

Green Economy and the Emperor's New Clothes

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What is the Green Economy?



Improved human well-being and social equity



Reduced environmental risk and ecological scarcities

What's needed
to deliver the
Green
Economy?





Ecological
Surety



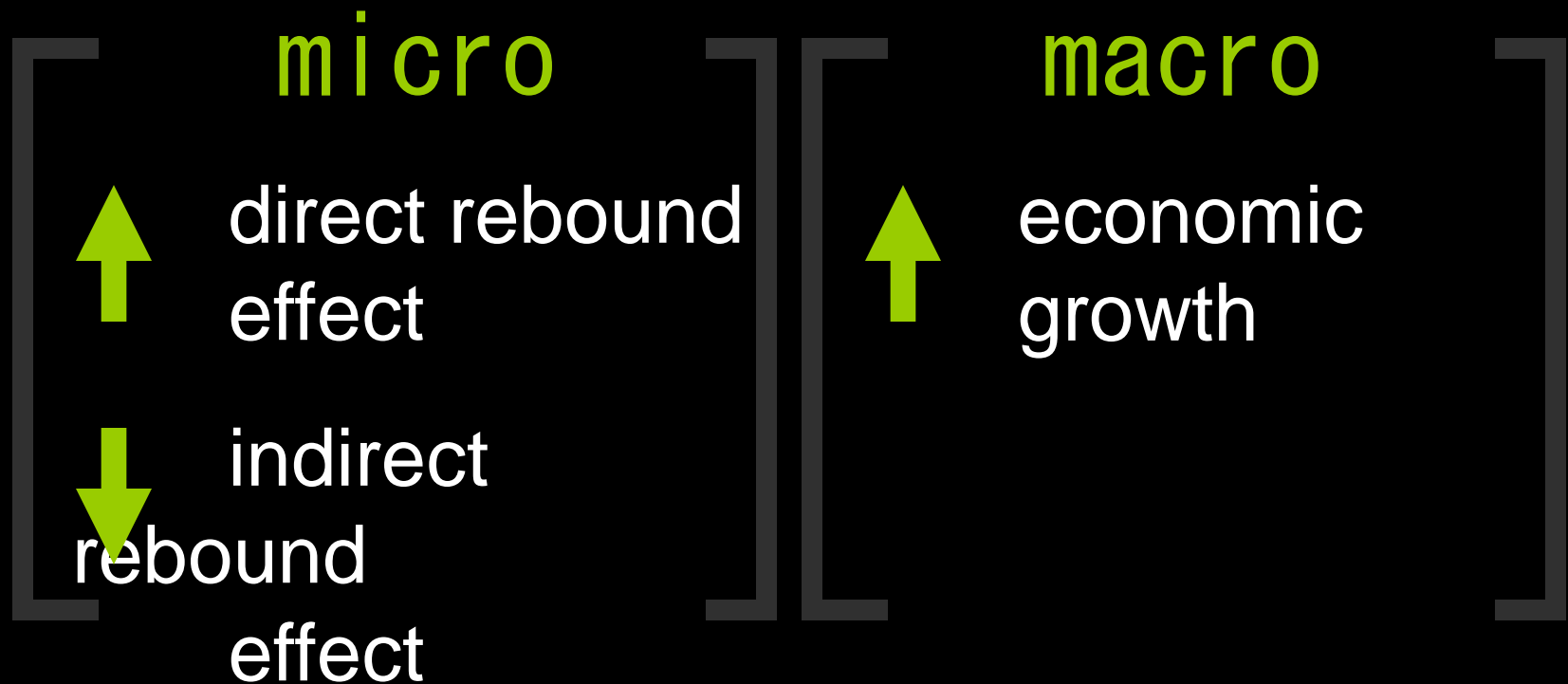
BUT!

