

Walter Eucken Institut | Freiburg, 12th December 2025
Critique of the Planned Economy

Economic Calculation in the 21st Century

Industrial Policy, Technosocialism and the New Interest in Planning

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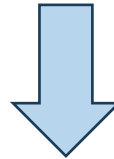


Samuelson and Nordhaus (1989), p. 837

“[T]he Soviet economy is proof that, contrary to what many skeptics had earlier believed, a socialist command economy can function and even thrive.”

1990s: The meaning of transformation

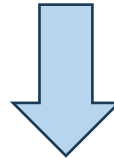
Centrally planned economies



Market economies

Today: New meaning of transformation

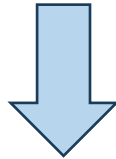
Market economies



Shaping economic structures
via governmental interference

Revival of interventionism

Global financial crisis



Misinterpreted
as market failure

Rise of China



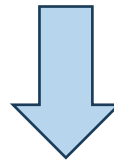
Superior
economic order?

China: No role model

Massive macroeconomic disequilibria

GFC: Monetary interventionism

Preventing “bad” equilibria



Weakening fiscal discipline via capital markets,
fostering fiscal dominance of economic policy

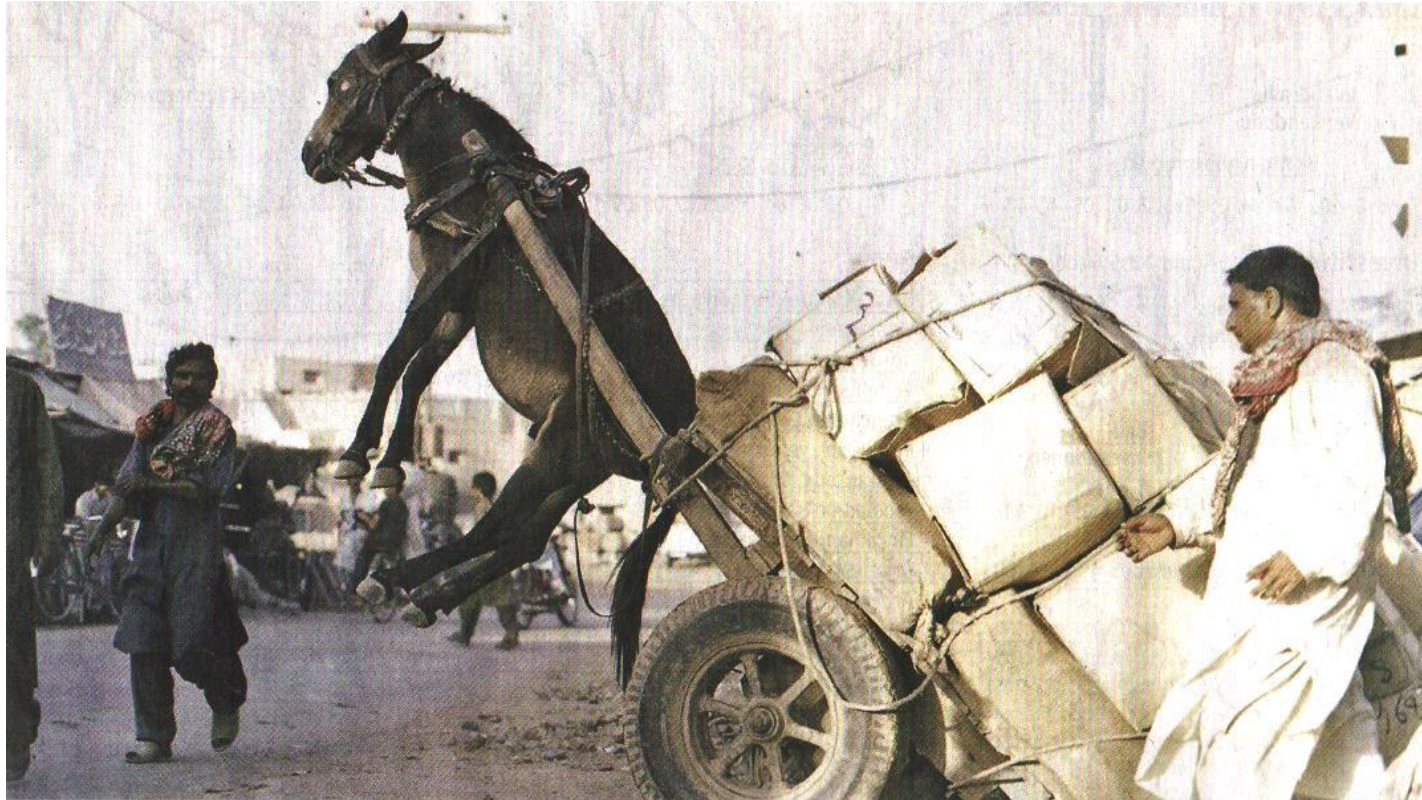
Post GFC: Monetary interventionism

Central banks:
Masters of the universe?

