

# From the Corona Crisis to a Sustainable Economy

What Future-Oriented Policy Must Achieve Now  
by Reinhard Loske

When talking to people these days who are particularly concerned about global warming and sustainability as central challenges, you often encounter worried faces and gloomy forecasts: Once the corona pandemic has been brought under control, politicians will again do everything in their power to stimulate resource-consuming economic growth in every conceivable way. In doing so, ecological goals will be in danger of being undermined just as they were after the financial crisis in 2008.

This fear is justified and not just a figment of our imagination. Familiar media faces are popping up again to propose that we should be given a breathing space from climate policy, rules for air pollution control, nature and water conservation should be weakened or that even citizens' rights for participating in environmental interventions be suspended so that the economy may quickly "re-boot" itself and "buzz" again after the crisis. As always, lobbyists and populists are at the forefront.

Nevertheless, one also encounters an entirely different and more hopeful attitude in ecologically oriented circles. Many people believe that the corona crisis, besides all the human suffering and the various restrictions it has created in everyday life, offers particular opportunities for policies of sustainability.

The assessment here is that this crisis is a turning point. It divides time into a "before" and an "after". It exposes so many ecologically questionable issues that consequences must and will follow. Anyone paying attention can see where the disregard for natural boundaries, hypermobility and endless supply chains has led us: to more vulnerability and less resilience, more dependence and less robustness.

These are strong arguments. Yet it is also true that there is no automatism that will lead to more sustainable lifestyles, economic practices and technologies in the wake of the crisis. Many people may change their world view through the corona upheaval and their perspectives on the looming abyss, but we will not be "new" people because of it. There will continue to be self-interest and community spirit, competition and cooperation. The

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future task of democratic politics will be to balance these different orientations in the practical shaping of our social coexistence.

## The Era of Systematic Denationalization and Deregulation is Coming to an End

One thing is becoming evident, however: The basic political orientation will veer from a previous primary focus on the economization of ever more spheres of society, from the health system to education and climate policy. The view that fierce competition and a deeper division of labor on a global scale, together with systematic weakening of the state and greatest possible deregulation, are the economic policy keys to increasing prosperity, will come under increased pressure, much more so than after the financial crisis. It may be premature to speak of the "corona twilight of neo-liberalism" (Ulrike Herrmann), but the crisis has in any case shaken its very foundations.

Yet at the same time, while politically influential protagonists of neoliberalism are still holding back with public advice, this is only a temporary and tactical silence. They are aware enough to know it would not be a good idea at this time to propagate further weakening the state's ability to act or to endorse the idea that "there is no such thing as society, but only individual people" (Margaret Thatcher). But behind the scenes, vigorous preparations are being carried out for the post-crisis period when society's expectations of the state will overflow and possibly overwhelm it. The expectation is that battle cries claiming "government and politics cannot do it!" will then fall on fertile ground once more.

In any case, it is realistic to assume that during this crisis, and even more so afterwards, there will be a struggle to interpret and find viable ways to overcome it. Those who fight for sustainability, ecology and global justice must enter this struggle with good arguments, good conceptual frameworks and good enforcement strategies.

## In Future, Sustainable Policies Must also be Characterized by Fact-based and Consistent Action

Looking at the ongoing corona crisis and the fight against it from an ecological perspective, the speed with which the political system, and consequently the natural system, has reacted is particularly striking. As recently as February, achieving Germany's climate target for 2020 (minus 40 percent CO<sub>2</sub> emissions compared to 1990) seemed completely impossible, but now the corona crisis will probably make it even more likely that this target will be exceeded. According to the Federal German Environment Agency UBA, it could reach minus 45 percent by the end of the year. Above Wuhan, the epicenter of the crisis in China, short term nitrogen oxide concentrations in the air have fallen so drastically that the effect was clearly visible in NASA satellite images. And in tourist-free Venice, the water in the city's canals is clearer than it has been in a long time.

Certainly, all these effects are not the result of environmental policy action, but side effects of virus control with a high level of intervention. The measures are not sustainable in the true sense of the word. It would also be foolish to see the principle of "environmental protection through collective shutdown" as a real solution. In the end, this

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would only pour water on the wheels of those who want to make us believe that we have to choose between the ecology and economy, nature conservation and economic vitality. Both at the same time, so the false argument goes, are simply not possible.