Our Economy

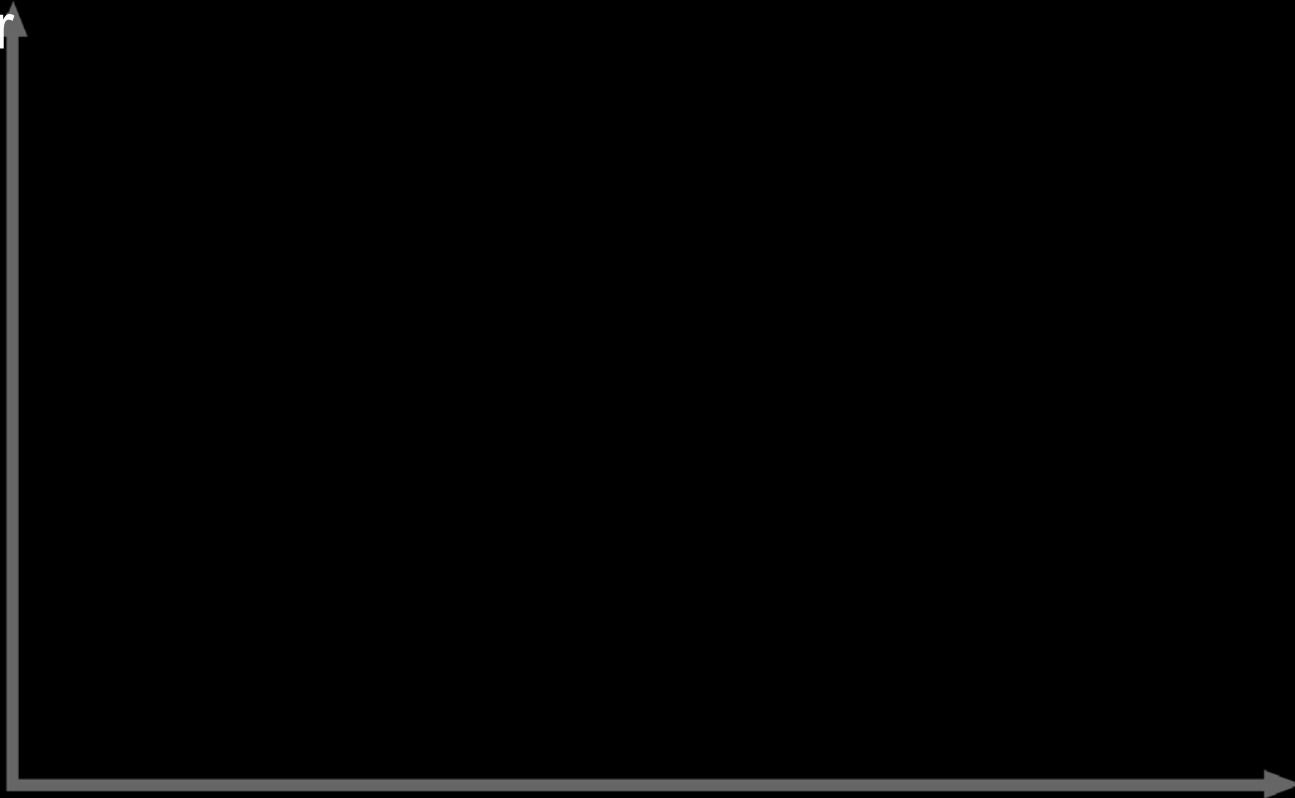
The capitalist market economic system based on neo-classical economics.