Green monetary policy

Wrong institution,
wrong instrument.

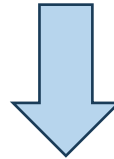
Monetary policy: Overloaded



Source: FAZ, 26 October 2011, p. 11.

Metamorphosis of the EU

Driving force for deregulation



Centralized interventionism
(subsidiarity degenerates)

COVID-19 pandemic

Never miss a good crisis.

NextGenerationEU (1/2)

With the country-specific recommendations issued by the EU Commission, we can set impulses — industry by industry.



Thierry Breton

European Commissioner for Internal Market

Source: F.A.Z., 22. Mai 2020 (Interview: „Alte Zwistigkeiten hintanstellen“)

NextGenerationEU (2/2)

Can you give examples of programs that Italy could propose in Brussels under NextGenerationEU?

If you ask for examples of programs, many come to mind. They range from the reform of the civil court system to the promotion of investments in green projects.



Paolo Gentiloni

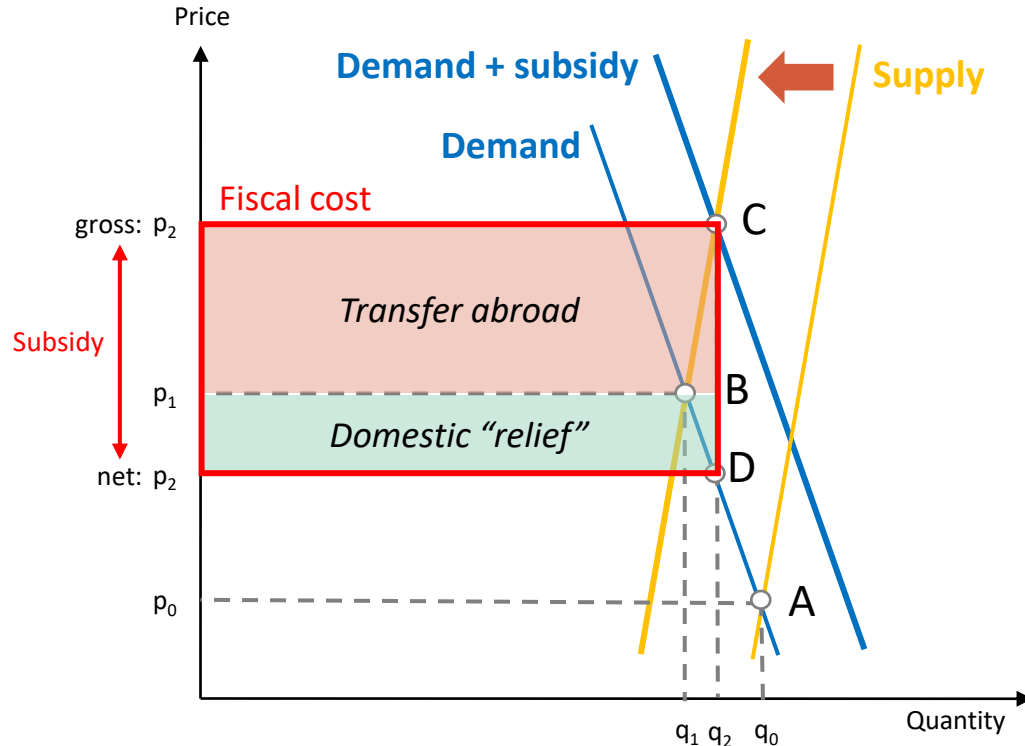
European Commissioner for Economy

Source: F.A.Z., 8. Juni 2020, p. 17 (Interview: „Konjunkturpaket wird ganz Europa helfen“)

Energy crisis: Coping with macro shocks

Prices are not the problem ...
... but messengers of a problem (and part of the solution)

Energy crisis: EU-wide subsidies for natural gas



- Sharper scarcity makes price signals even more important
 - Ban on subsidies as pillar of the common market (EU COM missed its role)
- ⇒ **Personal transfers instead of subsidies for goods**

Green Deal Industrial Plan for the Net-Zero Age



Brussels, 1.2.2023
COM(2023) 62 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN
ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE
REGIONS**

A Green Deal Industrial Plan for the Net-Zero Age

Decarbonization policy

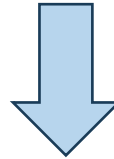
- Problem of international policy coordination “only”
- Interventionist intensity
 - » Carbon pricing \Rightarrow single intervention
 - » Industrial policy \Rightarrow (n-1) interventions



Source: [Frankfurter Allgemeine Zeitung](#), 16.1.2025, p. 16.

