

# NETGREEN

Network for Green Economy Indicators

## Alternative views on how to reach a Green Economy

NETGREEN Seminar, London

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# Aim of this presentation

- Present the NETGREEN team's findings on the **different views** of the pathways towards this
  - Highlight agreement
  - Highlight disagreement
  - Where disagreements exist, suggest why that might be
- **Why?**
  - Inform indicator selection for the NETGREEN database
  - Increase understanding of alternative perspectives held by those working in this field

# Green Economy - Definition

The green economy is defined in different ways in different reports, but according to all definitions, a green economy is:

- **An economy that is environmentally sustainable in the broadest sense – operates without infringing environmental limits**
- Other components may also be included by some, such as social justice

## Our approach

- We have represented the views which came out most strongly during our research – these are not intended to be definitive, but points for discussion
- There are a wide spectrum of views between the ones that we have identified
- We have tried to take a neutral approach, but our own beliefs will undoubtedly have influenced this to an extent

# Methodology: Literature review

- Literature review **~100 texts**
  - Academics
  - International agencies
  - National policy makers
  - Think tanks
  - Non-governmental organisations
  - Groups lobbying for business interests

## Methodology: Literature review

From the literature review, we identified four main themes around which views about the green economy are shaped:

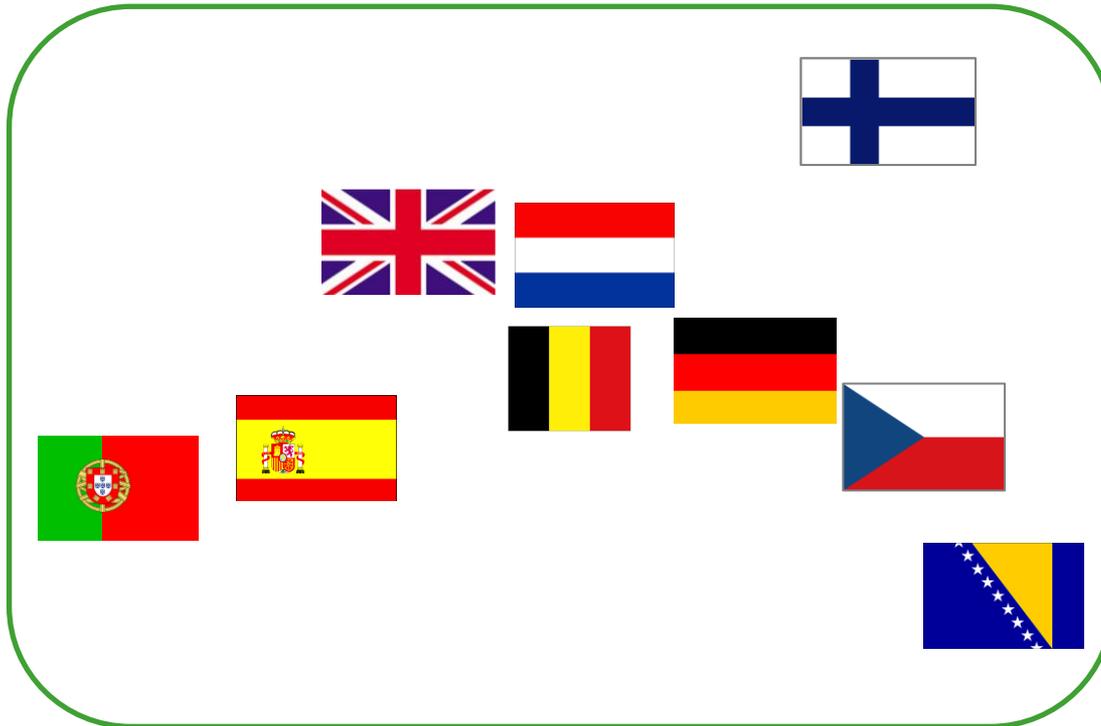
- Environmental limits
- Production
- Consumption
- Political economy (including social justice)

# Methodology: Interviews

- Interviews with **55 experts**
  - Academics
  - National policy makers
  - International policy makers
  - Think tanks/Research institutes
  - Technology experts
  - Industry

