

## **Discussant's contribution to „Public investment and environmental issues“**

### ***Marina Fischer-Kowalski***

My contribution as a discussant is framed from my perspective as a social ecologist and non-economist, and therefore selective and maybe skewed.

Pedro Bom's paper on "Fiscal rules and the intergenerational welfare effects of public investment" invites a social ecologist's critique. His starting point from a supposed "infrastructure gap" in Europe does not comply with the findings from material and energy flow research; according to this research, most high income industrial countries have invested, since the end of World War II, a large amount of natural resources into building infrastructures, some of them meanwhile dispensable in the face of low population growth. The slowdown of resource flows into built infrastructure in the past decades should rather be interpreted as healthy sign of saturation.

Second, his analytical assumption that investment into built infrastructure is at the expense of the present, but in favour of future generations, is highly questionable. Infrastructures create a longterm lock-in in present technologies – very problematic if a transformation is required. Beyond, all built infrastructure creates the need for substantial future resource flows for maintenance and use – in a situation of increasing resource scarcity, this will be a burden on future generations rather than an asset. In effect, a social ecologist would argue the other way round: that building infrastructures possibly benefit the present generation in creating jobs and boosting economic growth, but at the expense of a burden on future generations.

Christian Dreger's sophisticated formal analysis of the interrelations between public and private investment is not easily accessible from a socioecological viewpoint. For a non-economist, it still comes as a surprise that an issue that is treated as common sense in public policy discussions seems to have such a weak scientific underpinning: public investment does stimulate private investment, or it does not.

Etienne Espagne makes a contribution to climate change policies. He suggests to depart from the (basically failed) strategy of trading carbon emissions by a market based price towards finding an international agreement on the "value" of carbon savings ("social costs of carbon"), directly financing investments into carbon savings and issuing carbon certificates at the agreed price, guaranteed by public financing agencies. This proposal is interesting from two perspectives: Would such a strategy indeed facilitate international negotiations about climate change policy? I feel, this could indeed be the case. And would it be effective in achieving carbon emissions saving? To my mind, it could hardly be less effective than emissions trading, and it might well be much more effective, as it directly supports investment in this direction.

Alina Pohl reports on her study of eco-clusters in Austria and how they might drive regional environmentally friendly innovation. She has investigated the emergence of such clusters; she concludes that in contrast to other economic clusters eco-clusters need to be policy-driven and supported from above. One of the problems of this study seems to be the sampling process; the clusters investigated are not randomly or systematically drawn from a larger population, but rather have been generated and supported by a particular federal program. Thus her core conclusion does not come as much of a surprise, that eco-clusters require more top-down policy support than other economic clusters. While as a social ecologist I sympathize with policy support for eco-clusters, this research neither convinces me that eco-clusters need more policy support (there even might be more bottom-up economic cluster initiatives around eco-issues than in other fields), nor that they receive more top-down policy support than any other emerging economic cluster.