Khazzoom-Brookes Postulate



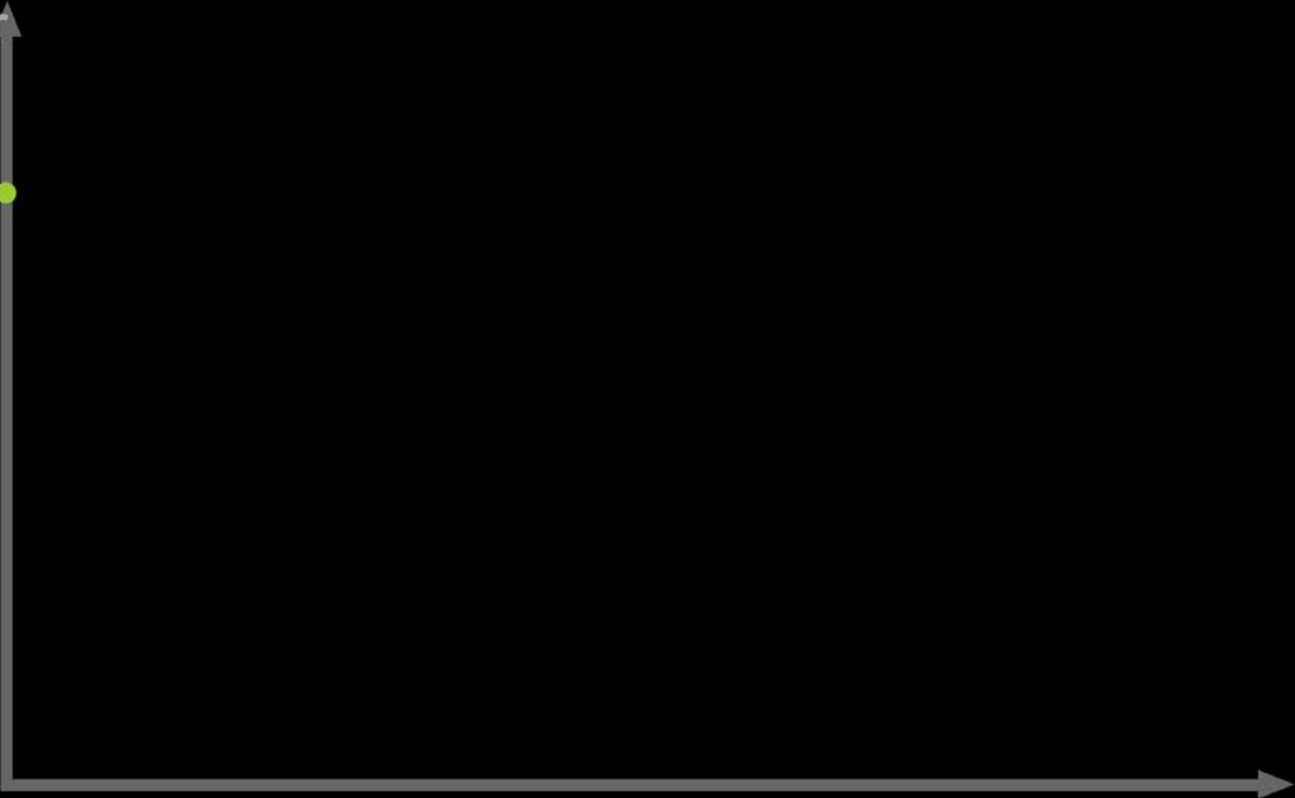
Consumption of other goods



Consumption of widgets produced

Consumption of other goods