## Methodology: Interviews

- Interviews had a European bias, but we made an effort to capture a range of global perspectives



# Findings

- Refined the themes:

1. Environmental limits

2. Technological change versus socio-economic change

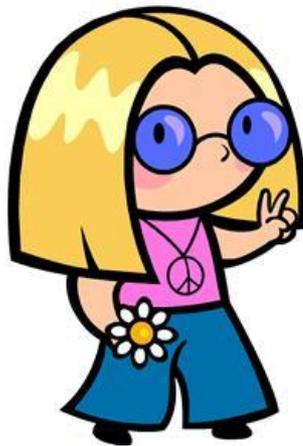
3. What is needed to prompt the necessary changes to technology and consumption?

4. Politics

- Logical flow

## Key point

We have attempted to identify the **rationale** for the positions adopted, and **not the caricatures** which are all too often used in debates about the green economy when describing alternative positions.



**1. Environmental  
limits**

**2. Technological  
change versus  
socio-economic  
change**

**3. What is  
needed to  
prompt the  
necessary  
changes to  
technology and  
consumption?**

**4. Politics**

# 1. Environmental Limits

- **Consensus:** Environmental limits exist
- Some problems with the Rockstrom approach, which will have implications in terms of which indicators are used
- Overall, it is agreed that environmental limits are a useful way to communicate that there is a need to transition to a green economy

The view that **environmental limits exist** means that **production** must change if we are to remain within those limits

1. Environmental limits

2. Technological change versus socio-economic change

3. What is needed to prompt the necessary changes to technology and consumption?

4. Politics

## 2. Technological change versus socio-economic change

### Three views:

- 2.1 Technological innovation will play the key role
- 2.2 Technological innovation will probably play the key role – but we also need a ‘Plan B’
- 2.3 New consumption patterns will be needed

## 2.1 Technological innovation will play the key role

Technological innovation is **uncertain**, but likely to be **successful enough** that the costs are only noticed a little by consumers. Increases in living standards are ‘**decoupled**’ from increases in environmental damage.

- Similar economy, but much more environmentally efficient
- Decoupling via technological innovation may be uncertain, but it is more likely than significant changes to consumption
- Often more optimistic about environmental limits
  - Accept a lower environmental status to achieve higher economic or social outcomes

## 2.2 Technological innovation will probably play the key role – but we also need a ‘Plan B’

Technological developments are uncertain. This implies that we need a ‘Plan B’.

- We should focus on technological innovation and investment rather than more problematic socio-economic changes
- It is possible that technology will increase the cost of living or fail to deal fully with the environmental problem
- Given these uncertainties, we should prepare to make socio-economic change

## 2.3 New consumption patterns will be needed

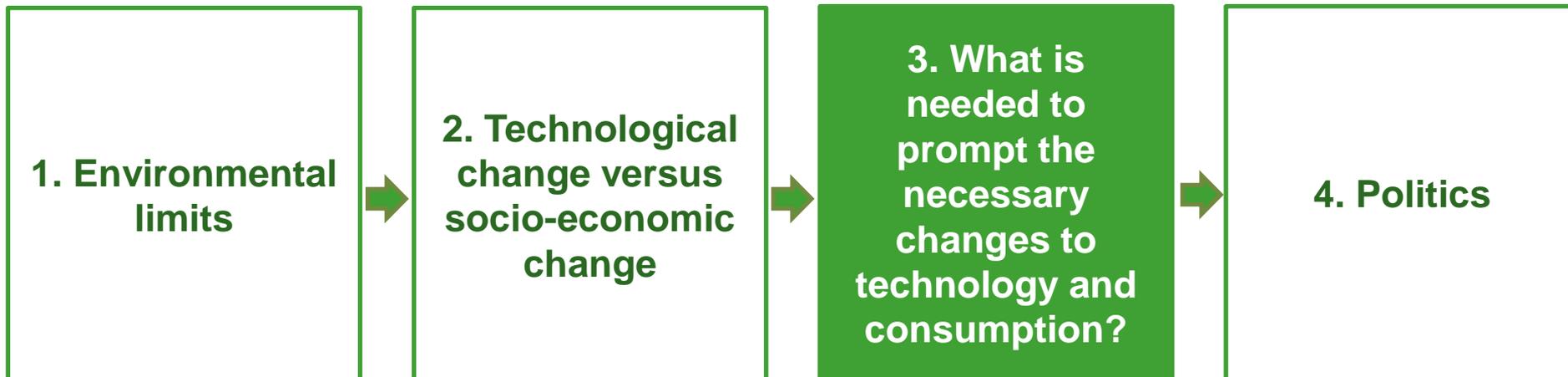
Technological innovation is uncertain, and is likely to be either expensive, or sufficient efficiency gains will not be achievable.

