

Ulysses Project: How to transform the PIIGS into innovative, low-carbon economies

Context

The Ulysses countries, or else the countries of the European South/Periphery, viz. Portugal, Spain, Ireland, Italy and Greece have been experiencing the most severe asymmetric shocks of the eurocrisis. Whatever arguable gains there could be derived from the implementation of reforms under troika programmes, are undermined or totally lost to the rising costs of fossil fuels.

The exposure these countries have to energy imports means that they are not robust to a range of shocks, thus any cuts in labour costs do not really improve competitiveness because of rising energy prices.

Notwithstanding the implementation of the troika programmes and the steps towards the completion of the Economic and Monetary Union, it is pertinent to provide a credible solution to the largely-overlooked fossil fuel dependency of the Ulysses countries.

Proposal

Taking the above into account, the Green New Deal Working Group can consider supporting a study that will develop a coherent proposal for financing the development of the Ulysses countries, so as to achieve the transition to a low-carbon, innovative economic model. The study must include the following:

1. Provide the most up-to-date facts and figures on the fossil fuel dependency of Europe's South and Periphery.
2. Assess the possibility of implementing a development project to reduce fossil fuel dependency, with the re-industrialization of the Ulysses countries being part of it.
3. Examine how existing funds and other idle resources can be mobilized towards that end.
4. Identify the most efficient modalities for the formation of a network of innovation hubs, to foster eco-innovation and contribute to the knowledge economy.

The benefits are numerous and should be outlined in the study. It could encompass elements of the following non-exhaustive list:

- Reduction in fossil fuel imports, which will directly improve macroeconomic magnitudes, while indirectly reducing budget deficits/public debts.
- Energy independence that will free resources for other more creative and beneficial uses.
- An effective decrease of carbon emissions and a transition towards a low-carbon economy, with all the benefits this has for the environment and the society.

- Formation of a nexus of eco-industries and eco-innovation clusters that will create positive externalities on new investment opportunities, expand areas of research and engender agglomerative forces (e.g. how people gathered at Silicon Valley to eventually form a thriving ecosystem of technological innovation).
- Effective inter-connection of the Ulysses countries allowing them to operate as a more integrated whole, expanding therefore on the resulting economies of scale.