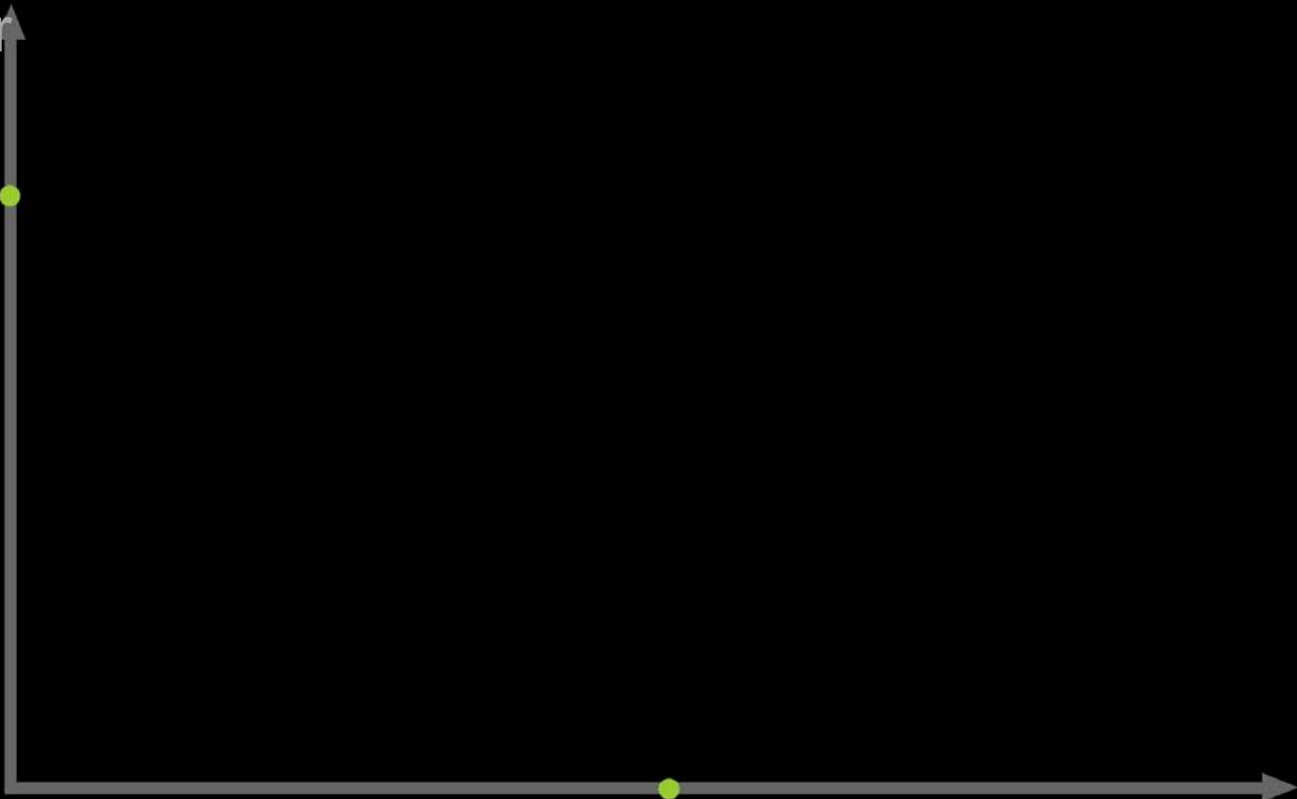
X_1



Consumption of widgets produced

Consumption of other goods

X_1



W_1

Consumption of widgets produced

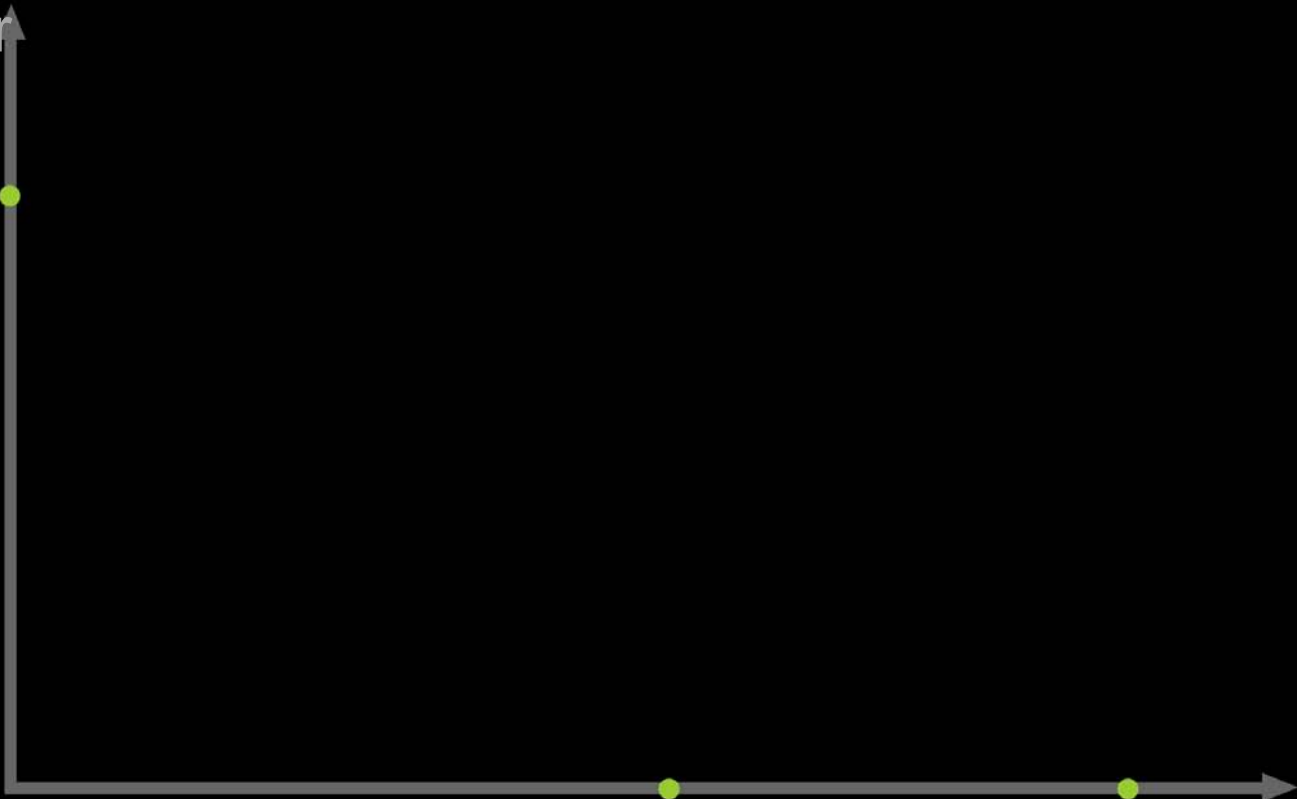
