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Green economy - a promise or a real opportunity for sustainable development?

By Dr. Imme Scholz,
*German Development Institute /
Deutsches Institut für Entwicklungspolitik (DIE)*

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Bonn, 29 May 2012. The United Nations (UN) in New York is currently discussing a joint final declaration for adoption by heads of government and environment ministers attending the UN Conference on Sustainable Development, known as Rio+20 for short, which is to be held in Rio de Janeiro in June. A major contentious issue in this context is the extent to which a green economy can help to reduce poverty and make sustainable development possible.

Forty years ago, at the first UN environment conference in Stockholm, the then Indian Prime Minister, Indira Gandhi, said, "Poverty is the worst form of pollution." This was understood to mean that poverty must be alleviated first, then we can worry about pollution. And similar arguments can be heard here at home: environment and climate protection is for times when the economy is growing. When it is weak, on the other hand, it should be spared this expenditure.

Last year the United Nations Environment Programme (UNEP), headed by the German Achim Steiner, put forward a concept for the green economy with a view to overcoming this fairweather thinking and so refuting two myths: first, that economic development and ecological sustainability are incompatible, and second, that only countries that are already rich can therefore afford the luxury of an ecologically sustainable economy.

Instead, UNEP presents a different calculation: in the medium term, from about 2017, higher economic growth rates will be achieved with investment strategies geared to "green" objectives than with traditional strategies, and the gap will progressively widen until 2040 in favour of the green strategies. At the same time, greenhouse gas emissions will be reduced, forests protected, agriculture made more productive and urban areas equipped with energy-efficient infrastructure, jobs created and poverty alleviated. The investment needed for this, according to UNEP's calculations, will be equivalent to less than one tenth of global annual gross investment. To ensure sustainable growth and income increases throughout the world, it will be enough to invest two percent of global economic output in ten different sectors in

such a way that ecological objectives are given priority. An important aspect of these proposals is that the use of natural capital should be paid for and that those who look after it (protecting tropical forests and biodiversity, for example) should be rewarded. Changing price and cost structures should make private "green" investment attractive.

If that is so, why is the green economy concept not being hailed as a success in New York? In fact, it is hotly disputed both between rich and poor countries and within these two large, heterogeneous groups. For this there are many reasons, some of which will be given here.

Costs in the short term, success in the medium term: UNEP has calculated that higher global growth can be achieved with a green investment strategy than with a business-as-usual approach. However, it will take about ten years to reach that stage. This raises questions: who are the winners, who are the losers? How will global growth be shared among the various sectors and countries? Who pays for the transition? What to do with the redundant workers, and where are the workers with the new skill profiles to come from?

Knowledge intensity: The green economy is knowledge- and technology-intensive, and the highest expenditure on research and development is incurred in the OECD countries. Only China has so far caught up with the group of knowledge and information societies; some South American countries are on a par with the smaller European countries, while the African developing countries spend next to nothing on research and development. As environment and development ministries do not, as a rule, coordinate their cooperation strategies with research ministries, many poor countries fear that "green" growth will be largely confined to the OECD countries. But the industrialised countries, too, differ in their readiness for this green change and, as the heated debate on climate policy in the EU has shown, they are at pains to put off the cost of adaptation to climate change for as long as possible.

Social compatibility: UNEP calculates that ecological modernisation of the economy will have

favourable effects on employment and incomes. But modernisation will also have its losers. Their rights to use nature, to food and water must not be overlooked in the Rio declaration in June, nor must the polluter-pays and precautionary principles. UNEP does not refer to these rights and principles explicitly – and their inclusion in the Rio final declaration is a controversial issue at the negotiations in New York. Non-governmental organisations are most vociferous in demanding the inclusion of these rights.

Finally, a fundamental objection: In the last 20 years, economic growth has been accompanied by dynamic increases in environmental consumption. This gives rise to doubts about the assumption that economic growth and resource consumption can be decoupled. The rapid progress of technology since the Industrial Revolution led to the idea that there are no bounds to the use of natural resources: the invention of artificial fertilisers and the widespread technical use of fossil fuels suggested the end once and for all of dependence on nature, the weather and seasons, day and night. Climate change is the clearest indicator of the devastating consequences this attitude has had:

the climate and weather patterns will change, and we can do no more than try to slow down and moderate that change. There is no prospect of our reliably controlling so complex a system as the world's climate. But oceans, soils and rivers, too, are overused and contaminated, and chemical pollution is rising dramatically.

In this situation economists like the UK's Tim Jackson are asking whether the aim in the industrialised countries should not be to free consumption and production from the pressure to grow and, instead, to achieve other forms of prosperity, the kind of prosperity that does not confuse social recognition with economic status, that enables the individual not to gear his life primarily to what he can earn, but to leave room for social, ecological and cultural needs.

There is no denying that the poor countries need to become economically stronger – and it is to UNEP's credit that it proposes a "green" path for them to follow to that end. But it is a path they cannot take without the rich countries, and they, too, need to undergo a "green transformation".



Dr. Imme Scholz
*German Development Institute /
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