- Technology will play an important role, but reduced or changed consumption will also be needed
- Optimistic about the possibilities of achieving changes in consumption patterns in the developed world
- Beyond a certain point, consumption is not a particularly important driver of wellbeing
- Often have social objectives too, and view changes such as lower working hours, less consumption as worthwhile in themselves.
- Often more concerned about environmental limits, so would accept lower economic or social outcomes

## Key basis for disagreement

- At first sight, this appears to be a question about the scope for **technological innovation**
- Recognition on all sides that technological innovation is uncertain suggests that what really divides opinion is less about technology and **more about the extent to which socio-economic change** will be possible.

The view of the technological or socio-economic change required will inform the view of the mechanisms needed to prompt these changes.



## 3. What is needed to prompt the necessary changes to technology and consumption?

- **Three views:**
  - 3.1 Incentives and regulation can work
  - 3.2 Interventions are also needed to influence long-term investment plans
  - 3.3 Regulation and incentives cannot achieve the level of change needed on their own

## 3.1 Incentives and regulation can work

A skilfully designed array of incentives and regulations co-ordinated at an international level will be able to drive behaviour change without creating impossible opposition.

- International agreement prevents ‘carbon leakage’
- Businesses will welcome regulation and incentives that help them to green their operations - reduces risk or competitive advantage in new markets
- Citizens will support such policies because of:
  - Concern for future generations
  - Belief that increased cost of living/reduced wellbeing is not implied, or will have less of a negative impact than environmental damage
  - Convinced of the prospect of green jobs

## 3.2 Interventions are needed to influence long-term investment plans

Good incentives and regulation are part of the answer, but will only work if complemented by strategic regulation designed to influence long-term business and investment strategies and to create policy certainty.

- Regulation and incentives are needed
- View lack of policy credibility as problematic for investors – creating lock-in to existing technologies
- Measures to stimulate long-term investment are required, which create green lock-in and green lobbying from businesses

## 3.3 Regulation and incentives cannot achieve the level of change needed

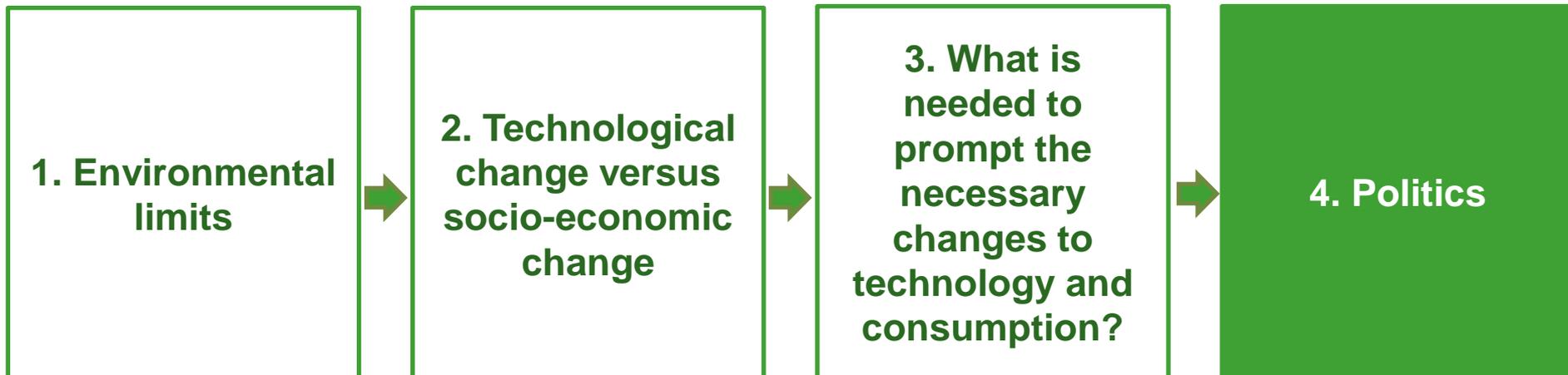
Regulation and incentives can make a contribution, but they cannot achieve the level of change needed. Government should lead the way providing investment, creating structural change, and pushing for a new international settlement.