Consumption of other goods

X_1

W_1

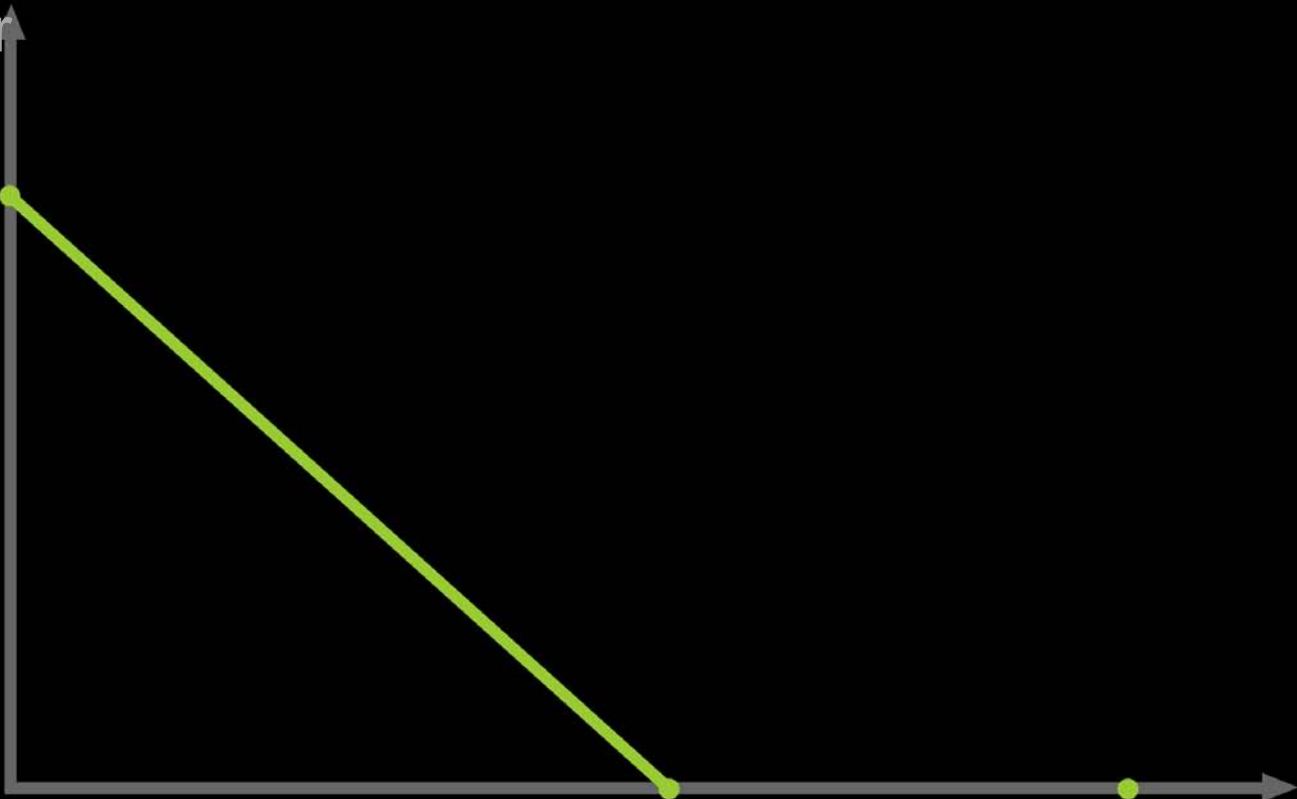
W_2

Consumption of widgets produced



Consumption of other goods

X_1



