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THE IMPACT OF THE FINANCIAL CRISIS ON CONSUMER PROTECTION

***Abstract:** Deep impact of the crisis on the German economy: the macro-economic indicators reveal dramatic contractions in most areas. German government launched two recovery programmes with a total budget of 80 billion Euros before June 2009. The most popular tool was the “environmental premium” (so called “Abwrackprämie”): a subsidy to promote sales of new cars. The crisis also provoked a public debate of the role of economists and the value of economic theories. The classic theories were questioned, while the “Behavioural Economics” were praised. German consumer organisations criticised the financial intermediaries and advisers and called for a legal reform in the system of financial supervision upon each level.*

***Key words:** macro-economic situation, German government’s recovery programmes, environmental premium, consumer protection, value of economic theories, bad deals, financial intermediaries and advisers, reform of finance supervision, product information, macro prudential social and economic governance*

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At the beginning of my presentation I am going to share with you a brief introduction to the present macro-economic situation in Germany.

According to the Federal Statistics Authority’s figures in September 2009, the growth rate of the Gross Domestic Product (GDP) has been estimated to reach – ceteris paribus – minus 6 percent at the end of the year. In particular, the development in exports contributed to a high degree to the change for the worse. From January to July alone the figure dropped to around minus 25 percent. Incoming orders from the Eurozone dropped by minus 36 percent. In consequence, production was affected by minus 20%; total federation tax revenue was affected by minus 6 in the first half-year – to just give some examples.

If we would look deeper into the components of the indicators we would find even more dramatic developments, for instance car industry. Later more about the car market!

One of the “pluses” in the contribution of GDP components to stabilisation came from private consumption: +0.3%.