- Sufficient commitment devices to overcome lock-in to unsustainable economy do not exist, because:
  - Interventions are not strong enough
  - Financial investors are short-sighted
  - Such devices do not address opposition from citizens
- More radical socio-economic changes are needed (or desirable)
  - Create constituencies for change
  - Create new decision making structures
  - Provide an alternative to (unacceptable) regulation
  - Undermine the forces that block change.

## Key basis for disagreement

- The level of change needed
- The willingness of business and citizens to accept costs
- The ability to create lock-in through commitment devices
- The scope for structural change

The view of the mechanisms required for change will influence the view of the political approach required



## 4. Politics

- **Three views:**
  - 4.1 Transitioning to the green economy does not imply trade-offs, or if trade-offs do exist, it is not helpful to acknowledge them
  - 4.2 Transitioning to the green economy does imply trade-offs, which need to be managed
  - 4.3 Transitioning to the green economy implies trade-offs under the current economic structure, but under different conditions, it may not

## 4.1 Transitioning to the green economy does not imply trade-offs, or if trade-offs do exist, it is not helpful to acknowledge them

- Transitioning to the green economy will produce benefits that outweigh costs, so there is no political difficulty associated with transitioning.
  - Green jobs
  - Competitive advantage
  - A better environment
- A politically attractive pay-off has to be demonstrated in order to gain support for meaningful action.

## 4.2 Transitioning to the green economy does imply trade-offs, which need to be managed

The benefits associated with transitioning to a green economy are too weak to compensate for the associated costs, or will not be distributed fairly.

- It will be possible to create the will for transition, perhaps via:
  - Development of new narratives (framing the issue as one of security, and active engagement) informed by indicators
  - Increasing transparency and accountable decision making to reduce the power of influential bodies
  - Local strategies requiring an analysis of acceptability and urgency and prioritising accordingly

## 4.3 Transitioning to the green economy implies trade-offs under the current economic structure, but under different conditions, it may not

Transitioning to a green economy will not produce sufficient benefits to outweigh the associated costs *under existing conditions*. A more radical set of changes are needed to soften the trade-offs, and reduce the political problem.

- The following changes could soften trade-offs:
  - Aligning business incentives with social and environmental progress
  - Creation of a more equal economy with burden sharing, and thus social justice
  - Shorter working weeks are viewed as a benefit in terms of wellbeing, rather than a cost associated with transitioning

## The relationship between the developing and developed world

### Overview only. Main issues:

- What development path for the developing world?
  - Similar to developed world, but more environmentally efficient
  - A new trajectory is required - taking a similar trajectory would be catastrophic, and may not represent the best approach
- How much does the developed world need to ‘give’ to the developing world?
  - A relatively small amount is all that is politically feasible
  - Generous support in order to avoid the risk of global catastrophe
- Views on the above are likely to determine the view of how much reform of international institutions is needed, whether none, incremental or major.

## 1. Environmental limits

## 2. Technological change versus socio-economic change

## 3. What is needed to prompt the necessary changes to technology and consumption?

## 4. Politics

1.1 Environmental limits exist

2.1 Technological innovation will play the key role

3.1 Incentives and regulation can work

4.1 Transitioning to the green economy does not imply trade-offs, or if trade-offs do exist, it is not helpful to acknowledge them

2.2 Technological innovation will probably play the key role – but we also need a 'Plan B'

3.2 Interventions are needed to influence long term investment plans

4.2 Transitioning to the green economy does imply trade-offs, which need to be managed

2.3 New consumption patterns will be needed

3.3 Regulation and incentives cannot achieve the level of change needed

4.3 Transitioning to the green economy implies trade-offs under the current economic structure, but under different conditions, it may not