

8 February 2012

Green Economics and the Rise of the Rest

What challenges would the development of a 'green economy' pose to the international system? Today, we consider these problems from a Western and developing world perspective.

Prepared by: [ISN staff](#)

In [yesterday's podcast](#), the Club of Rome's Ian Johnson observed that economic growth 1) often comes at the expense of social and environmental factors, and 2) includes the inequitable distribution of wealth between and within states. Implicit in Johnson's criticisms is a broader truth we raised about international economic and financial systems [last week](#) – in the modern era, they have been dominated for better or worse by developed Western states. That is, of course, until now. As the international system continues to experience the structural changes we have described [over the last twelve weeks](#), Western dominance of economic, financial, and – by extension – human development agendas is increasingly being challenged by developing countries.

As a result, both nation-states and international organizations now have to accommodate an increasingly diverse array of perspectives when it comes to economic development and well-being. Of particular concern are not the agendas of the West, but rather of 'the Rest'. And since the BRICs and their allies frequently have a dim view of the West's management of the global economic and financial system, this inevitably puts the agendas of both camps on a collision course. Indeed, tensions are likely to be felt most keenly at next June's United Nations Conference on Sustainable Development (Rio+20), where the development of a global green economy will be a central theme.

What would this alternative green economy look like? What are its overarching goals and why would developing nations support them? To assist in answering these types of questions, let's first call upon one of our partners, *Stiftung Wissenschaft und Politik (SWP)*, to grapple with some of the definitional problems associated with a green economy. Then, let's compare and contrast these problems with the European Union's (EU) and Group of 77's (G77) "take" on the subject. In doing so, we'll quickly see that different economic realities and different historical experiences will complicate international efforts to encourage and foster a greener global economic system.

The green economy

The term 'green economy' has been bandied about by a number of international organizations, but according to the SWP the United Nations Environment Programme (UNEP) has taken the lead in developing its most recent versions. The familiar emphasis now is on sustainability and its expected benefits – i.e., its "improved human well-being and social equity, while significantly reducing

environmental risks and ecological scarcities.” Ah, but wait. Despite the concept’s emphasis on sustainability, it is also necessary to remember that a UN-envisioned green economy would also favor the use of market-based instruments and government-sponsored measures. (The latter could include, for example, increased research and development into environmentally-friendly businesses, and environmental taxes and cutbacks in ecologically harmful subsidies.)

A question: Are the above parts of the definition compatible? While some would say ‘yes’, the SWP analysis asks us to look closer. What it concludes is that the emerging and developing nations are right to worry about “market-based instruments.” Could they not “lead to the abandonment of the comprehensive sustainable development paradigm”? And if a tricky definition isn’t problematic enough, what about getting from here to there – i.e., wouldn’t kick-starting an ecologically sustainable and global green economy require long-term investments amounting to 2% of global economic output (approximately \$1.3 trillion), and doesn’t such a figure mean that the whole project will be spilled on rocky soil at Rio+20?

The views of the West

If we indeed have serious definitional and bankrolling problems to contend with here, what other dilemmas will the participants of Rio+20 – and indeed a host of international economic institutions – encounter as the green economy collides with assorted specific agendas? Well, in the case of the West in general, any and all approaches to the development of a ‘green’ approach are currently trapped between idealism and the ‘here-and-now’. In the case of idealism, we have the ‘all-inclusive’ message of the European Union. In advance of Rio+20, for example, the European Commission has [called for a global “Green Economy Roadmap”](#) that will provide new measures and accountability, not only to ensure sustainable growth but also sustainable levels of renewable energy and energy efficiency. At the same time, although their conception of green economics may be philosophically linked to sound environmental policy objectives, many EU members are currently reluctant to embrace such an economy as a social policy goal. They may want sustainability without undermining comparative economic advantages, but beneath such idealism are fears that the economic doldrums they are currently in will linger without short-term, non-green solutions.

And the Rest

If the West and the EU are conflicted about green economics, the developing world is even more uncertain about it. Arguably the most vocal opponent of things such as the “Green Economy Roadmap” is India, which argues that the targets the roadmap recommends should only be set for mature economies. The developing world, argues India, has more pressing issues to deal with, including alleviating poverty. Yet India is by no means a lone voice among developing states. The South Centre recently observed during a [Rio+20 preparatory meeting](#) that the G77 is broadly in agreement as to what should constitute a workable green economy.

According to the G77, truly green economics should be flexible and appreciate the varying levels of economic, social and environmental development found in different countries. Indeed, as developing nations make the transition to green economies they should not experience ‘unjustified’ or ‘unilateral’ restrictions in the area of trade, financing or international assistance. The developed world, in other words, should not be allowed to erect ‘green barriers’ or engage in trade protectionism under the pretext of environmental preservation, and no additional conditions should be attached to the aid or financing they provide. Any attempts to develop a globalized green economy should allow sovereign states to define their own paths towards sustainability, in accordance with their own circumstances and priorities. What they don’t need, when all is said and done, is a ‘normative straightjacket.’

What are the prospects for a multilateral framework?

Geopolitical calculations coupled with the developing world's resentment against the West's past economic behavior makes the prospect of a truly global green economy unlikely. Why should we, nations such as India and Brazil ask, artificially constrain ourselves just when we are finally [catching up](#) economically. Given such anti-multilateralist sentiments, a 'greening' of the international economic and financial system is unlikely to happen any time soon. Well, at least not at Rio+20.

Recommended partner content

[Green Economy and Growth: Fiddling While Rome Burns?](#), UNU, January 2012

[Green Economy: Connecting the Dots](#), Stiftung Wissenschaft und Politik (SWP), Oct 2011

[Development Cooperation and Climate Change](#), CIS, June 2011

[Another Inconvenient Truth: Carbon-Intensive South Faces Environmental Disaster, No Matter What the North Does](#), Center for Global Development, March 2007

Editor's note:

For more content on "Development: Describing and Prescribing Progress," please see our [dossier](#) on the topic

Publisher

[International Relations and Security Network \(ISN\)](#)

Creative Commons - Attribution-Noncommercial-No Derivative Works 3.0 Unported

<http://www.isn.ethz.ch/Digital-Library/Articles/Detail/?ots591=4888caa0-b3db-1461-98b9-e20e7b9c13d4&lng=en&id=136761>

ISN, Center for Security Studies (CSS), ETH Zurich, Switzerland