Monetary interventionism: Policy spill-overs

Secular stagnation,
zero interest rate environment



End of scarcity,
belief in green transformation at no cost

Green deal: Energy efficiency regulation

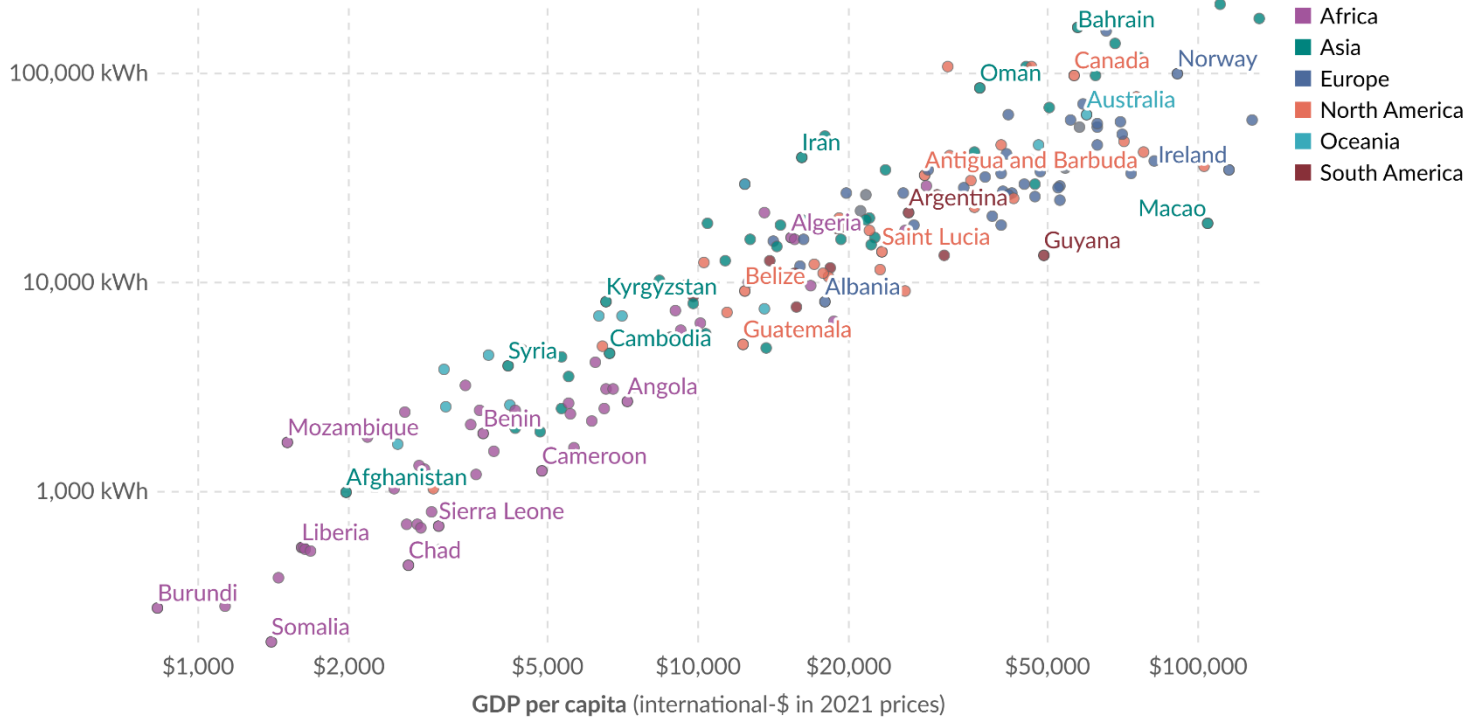
Limits for use of producible production factor