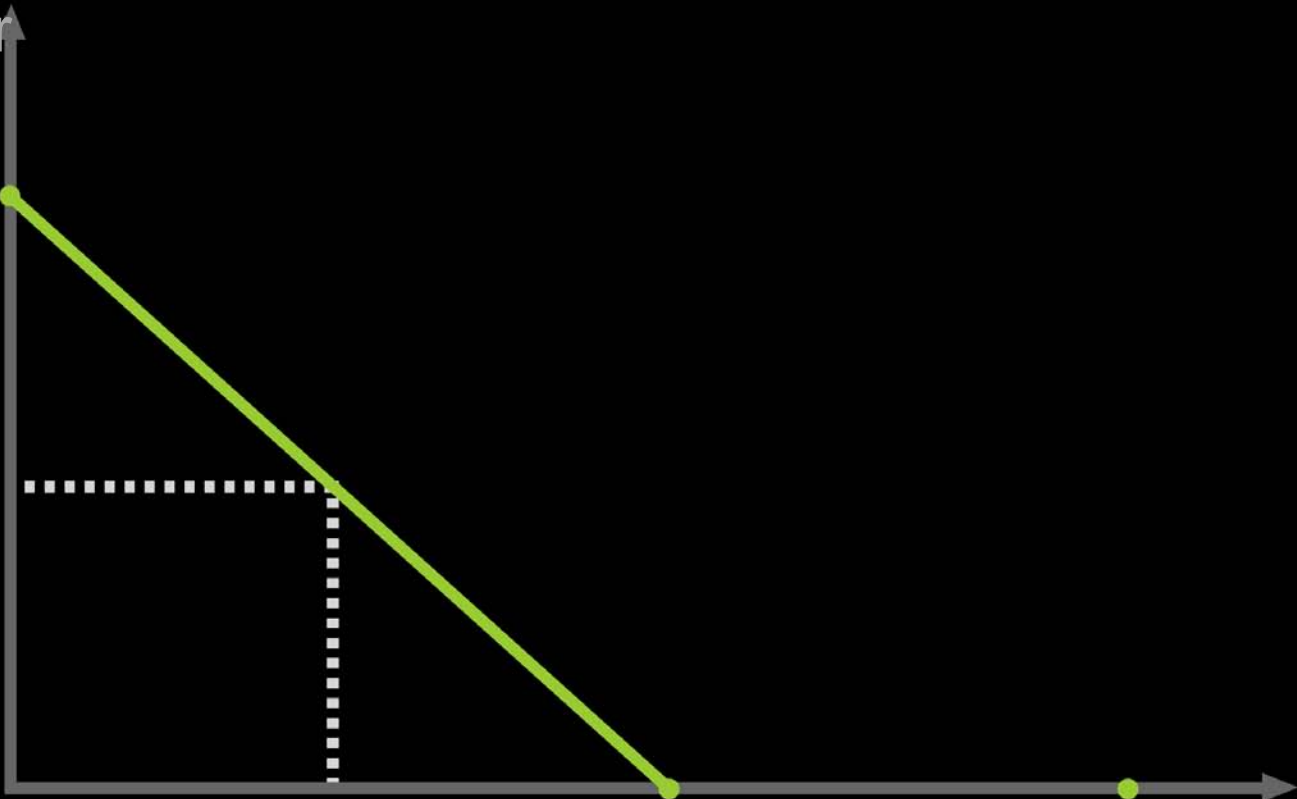
W_1

W_2

Consumption of widgets produced

Consumption of other goods

X_1



Q_1

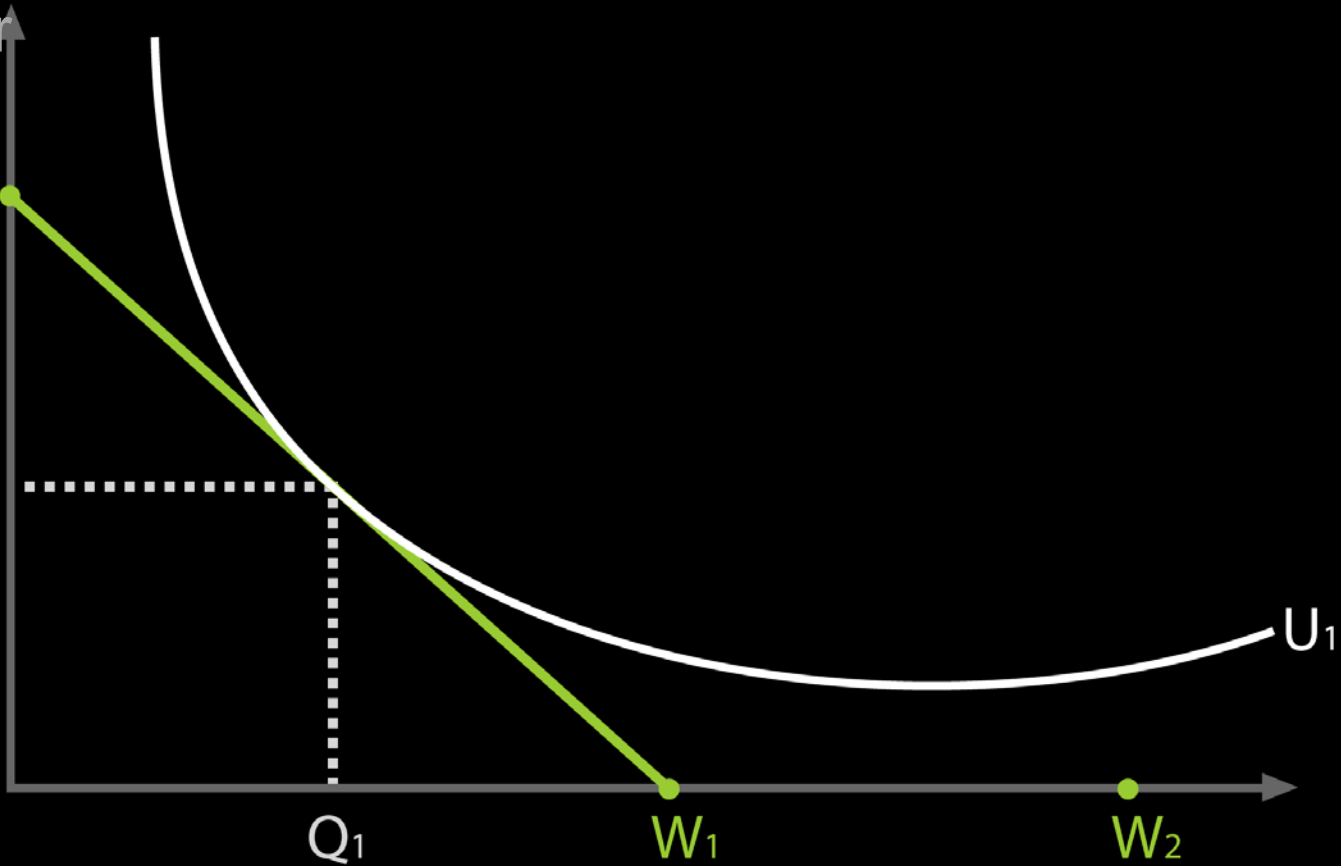
W_1

W_2

