

The Nine-Point Plan

Employment and climate protection effects of a green recovery programme

Summary

The coronavirus pandemic is a global challenge. Above all, the social and societal consequences are enormous, and so are the impacts on the economy. Although the "mandated" economic standstill will give the environment at least a short breather, this short-term recovery will by no means ensure the achievement of the Paris Climate goals. It is a one-off effect, which will largely be reversed as economic activity gradually picks up again. Effective climate protection requires permanent structural changes in the way we produce and consume.

In light of this, political decision-makers face the challenge and opportunity of using targeted measures to achieve a win-win situation in which economic aid and climate protection go hand in hand. The solution lies in a green stimulus package that provides short-term employment and sets the course for a more resilient, climate-friendly economy in the medium and long term. A climate-friendly design for the economic stimulus package presents a historically unique opportunity that must not be squandered. Government funds earmarked for this purpose can be mobilized only once: they can be spent either on climate-harmful measures that sustain high CO₂ emissions for years and decades to come (carbon lock-in), or they can contribute to a sensible climate policy course.

Neither this insight nor the call for a green economic stimulus package is new. This study, commissioned by Greenpeace, for the first time calculates the impact on climate and employment of selected green stimulus measures. These measures

- accelerate decarbonisation and prevent carbon lock-ins,
- generate rapid employment through the investments made,
- leverage further investments,
- have a signaling effect and provide directional stability in climate protection, and
- contribute to a more sustainable economy.

Nine green economic stimulus packages, encompassing measures in energy, transportation, construction, industry, and land use, were put together from these proposals, resulting in the Nine-Point Plan. The study quantified specific necessary investments, CO₂ savings and employment effects of each package.

The green stimulus measures use almost 50 billion euros in funds by the federal government. At the same time, federal investments leverage a further 43 billion euros, so that a total of around 90 billion euros is invested between 2020 and 2024. This would create 365,000 sustainable jobs over a period of five years. Thus, the German government could more compensate for the current loss of almost 500,000 jobs caused by the coronavirus pandemic. At the same time, this would reduce emissions of up to 56 million tons of CO₂ equivalent per year, with the various measures taking effect over different time horizons. The packages' durations indicate how long the CO₂ effect might last.

The study shows that economic policies geared to mitigating climate change create jobs in the short term while laying a foundation for long-term innovation and ecological modernisation of the economy. Such green fiscal measures generally have higher multiplier effects than other measures in conventional public investments (DIW 2019). The Nine-Point Plan can have major positive effects and act as the green core of a stimulus package, which can be combined with other national and European stimulus measures to directly provide relieve to households, accelerate digitization, and secure additional jobs.