No reasonable policy goal

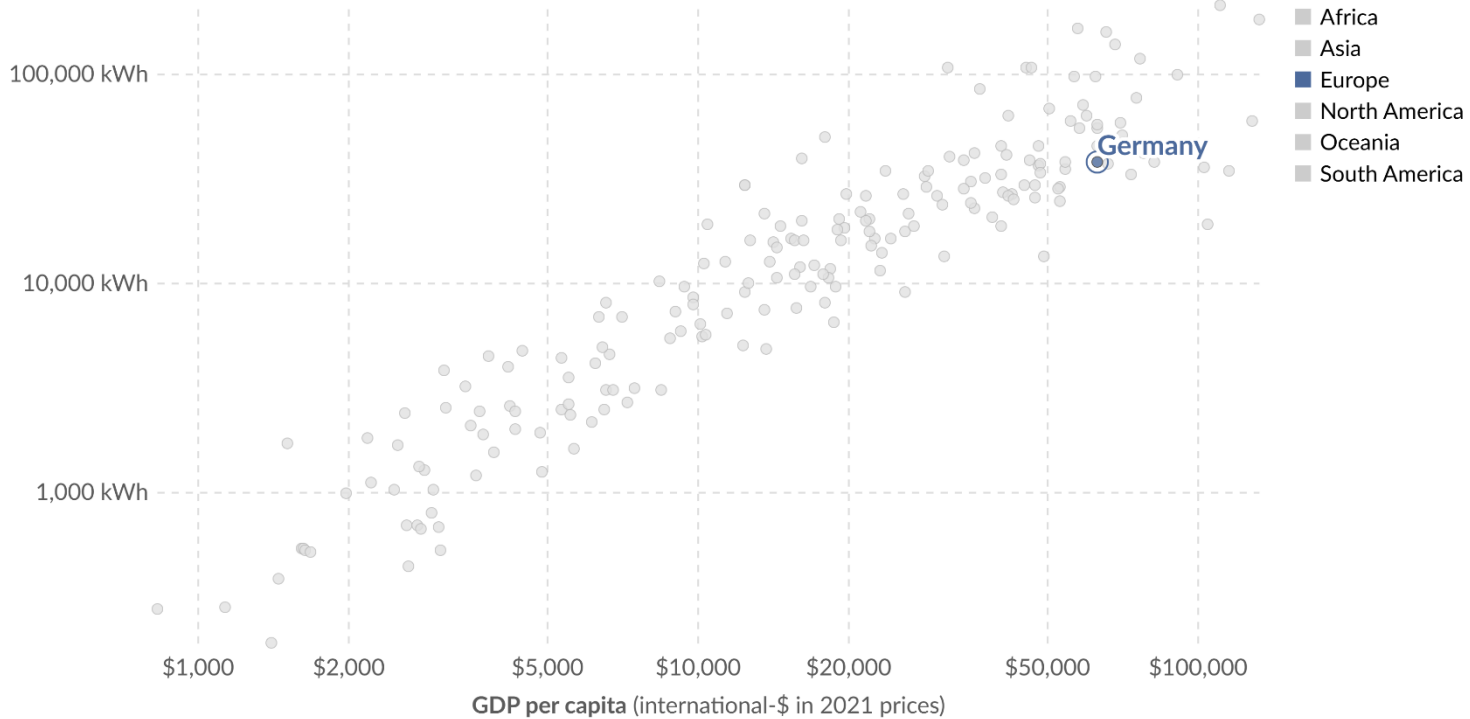
Energy consumption and prosperity (1/2)

Per capita energy consumption (kilowatt-hours)



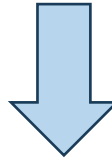
Energy consumption and prosperity (2/2)

Per capita energy consumption (kilowatt-hours)