Consumption of widgets produced

Consumption of other goods

X_1



Q_1

W_1

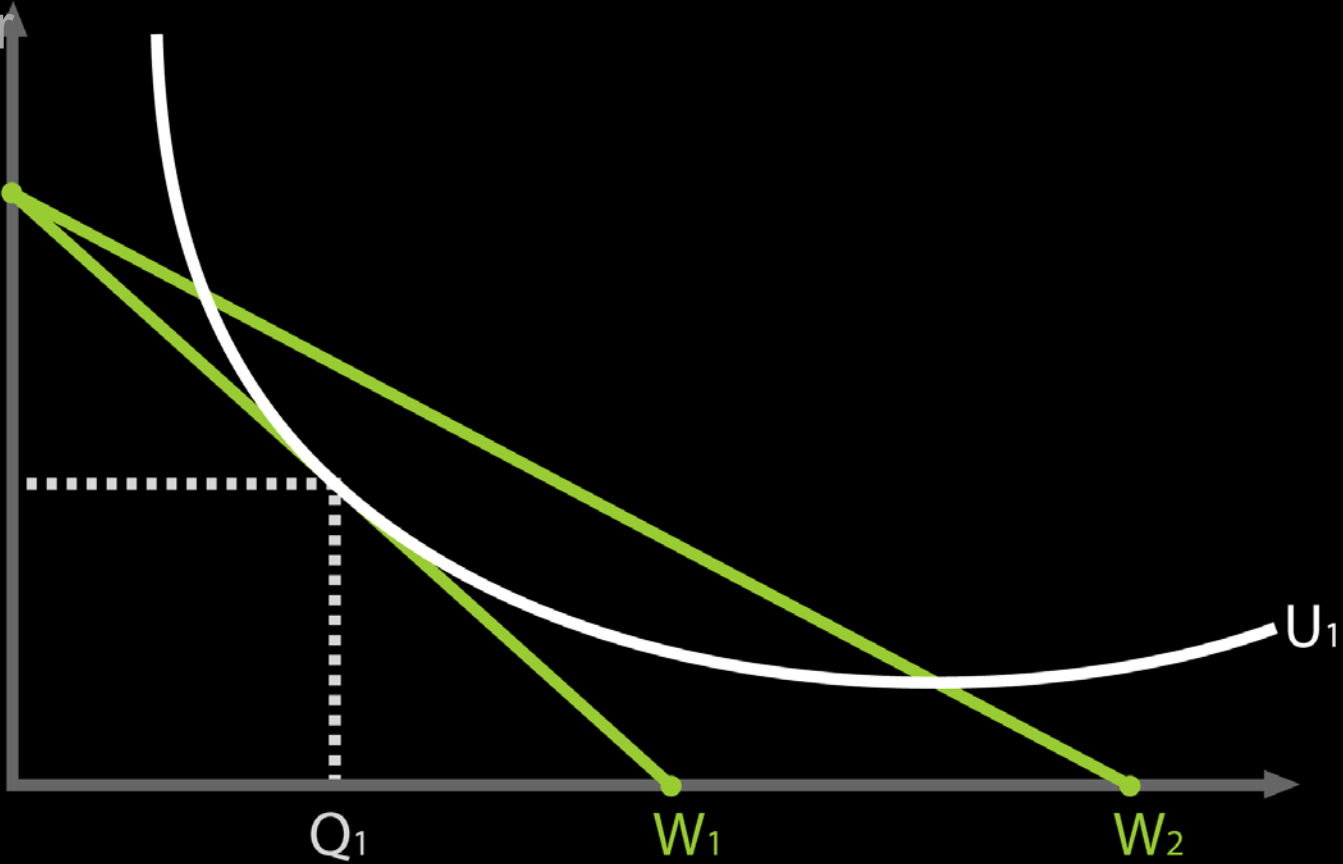
W_2

U_1

Consumption of widgets produced

