



Beyond Growth

2023 Conference





PLENARY 5
Building post-growth
macroeconomic governance
framework: aligning tools, rules
and policies with EU political
goals

Join the Q&A



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CHAIR

Manon Aubry

Member of the European Parliament
(The Left), Beyond Growth Conference
organiser

Plenary 5

Building post-growth macroeconomic governance framework: aligning tools, rules and policies with EU political goals



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Member of the European Parliament (La France Insoumise), Co-Chair of the Left group in the EP, Conference organiser



Louison Cahen-Fourot

Assistant Professor,
Roskilde University



Benoît Lallemand

Secretary General of
Finance Watch



Philippa Sigl-Glöckner

Director,
Dezernat Zukunft



Joseph Stiglitz

Professor,
University of Columbia,
Nobel Prize of economics



Yolanda Díaz

Second Vice-President
and Minister of Labour
and Social Economy of
Spain, representing the
next Presidency of the EU



SPEAKER

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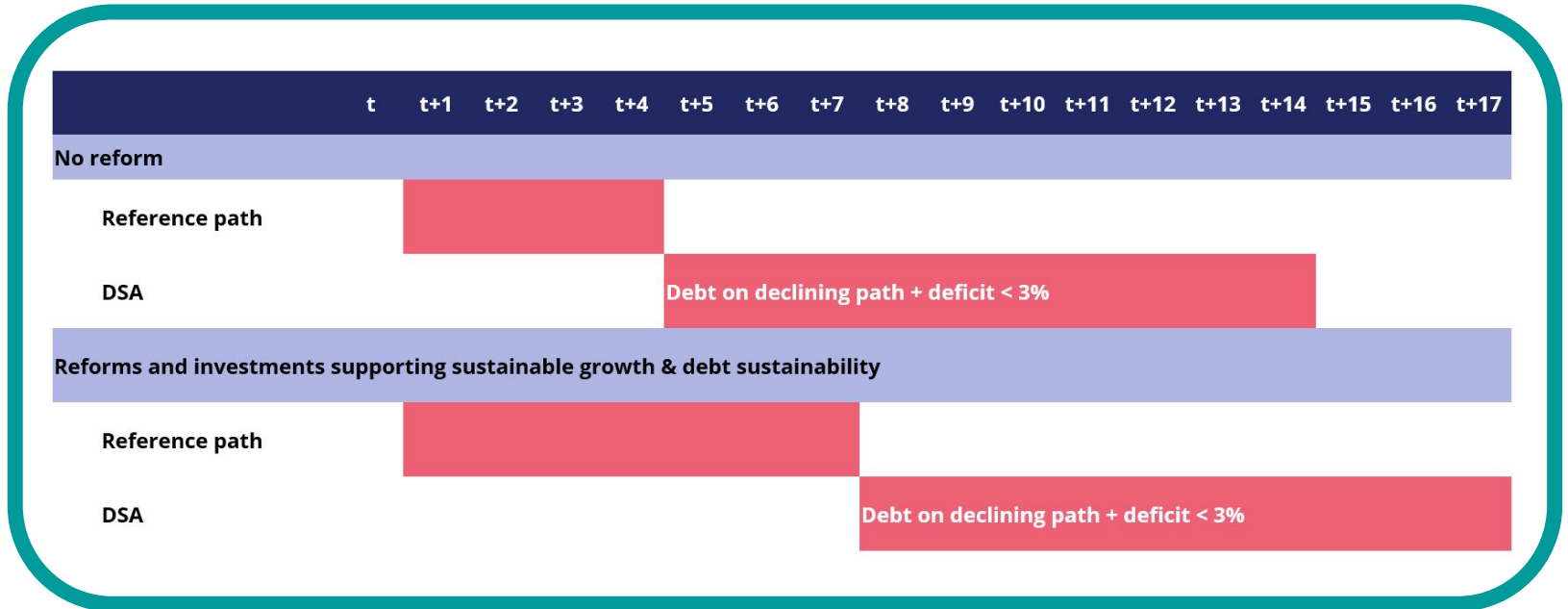
SPEAKER