Nevertheless, the lesson to be learned from the accompanying phenomenon of this shutdown is fundamental. Nature reacts very quickly and generously when excessive human pressure is taken away from it. This too can give hope.

Many ecologically-minded people are therefore wondering why it is possible to combat the corona pandemic in a way that has not been done in the case of much more threatening problems such as global warming or the destruction of biological diversity, namely by taking consistent action. On the contrary, even the most minimal recommendations for the benefit of climate and nature are often discussed in Germany as if they were directly paving the way to an eco-dictatorship, whether regarding a 120 km speed limit on motorways to minimal eco-taxes and voluntary meat renunciation one day a week. Much of this cultural struggle around the “German way of life” now only appears to be grotesque.

## Political Courage is Not Punished in an Emergency, But Rewarded

Another fairy tale has also been currently debunked, namely the assertion that politics is punished when it imposes hard facts on people and bases its actions on these very facts. As recently as September of last year, when Chancellor Merkel presented the German government’s absolutely insufficient climate package, the memorable phrase was uttered that politics is just what is possible at the time. Less than six months later, during the corona crisis, the same federal government is now pursuing a scientifically based policy of unsparing truths, restrictions and impositions - and 95 percent of the public approve or even demand tougher measures (ZDF Politbarometer of 27 March).

Now there are certainly reasons why fundamental restrictions are more readily accepted in the corona crisis than in the fight against the climate crisis: the fear of lethal viruses is apparently much greater than the fear of global warming and species loss, the consequences of which are more insidious and long-term. Lobbying on all fronts against taking decisive action on long-term problems such as climate change also has an easier time of it: from sowing scientific doubt to fueling economic decline scenarios to mobilizing populist counterforces.

Nevertheless, it remains striking that in the case of the corona pandemic, action is consistent whereas in the case of climate change it is inconsistent, even though scientific evidence is very compelling in both cases and surveys show similar approval ratings for preventive climate protection as for the rigorous fight against the pandemic. The only conclusion that can be drawn from this is that the timidity of climate policy government action was and is primarily the result of too much consideration for powerful and unsustainable interests, especially industrial interests.

The lesson to be learned from the corona crisis is therefore that climate policy must in future also be carried out on the basis of evidence and should reactivate a supposedly old-fashioned category in the face of particular interests, namely political courage, which

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includes the ability to be steadfast in dealing with conflict. Impositions that are comprehensible and well-founded are not risk-free for political decision-makers, but are accepted by many more people than is assumed or prescribed in the political mainstream.

Of course, normative conclusions and political decisions cannot directly be drawn from scientific facts. Politics in democratic systems is about public discourse, conflict treatment, balancing of interests, civic engagement. So the story is not about replacing democracy by expertocracy. It is about taking scientific knowledge seriously.

## **Pandemic Control and Sustainability Require a New Intergenerational Contract: The Young and Old Depend on Each Other**

A policy of sustainability therefore needs courage. The current debate on intergenerational justice and mutual respect for the generations is certainly beneficial in this respect. What we are experiencing in the corona crisis is indeed an interesting reversal of the public discourse on intergenerational considerations: If the climate debate is characterized by encouraging older people, and especially "baby boomers", to take into account the survival interests of young people and future generations, the corona debate is about the exact opposite: young people should restrict themselves so as not to endanger older people through an uncontrolled virus spread.

So far - as of the end of March - one can say without further ado that "Generation Greta" is fulfilling its mission. They are staying at home, they are offering assistance, and they are sticking to the rules. One hardly ever hears derogatory remarks about the elderly; on the contrary, such remarks are greatly frowned upon. Where they do appear, however, they are pushed to the sidelines by a wave of helpfulness on small and large scales.

All this should and will have consequences for politics. In the past, which is not untypical for ageing societies, policies have been very much geared towards the supposed interests of older people, which often revolve around the issue of security, from pension security to public safety and border security. These interests are legitimate, but in the past they have often marginalized important future issues such as climate protection, sustainability, education and digitalization.