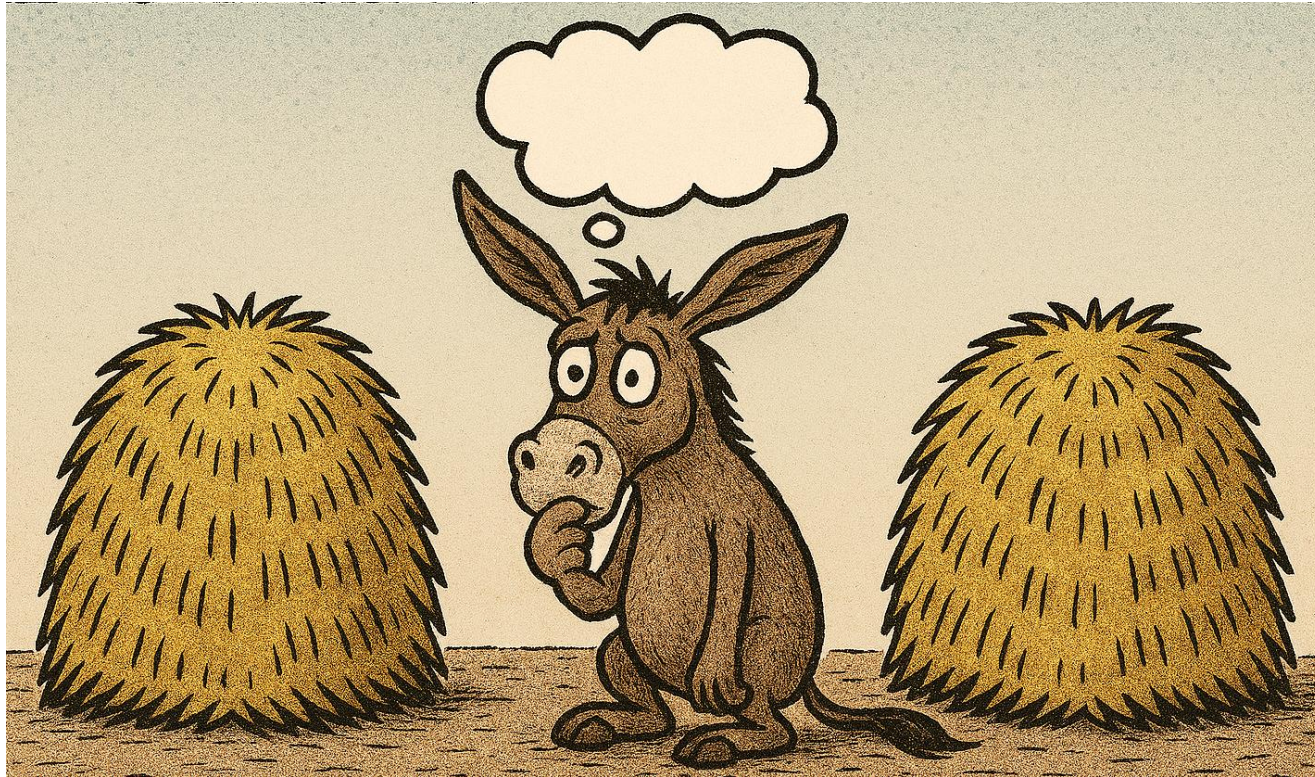
Green deal and Chinese industrial policy

Large subsidy programs for
solar panels, wind turbines, EVs

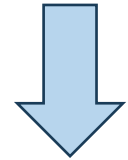


Strong support for policy makers in China

Technology and innovation policies: Interventionists' view on market participants