Philippa Sigl-Glöckner

Director,
Dezernat Zukunft

Plenary 5

Process for countries with substantial debt challenge



Source: EU-Commission

Debt sustainability analyses

Example debt sustainability analysis

Netherlands

1. General Government Debt and financing needs projections under baseline and alternative scenarios and stress tests

| NL - Debt projections baseline scenario | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Gross debt ratio | 48,5 | 54,3 | 57,5 | 56,8 | 56,1 | 56,0 | 56,0 | 56,2 | 56,8 | 57,6 | 58,6 | 59,8 | 61,3 | 62,8 |
| Changes in the ratio (-1+2+3) | -3,9 | 5,8 | 3,2 | -0,7 | -0,8 | -0,1 | -0,1 | 0,2 | 0,6 | 0,8 | 1,0 | 1,2 | 1,4 | 1,5 |
| of which | | | | | | | | | | | | | | |
| (1) Primary balance (1.1+1.2+1.3) | 2,5 | -3,5 | -4,8 | -1,7 | -0,7 | -0,9 | -1,1 | -1,4 | -1,7 | -1,9 | -2,1 | -2,3 | -2,6 | -2,8 |
| (1.1) Structural primary balance (1.1.1-1.1.2+1.1.3) | 1,5 | -1,2 | -3,9 | -2,0 | -1,2 | -1,3 | -1,4 | -1,5 | -1,7 | -1,9 | -2,1 | -2,3 | -2,6 | -2,8 |
| (1.1.1) Structural primary balance (bef. CoA) | 1,5 | -1,2 | -3,9 | -2,0 | -1,2 | -1,2 | -1,2 | -1,2 | -1,2 | -1,2 | -1,2 | -1,2 | -1,2 | -1,2 |
| (1.1.2) Cost of ageing | | | | | | 0,1 | 0,2 | 0,4 | 0,7 | 0,3 | | | | |
| (1.1.3) Others (taxes and property incomes) | | | | | | 0,0 | 0,0 | 0,0 | 0,1 | 0,1 | | | | |
| (1.2) Cyclical component | 0,8 | -2,3 | -0,8 | 0,4 | 0,5 | 0,3 | 0,3 | 0,2 | 0,0 | 0,0 | | | | |
| (1.3) One-off and other temporary measures | 0,2 | 0,0 | -0,1 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | | | | |
| (2) Snowball effect (2.1+2.2+2.3+2.4) | -1,8 | 1,5 | -2,9 | -2,4 | -1,4 | -1,0 | -1,1 | -1,1 | -1,1 | -1,1 | | | | |
| (2.1) Interest expenditure | 0,8 | 0,7 | 0,5 | 0,4 | 0,3 | 0,3 | 0,3 | 0,2 | 0,2 | 0,2 | 0,2 | 0,2 | 0,2 | 0,3 |
| (2.2) Growth effect | -1,0 | 1,9 | -2,0 | -1,8 | -0,9 | -0,4 | -0,5 | -0,4 | -0,4 | -0,3 | -0,2 | -0,2 | -0,2 | -0,3 |
| (2.3) Inflation effect | -1,5 | -1,1 | -1,3 | -1,0 | | -0,9 | -0,9 | -0,9 | -1,0 | -1,0 | -1,1 | -1,1 | -1,2 | -1,2 |
| (2.4) Exchange rate effect linked to the interest rate | 0,0 | | | | | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| (3) Stock-flow adjustments | 0,3 | | | | | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| (3.1) Base | 0,3 | | | | | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| (3.2) Adjustment due to the exchange rate effect | 0,0 | | | | | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Pro memoria | | | | | | | | | | | | | | |
| Structural balance | 0,7 | | | | | -1,6 | -1,7 | -1,8 | -1,9 | -2,1 | -2,3 | -2,6 | -2,8 | -3,1 |
| Gross financing needs | 8,1 | | | | | 11,4 | 11,6 | 11,9 | 12,4 | 12,8 | 13,3 | 13,8 | 14,4 | 14,9 |

