



Progressive Economics Network 2024

Berlin Meeting - 21 & 22 November

PREPAREDNESS, INVESTMENT AND INDUSTRIAL POLICY

Europe's economy is facing a series of challenges affecting growth, productivity and innovation. The conventional wisdom that the economic heavyweights, including Germany, pull ahead does not hold at the moment. On top of this, the result of the US elections brings additional uncertainty to international relations, both on economic and security dimensions. In these times, speaking with one voice while also addressing current challenges in a targeted manner is more important than ever for progressives. There is much to build on. Europe stood together in dealing with the immediate economic and social damage brought about by the pandemic and transatlantic unity has seen a remarkable revival in the West's resolute response to Russia's unprovoked war of aggression.

As the new European Commission is taking charge, the Progressive Economics Network (PEN) will reconvene to discuss current challenges and help guide policy responses that strengthen economic resilience, industrial policy, competitiveness and public investments in the green transition.

The Friedrich-Ebert-Stiftung (FES), the Foundation for European Progressive Studies (FEPS) and Das Progressive Zentrum (DPZ) wholeheartedly invite you to a one-and-half-day meeting of the Progressive Economics Network in Berlin on 21/22 November.

The **Progressive Economic Network's** aim is to further the discussion of these issues by convening key economic advisers, leading researchers and decision makers to allow for open, frank and private discussion.

Please find below the agenda including guiding questions:

Day 1: Thursday, 21 November

16:30 Registrations & Coffee @ FES office: *Hiroshimastr. 28, 10785 Berlin*

16:50 Welcome Remarks

**17:00****Session 1: Lessons Learnt from the Crises: Building up Shock Preparedness and Resilience**

Even though the inflation crisis looks to be over, there was very little learning and policy adjustment in its aftermath. There is clearly scope to discuss unfinished business on this topic. Apart from the reform of the European electricity market, there was very little done that would prevent or mitigate an inflation shock in the future. Instruments to address supply-side shocks remain limited and vulnerabilities in different markets remain. There is an urgent need for a policy toolkit for dealing with inflation and an EU preparedness package to be developed and institutionalised in order to equip the Union and member states with the means to anticipate and effectively react to economic shocks and recessions: creating early warning systems and crisis preparedness mechanisms, curbing speculation in commodity markets (especially food and energy), dismantling monopolies and enhancing competition in key sectors (notably in the food supply chain), and so on.

Scene-Setting:

Isabella Weber, Associate Professor of Economics, University of Massachusetts Amherst (online)

Comments by:

Zoltán Vajda, Hungarian Socialist Party (MSZP), Member of the Hungarian Parliament, Chair of the Budget Committee and Professor of Economics at the International Business School (IBS)

Helene Schuberth, Chief Economist, Austrian Trade Union Federation (ÖGB) (online)

Anna Kolesnichenko, FEPS Analyst on Economic Policy

Moderated by: **Marie Hasdenteufel**, Policy Officer, FES EU Office

Guiding Questions:

- What kind of measures are needed to prepare for and mitigate supply-driven inflation shocks in the future? What can be done to prepare ex ante?
- How do different instruments compare with respect to effectiveness in mitigating inflation? In particular, how effective are price controls in contrast to subsidies?
- Who (which institutions) is responsible for inflation preparedness? How can progressives encourage and convince them to develop and use the necessary instruments?
- Can the EU framework for preparedness pave the way for some countercyclical measures involving fiscal transfers or loans as a sort of insurance mechanism?

19:00

Networking Dinner @ FES office

**Day 2: Friday, 22 November**

10:00 Accreditation @ the German Federal Chancellery:

Willy-Brandt-Straße 1, 10557 Berlin

10:30 **Session 2: A Progressive Vision for Industrial Policy and Competitiveness**

As the new European Commission is taking shape, competitiveness and industrial policy will be its top priorities. At the moment there is quite a substantial debate of these concepts, and different stakeholders are advancing their visions. There are, for example, calls for deregulation and promotion of European champions in order to enhance competitiveness. Plus, conservative organisations are claiming that the green transition is too costly and should be scaled down. Progressives need to advance their own agenda on competitiveness and industrial policy based on decarbonisation and progressive core principles of social justice, territorial cohesion, social dialogue and workers' rights.

Current debates build upon the thinking that emerged on the back of the US implementing the US Inflation Reduction Act (IRA) and the EU's initial twofold response of enacting the Green Deal Industrial Plan and loosening the rules for state aid in the Single Market to give member states more flexibility in subsidising national industrial players. Going forward, the current political and economic picture in the US and Europe throws open several crucial questions, including a potential widening gap between big and small EU member states and issues of harmonisation and efficiency in the light of national strategies in Europe and across the Atlantic.

Scene-Setting:

Francesca Bria, Mercator Stiftung Fellow on Governing Digitization in Public Interest, Honorary Professor, UCL Institute for Innovation and Public Purpose

Comments by:

Holger Fabig, Director General Economic, Fiscal and Climate Policy at the German Federal Chancellery

Liam Byrne, MP, Chair of the Business and Trade Committee, Labour Party (online)

Jonás Fernández, Member of the European Parliament, S&D Coordinator for the ECON Committee (online)

Velibor Mačkić, Special Adviser for Economy to the President of Croatia and Associate Professor of Economics, University of Zagreb

Maria João Rodrigues, FEPS President and Chair of the Financial and Economic Network of the Party of European Socialists

Moderated by: **Florian Ranft**, Head of Green New Deal, DPZ



Guiding Questions:

- Moving from “green” to “clean”: to what extent can we expect a shift in the EU’s approach to strengthening investments in industrial capacity and green technologies given the incoming European Commission and a climate-change-sceptical Trump administration?
- What should be the goals of the industrial policy for the EU? What is competitiveness and how to measure it (i.e. how do we know when the EU improves competitiveness)?
- Given the confluence of serious challenges for the German economy (snap elections in 2025, constraints in fiscal and monetary policy and the need for deep structural reforms) what could an industrial policy strategy for Germany look like? Will the traditional approach focusing on research and development and structural policy have to change to deal with the transformational and geopolitical challenges? What will be the priorities on industrial policy and competitiveness of the German government at EU level? How do progressives in other European countries respond to these challenges?
- Considering the widening division between the US and Europe in critical areas, such as tariffs, subsidies, competition, standards, and taxes, what grounds are there for a concerted effort in policy design? What is known about when and how policies are effective or not?