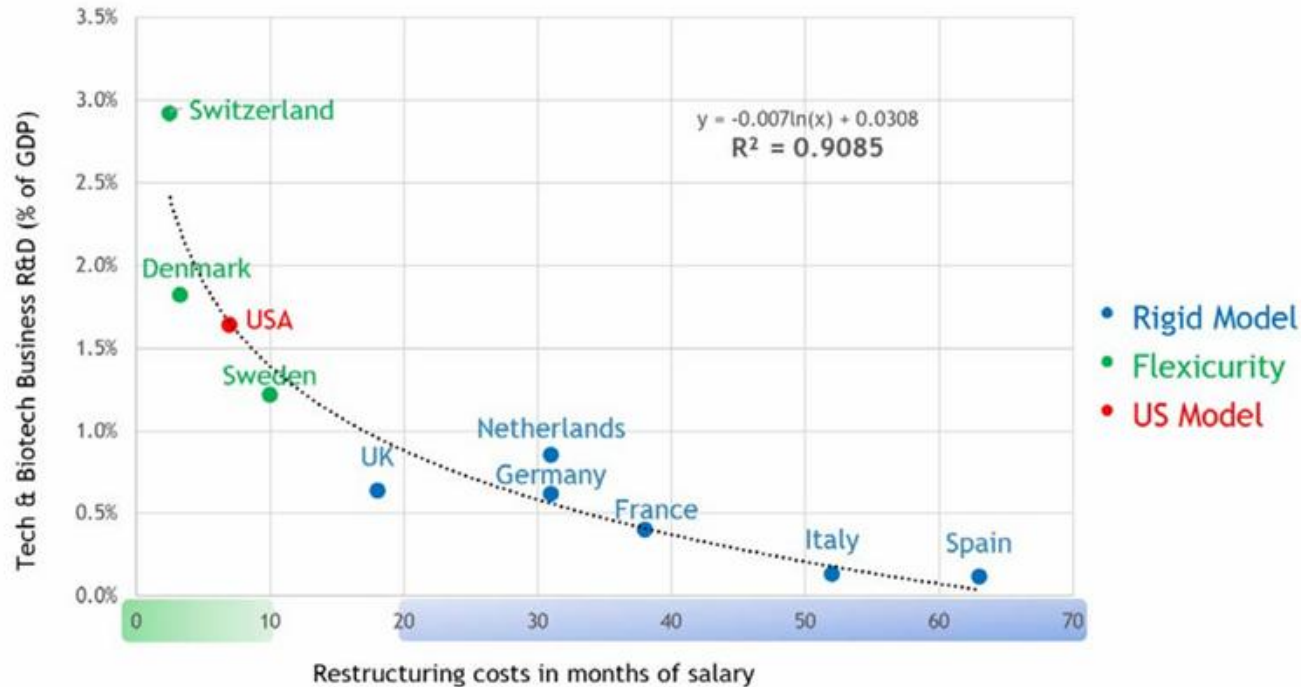


Buridan's
donkey



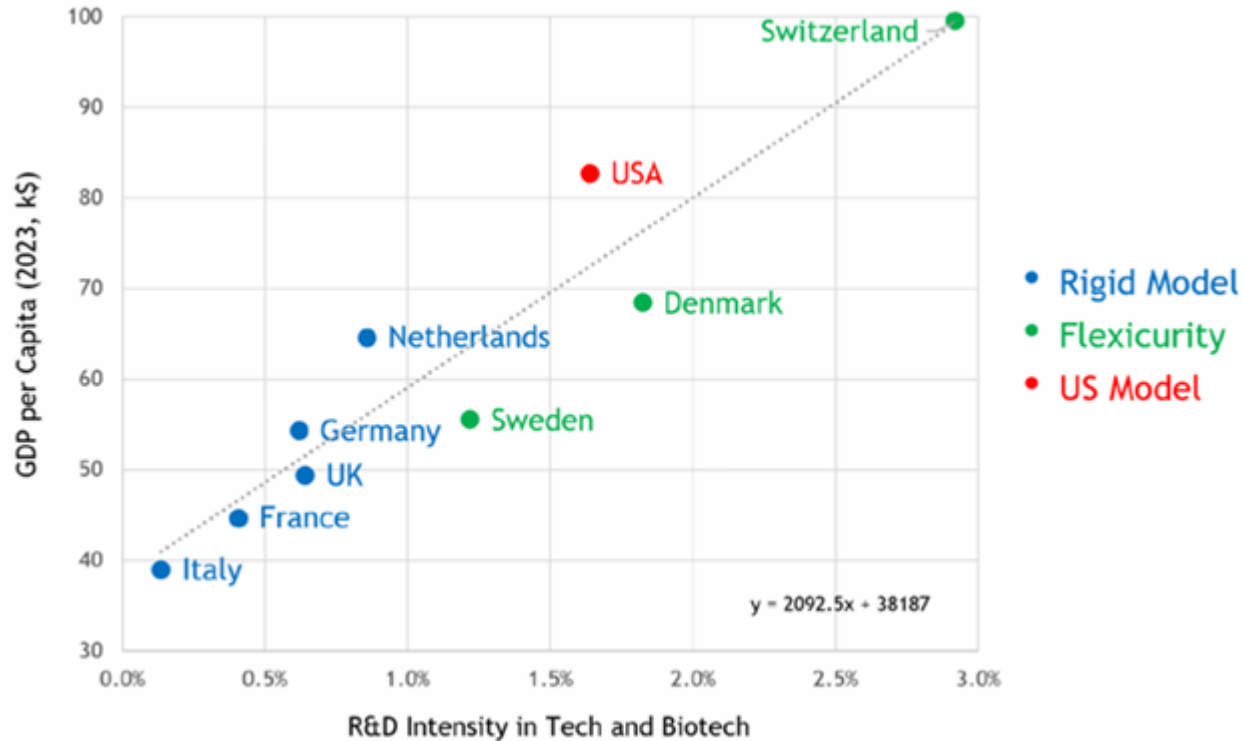
Paralysis of
indecision

Labor market regulations (rigidity vs. flexicurity): Restructuring costs and R&D in high-tech industries



Source: Coatanlem and Coste (2025), p. 24.