Key assumption I:
Interest rate =
ECB rate + risk premium

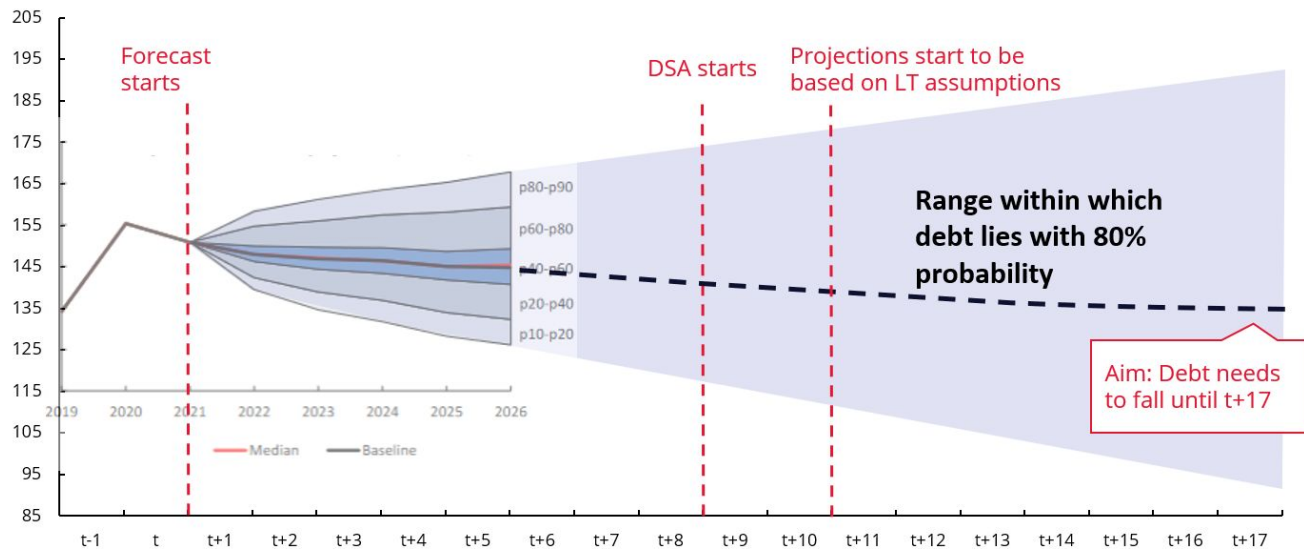
Key assumption II:
growth, converging to
potential growth

Source: [EU-Commission](#), [EU-Commission](#)

How much do we know about the future?

Stochastic DSA Italy

Vintage 2021, updated 2022



Source: [EU-Commission](#)

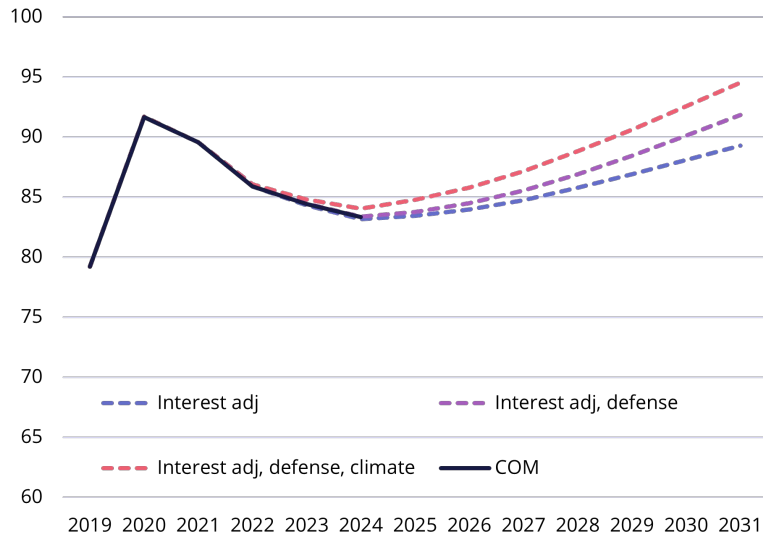
Incompatibility of goals?

Multiple cost pressures

- Higher financing costs
- Higher defense spending reaching 2% p.a. in 2031
- Spending needs for decarbonisation at 1% of GDP p.a.

