
- **Social partners?**

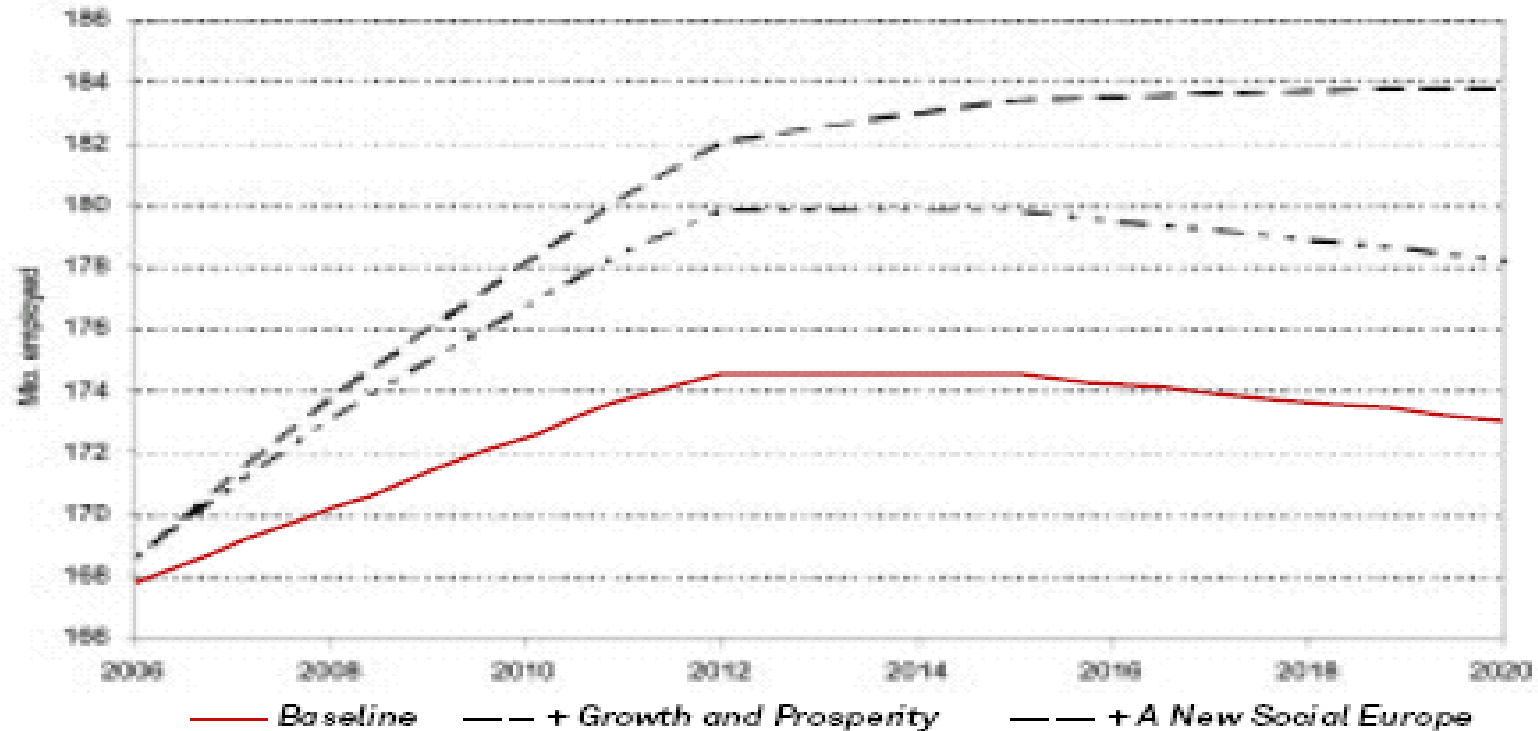
Not subordinated any longer

Coordinated Economic Growth



10 million more jobs in a new sustainable and social Europe!

Chart 9: Effect on employment, 2006-2020



Source: ECLM

After all...

- The Nordic Bumblebees are still flying

Top 10 - 2006

Competitiveness:

1. Finland
2. USA
3. Sweden
4. Denmark
5. Taiwan
6. Norway

Technology:

1. Singapore
2. Iceland
3. Finland
4. Denmark
5. USA
6. Sweden

Creativity:

1. Finland
2. Norway
3. Sweden
4. Denmark
5. Netherlands

Source: World Competitiveness Index 2006

Networked Readiness Index

And after all...

”Let’s not give up the hope, that problems created by human beings, can also be solved by human beings”

Willy Brandt