Labor market regulations (rigidity vs. flexicurity): R&D in high-tech industries and GDP per capita



Source: Coatanlem and Coste (2025), p. 72.

Neo-mercantilism: Interventionist spiral

Tariff protection for single products



Local content regulations in downstream industries

EU Taxonomy: Mission impossible



- Vol. 19 (2022), Issue 2, p. 213-219
- Comment by Ali Mehmandoust Kotlar
Vol. 22 (2025), Issue 1, p. 173-180
- Reply to Comment
Vol. 22 (2025), Issue 1, p. 213-219

Critique of the EU Taxonomy

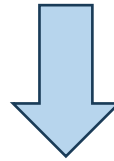
- **Conflict with Market Principles:** Sharp contrast to the principles of a market economy, creating distortions rather than correcting market failures.
- **Bureaucratic Burden:** Creates a "massive extra bureaucratic burden" and absorbs high-skilled labor that could be better used elsewhere in the economy.
- **Inefficiency:** More efficient policy instruments (such as emissions trading) already exist that work with market forces, rather than against them.
- **Lack of Knowledge:** The regulation requires a level of regulatory knowledge that cannot be expected to exist, which hampers entrepreneurial initiatives.
- **Potential for Misuse:** The approach opens the door for all kinds of particularistic maneuvers and hidden political agendas.

Economic activities/goods: Ends matter



Failed regulation: CSDDD

Corporate Sustainability Due Diligence Directive



Inconsistent with market principles,
Massive bureaucratic burden,
Counterproductive

Failed omnibus deregulation: CSDDD

Employees: 1000 \Rightarrow 5000

Revenues: 450 m Euro \Rightarrow 1.5 bn Euro



Still conceptually wrong,
Spill-over effects remain

Distrust of market processes



Lack of consistent reforms

Coordinationist paradigm



Economics
=
Coping with socioeconomic complexity
(including the role of entrepreneurs)



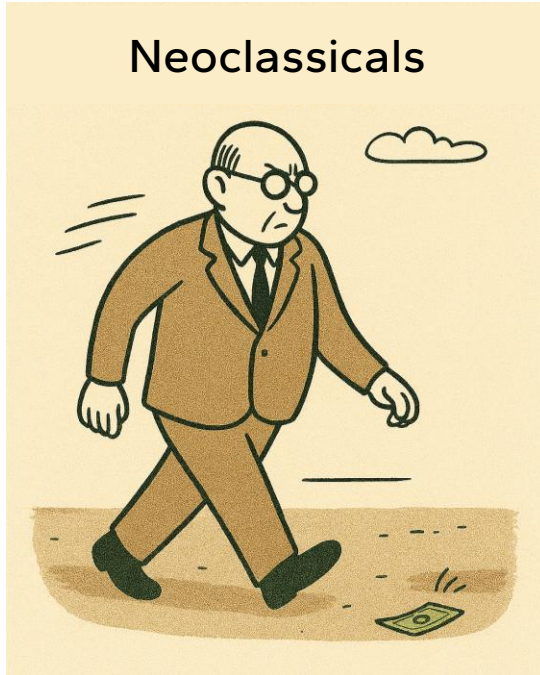
Systemic understanding of the
(market) economy

Schools of economic thought: An experiment



Schools of economic thought (1/3)

Neoclassicals



Schools of economic thought (2/3)



Schools of economic thought (3/3)