EU debt

% of GDP

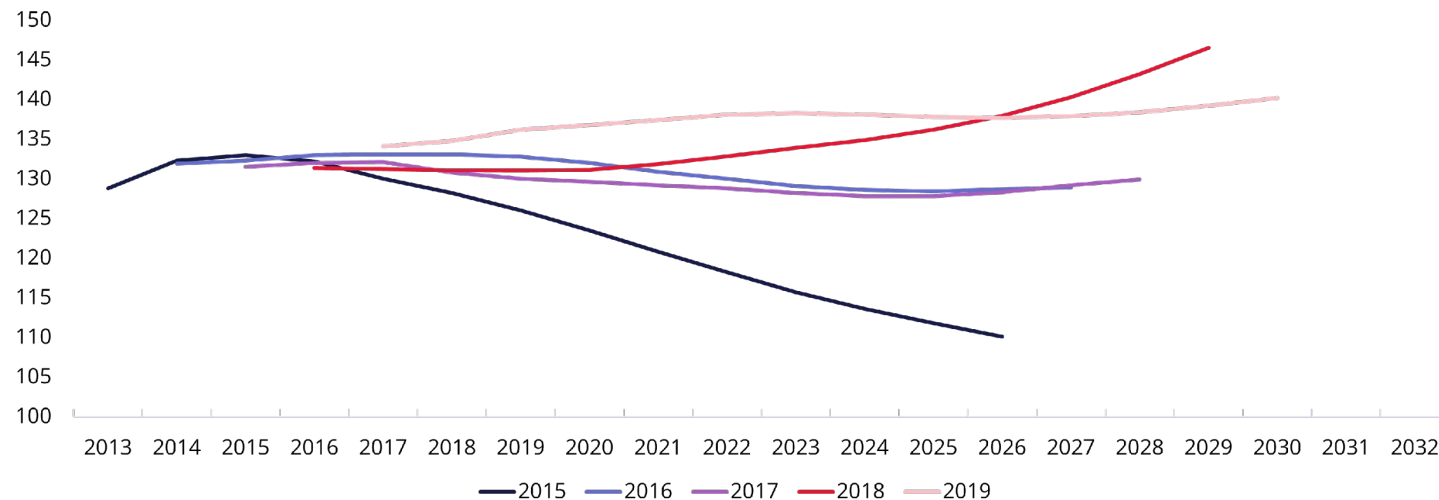


Sources: EU-Commission, own calculations

How much do we know about the future?

Debt to GDP projections Italy

DSA vintages



Source: EU-Commission

Four suggestions for the current reform

- 1 DSAs need to be **fully public**
- 2 Base case against which investment case is benchmarked:
Scenario **including emission target constraint**
- 3 **Do not** introduce an obligation to reduce the debt to GDP quota
- 4 **Do** start to track green fiscal sustainability: Ratio of debt to net zero asset base. First step: Do keep balance sheet accounting in the legislative proposal

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SPEAKER

Louison Cahen-Fourot

Assistant Professor,
Roskilde University

Plenary 5

Contradictions in growth regimes and post-growth solutions

Growth regimes unstable

- Monetary policy vs. environmental policy
- Environmental policy vs. welfare state
- Sustainable prod. and conso. vs. Social importance of work
- Sobriety vs. inequalities reduction
- Post-growth in core vs. development in periphery

Post-growth solutions

- Scientific-democratic definition of *green*
- Need-based EU fiscal rules
- CBAM as international cooperation

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slido



Audience Q&A Session

① Start presenting to display the audience questions on this slide.



UP NEXT

Focus panels

11:00 - 13:00

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JAN 4Q1

Challenges to feminist fiscal policies beyond growth: a focus on gender budgeting tools

18

JAN 6Q2

Beyond GDP indicators

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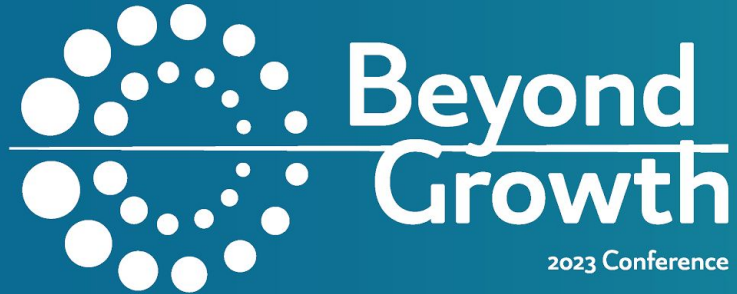
JAN 4Q2

A financial system fit for a postgrowth economy

20

HEMICYCLE

What does a credible EU-wide, social and economic framework to achieve a just transition look like?



Pathways towards Sustainable Prosperity in the EU

Welcome!



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