It will be necessary to readjust society's intergenerational contract after the crisis and to give future issues the weight they deserve. From the transformation of energy systems to transport to agriculture, from digital strategies to research funding to education funding, the EU, the Federal German Government, state governments and local authorities now have the opportunity to integrate sustainability systematically and ambitiously into all policy areas.

The window of opportunity is now wide open to ensure this really happens. Ursula von der Leyen's EU "Green Deal" must be implemented quickly and must be even better funded. The planned economic stimulus packages and recovery programs must turn into "green stimulus" packages and "green recovery programs" that promote real structural change towards sustainability and do not artificially keep old ways alive. Absurdities such as "scrappage schemes" for fully functional cars or pointless road construction programs,

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which still characterized the German government's economic stimulus package after the financial crisis, must be abandoned.

## Sustainable Economic Policies after the Corona Crisis: Selective De-Globalization, Regionalization of Value Creation and Resilience as New Guiding Principles

In large parts of the climate movement, "the economy" has so far been seen as a "black box", as the "other", even as anti-social. Against the background of real experiences with many industrial groups and trade associations, this attitude may be understandable. But it does not make sense. As a society we cannot afford it. The economy is too important for our supply of the necessities of life and the functioning of our communities. But it is also clear that the economy will and must change. The more people see the economy as an agent that requires public spirit, the better it will be for everyone, including most companies themselves.

The mode in which we talk about business and pluralistic economic styles in the future will have to change. Above all, economic education, which today is often characterized by unrealistic and dogmatic idealization of self-interest and competition, will have to be turned on its head.

Many assumptions of the prevailing mainstream economy are equally fundamentally challenged by the corona pandemic and global warming. These include not only the widespread ignorance of planetary boundaries and the invocation of individual utility maximization as the highest form of rational choice, but also the assumption that an ever deeper international division of labor with ever larger companies and ever longer and more complex supply chains is good for everyone.

The fact that there are not only "economies of scale but also "diseconomies of scale", has long been a firmly established topic in the socio-ecological discussion. Unfair and ecologically harmful world economic structures that are to the detriment of the southern hemisphere are criticized just as intensively as excessive traffic flows in the sky and on the world's oceans. When transport cost for container vessels and cargo planes are kept artificially low by not internalizing external costs to the environment this directly stimulates unsustainable trade.

In its own way, the corona crisis has now made clear how vulnerable states are when necessities have to be obtained from distant sources or even from monopolies, or when they cease to exist altogether in the event of a crisis. In the USA, the president has already activated the Defense Production Act to force automobile companies to produce much needed ventilators for corona-patients.

To reduce vulnerability and abrupt disruptions of supply chains and thus increase the robustness ("resilience") of the overall system, selective de-globalization and targeted re-regionalization will be important building blocks of an economy of sustainability in the future. It will not be possible to achieve this purely by striving for autarchy and self-sufficiency, but rather by increasing autonomy, i.e. shifting the weight from external supply

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to self-sufficiency. This too has practical consequences for many policy areas: Regional agriculture needs to be strengthened, urban-rural cooperation improved, the use of motorways as rolling stock for just-in-time production in factories reduced, economic development geared to increasing intra-regional production interdependencies and circular economy, and banking geared to supporting decentralized value creation strategies.

## What Seemed Distant Yesterday May be Here Tomorrow: Global Responsibility in the Post-Corona World Order

From sustainability and global justice perspectives, it is also impossible to rationalize permanent isolation strategies from an increase in global problems such as pandemics and climate extremes. The current focus on the national, which may perhaps have a temporary purpose in combating the corona crisis, should not become the new standard. On the contrary, the world of states needs more cooperation and better international agreements.

Apart from the fact that dealing with global problems virtually forces multilateral cooperation, it would be a gloomy prospect, especially for the countries of the southern hemisphere, if the industrialized countries were now to rely on isolation, self-sufficiency and exclusion. In the so-called developing countries, the proportion of those who are particularly sensitive to climate change, pandemics and other disasters is very high. The poor suffer most.