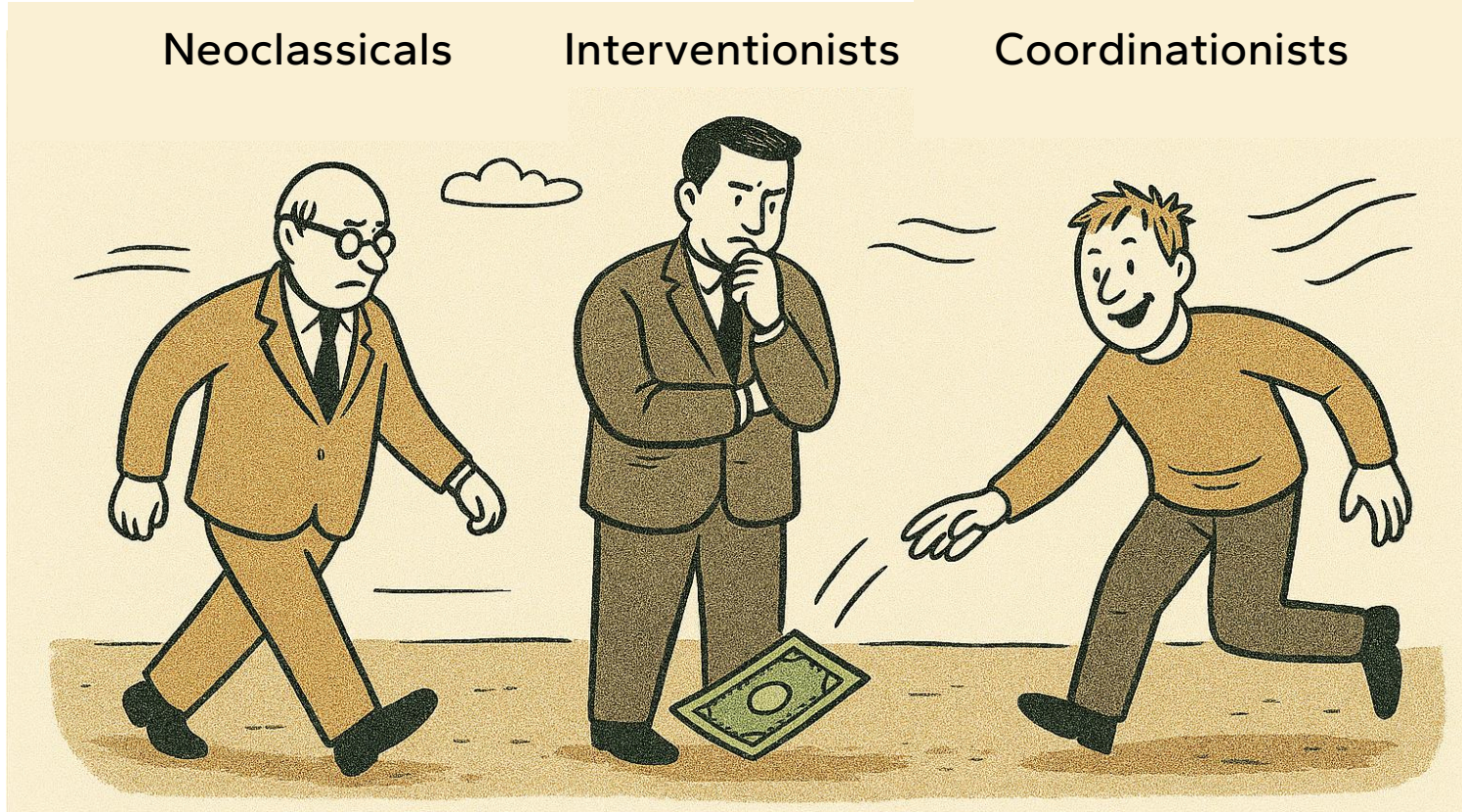


Choose your fighter

Neoclassicals

Interventionists

Coordinationists



Diskussion



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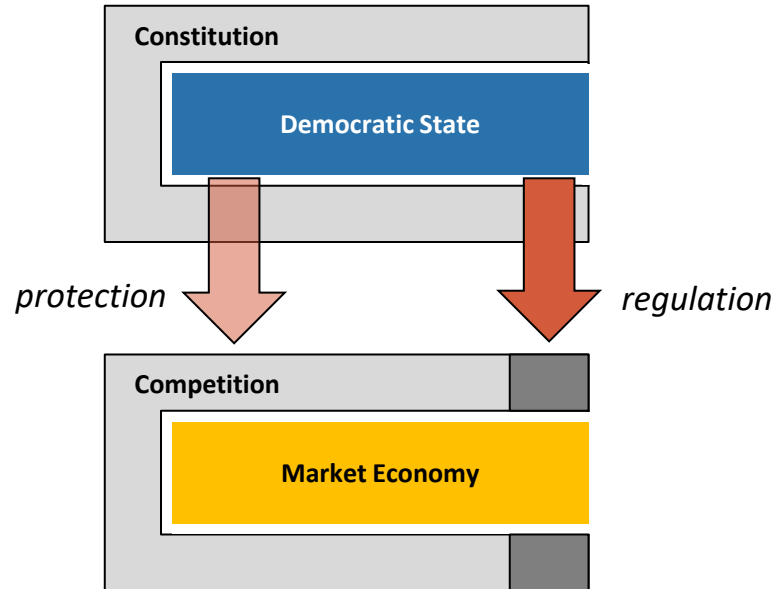
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Interdependency of social orders

Neoliberalism



Interventionism