12:00 Closing and transition for the next sessions

12:30 Lunch break @ Bab Kisan: *Flemingstrasse 5, 10557 Berlin*

14:00 Session 3: EU Investment Capabilities: Navigating the New Mandate

@ DPZ office: *Werftstrasse 3, 10557 Berlin*

At the start of this new legislative period, the EU’s finances are at a crossroad. On the one hand, massive investment needs are clear: The Draghi report quantified these with 800bn annually for the EU to be able to compete globally. At the same time, private investments remain muted compared to other world regions and EU member states have dived into fiscal consolidation after spending big during the health and energy crises and the budget rules being back into force.

Progressives pressured von der Leyen that the EU Competitiveness Fund will be a central project of the new Commission. It aims at raising EU investments in key strategic sectors with clear EU added value. Going forward, the political objective is that new funds will come quickly, be ambitious enough and address the right challenges. Social conditionalities ensuring positive net employment creation and quality jobs in EU funding instruments will be key of a progressive agenda of EU investment capacities.

Given the various challenges to finance the EU’s future, the next EU Budget (MFF) will (have to) be reformed substantially to increase its efficiency and effectiveness in the context of changing priorities. While an emphasis on strategic orientation and efficient performance of EU funds is important in the upcoming MFF reform, a fully conditionalized EU Budget would centralise power in the Commission and raises concerns about democratic legitimacy.



Scene-Setting:

Thomas Dermine, State Secretary for Economic Resilience and Strategic Investments, Belgium

Dominika Biegón, Head of Unit European and international economic policy at the German Trade Union Confederation, Member of the Economic and Social Committee & **Cédric Koch**, Policy Advisor for European and International Economic Policy, Friedrich-Ebert-Stiftung

Comments by:

Ole Funke, Deputy Director General European Policy, German Federal Chancellery

Paolo Pasimeni, Senior Associate Researcher, Brussels School of Governance, Vrije Universiteit Brussel (VUB)

Moderated by: **Johannes Lindner**, Co-Director, Jacques Delors Centre

Guiding Questions:

- What are the building blocks of a real EU Investment Capacity building on fiscal, investment, cohesion and recovery and equity tools?
- What should be the main requests and the red lines looking at the upcoming MFF negotiations?
- How can progressives best use the debate on the next MFF? Are socio-ecological conditionalities a good way to achieve progressive goals in the current debate on the future budget? Will there be space for social investment? How to mainstream a territorial dimension and good governance in all EU financial instruments?
- What is the “division of work” between public and private finances in supporting European investment needs?

16:00 Closure & Concluding Remarks by FEPS, FES, and DPZ representatives

About the Progressive Economic Network

The Progressive Economic Network (PEN) aims to bring together senior economic advisors and strategists from Europe and the US. The goal of the series is to reflect on political realities on both sides of the Atlantic and put into place an economic plan that is fit for the significant transformational challenges of our economies, incl. armed conflicts in the Ukraine and the Middle East, the climate crisis and shifts in geopolitics.

The network offers a space to strategise, exchange best practices, and form a progressive economic policy strategy on how to tackle some of the most pressing economic challenges in the areas of fiscal, monetary, trade, industrial and social policies.

PEN is co-organised by the Foundation for European Progressive Studies (FEPS) the Friedrich-Ebert-Stiftung (FES) and Das Progressive Zentrum (DPZ).



Previous seminars include among others (see more background and key takeaways [here](#)):

In-person meetings:

- March 2023: Fringe event **IMF Spring Meetings on new industrial policy and trade with Heather Bushey** (President Biden's Council of Economic Advisors), and among others, Valérie Rabault (MP, Socialist Party, France), Armand Zorn (MP, SPD, Germany) and Lina Gálvez Muñoz (MEP, S&D Group)
- September 2023: Brussels meeting at **the European Commission on green investments** with among others, Margarida Marques (MEP, S&D Group) and Miguel Matos Costa (MP, Socialist Party, Portugal)

Hybrid and online:

- October 2022: Pre-Briefing IMF Annual Meetings on **inflation crisis and energy crunch** with Prof. Ulrike Malmendier and Prof. Moritz Schularick
- November 2022: Lead-Up to G20 Meeting on **global energy crisis** with Laura Cozzi, Chief Energy Modeller, International Energy Agency
- January 2024: Meeting on **progressive toolbox for inflation** with Isabella Weber, Professor of Economics, University of Massachusetts Amherst

Save the Date – PEN @ IMF Spring Meetings

The PEN will reconvene in 2025 in **Washington D.C.** during the IMF Spring Meetings in the **week of 21 April 2025** to discuss critical topics like trade, economic security, and climate investment.

Mark your calendars and stay tuned for updates!



These meetings are organised with the financial support of the European Parliament. They do not represent the view of the European Parliament.