The problems of the world, which the industrialized countries have contributed to a large extent through post-colonial effects, unjust world economic relations or geopolitical egoism, cannot be kept at bay by high border fences, at least not in the long term. The refugee crisis on the EU's external border in Greece, which is currently in the media's slipstream, shows this very clearly. The problem will not simply disappear by looking away.

Therefore, as ecologically sensible as it is to reduce the deepening of the global division of labor, which is exaggerated in many places, it is at the same time necessary to stick to the goal of creating fair and sustainable world trade structures. Here, too, after hopefully overcoming the corona crisis quickly, politicians will be faced with an overabundant list of tasks, from implementing the Paris climate agreement to a fair and sustainable sharing of global biodiversity, from an effective supply chain law to a "Marshall Plan with Africa", from fair trade agreements to the protection of sustainable domestic economies from imported products based on eco-dumping. Implementing the "UN Sustainable Development Goals" from 2015 should be the top priority of international policy.

## An Important Crisis Lesson for Sustainability: Balance and Share Care Work and the Pursuit of Gainful employment, Unpaid and paid Work!

The greatest source for a conceptual sustainable future framework could be the immediate crisis experiences themselves, which people worldwide are currently experiencing, both in the negative and positive. This certainly includes the experience of fear for one's loved ones and one's own life, for one's workplace or business, because fear is known to be a very strong driving force. But also, and perhaps even more importantly, it

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includes the experience of togetherness, community spirit and affection, as well as the involuntary experience of sudden "wealth of time" and restrictions on consumption and reach.

One of the positive aspects of the last few days and weeks has been how much appreciation has grown for those who keep society going through their work, whether in hospitals, nursing homes or supermarkets, on public transport, in the waterworks or in waste collection. Until recently, their work was hardly noticed, but now there is talk of "everyday heroes" everywhere. Above all, the role of care work, which is mainly performed by women and the underprivileged sectors of society, is now coming to the fore. One can only hope that warm sentiments will soon be translated into higher salaries for the "heroines" and inversely salaries on management levels be lowered to a healthy level.

At the same time, the corona crisis makes it clear that personal work, family work and voluntary commitment are positive experiences for many people, because they counteract the alienation of individuals from themselves and their environment and strengthen social resonance relationships. However, it is also true that some people struggle with the unstructured time, forced sedentariness and involuntary limits to consumerism, sadly indicated by an increase in domestic violence we are witnessing currently.

Overall, however, it can be said with a high degree of plausibility that both forms of care work, paid and unpaid, are also of great importance for sustainability strategies. Above all, they remove commercial growth pressure from the economic system. Shorter working hours and basic income elements can help to increase the population's sovereignty over their time and thus create the conditions for a healthy balance between working hours and personal time. The crisis also makes it clear that meaningful and satisfying work can release energies when it counts.

## The Future is Open: Let's Talk About It!

In these highly volatile times, it is fundamentally impossible to make reliable forecasts about the future. This also applies to the socio-ecological transformation that we as a society are facing even after the corona crisis. A great many questions remain open: No one can know for sure whether the experience of forced sufficiency will lead people in the future to throw off superfluous wealth ballast or rather to a new wave of consumerism; whether the new familiarity with the digital world, which more and more people are hooking up to in home offices and on video conferences, will lead to less traffic or to a new hypermobility; whether the sense of community reactivated by the corona crisis will be a permanent or a temporary phenomenon.

Precisely because so much is open, the promotion of sustainability requires not only a political will to act and an economy ready for transformation, but also and especially an alert civil society. What is needed are spaces for discourse and real-world laboratories in schools and universities, businesses and public authorities, non-governmental organizations and foundations, in which formats for a sustainable and fair shaping of society can be developed and, above all, practiced together.

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In the future, it is important to look more closely for "third ways" beyond the state and the market. For as much as it is necessary to push back the neo-liberal zeitgeist of an all-encompassing economization, it would be inappropriate to place everything on the "strong state" card. As history teaches us, the state, too, has a tendency to encroach on the public sphere, which is exemplified by the current breaking down of barriers to data protection.

Once the corona crisis with its compelling challenges has been overcome, neither blind faith in the market nor exaggerated control optimism should become the main feature of socio-ecological transformation, but rather the ability to shape society in a reflective, responsible and joint manner. We must talk!

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