Consumption of other goods

X_1



Q_1

W_1

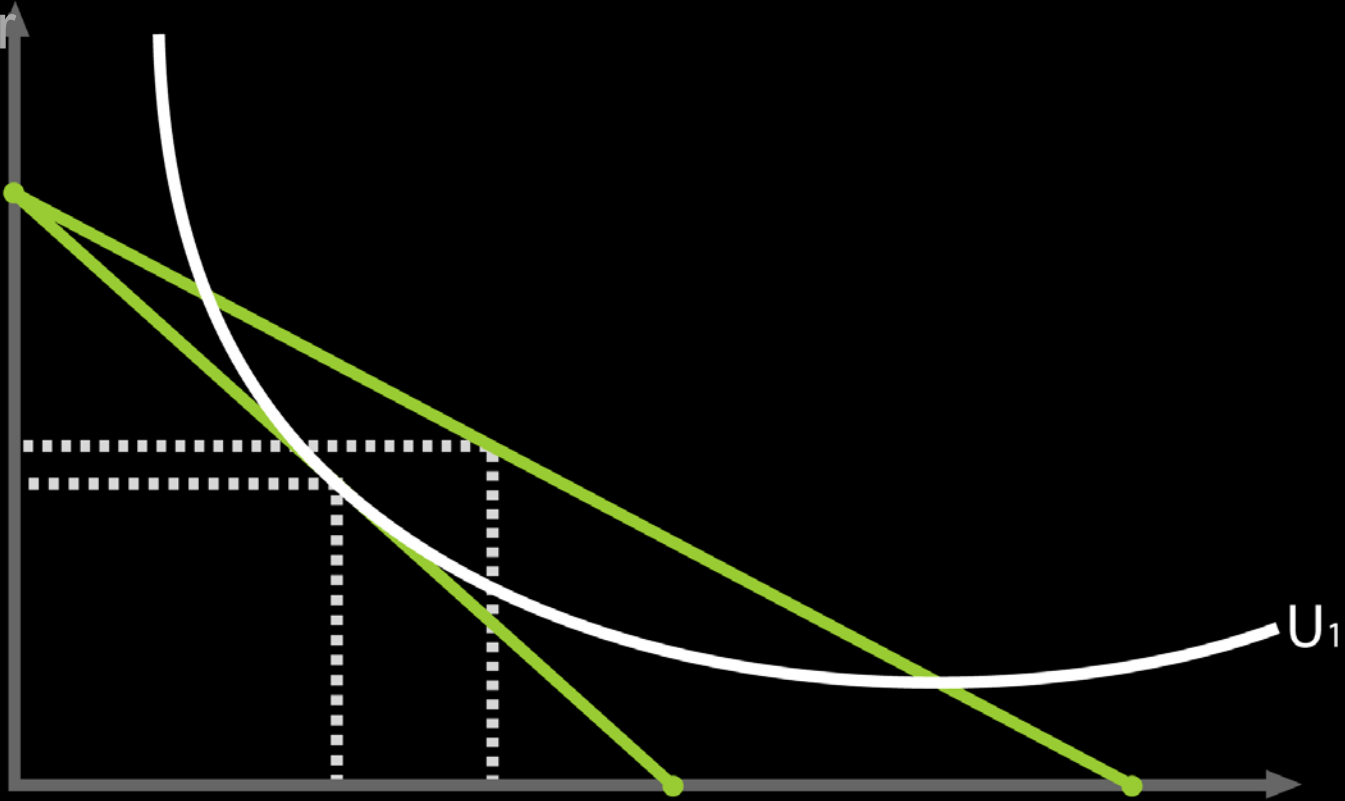
W_2

U_1

Consumption of widgets produced

Consumption of other goods

X_1



Q_1

Q_2

W_1

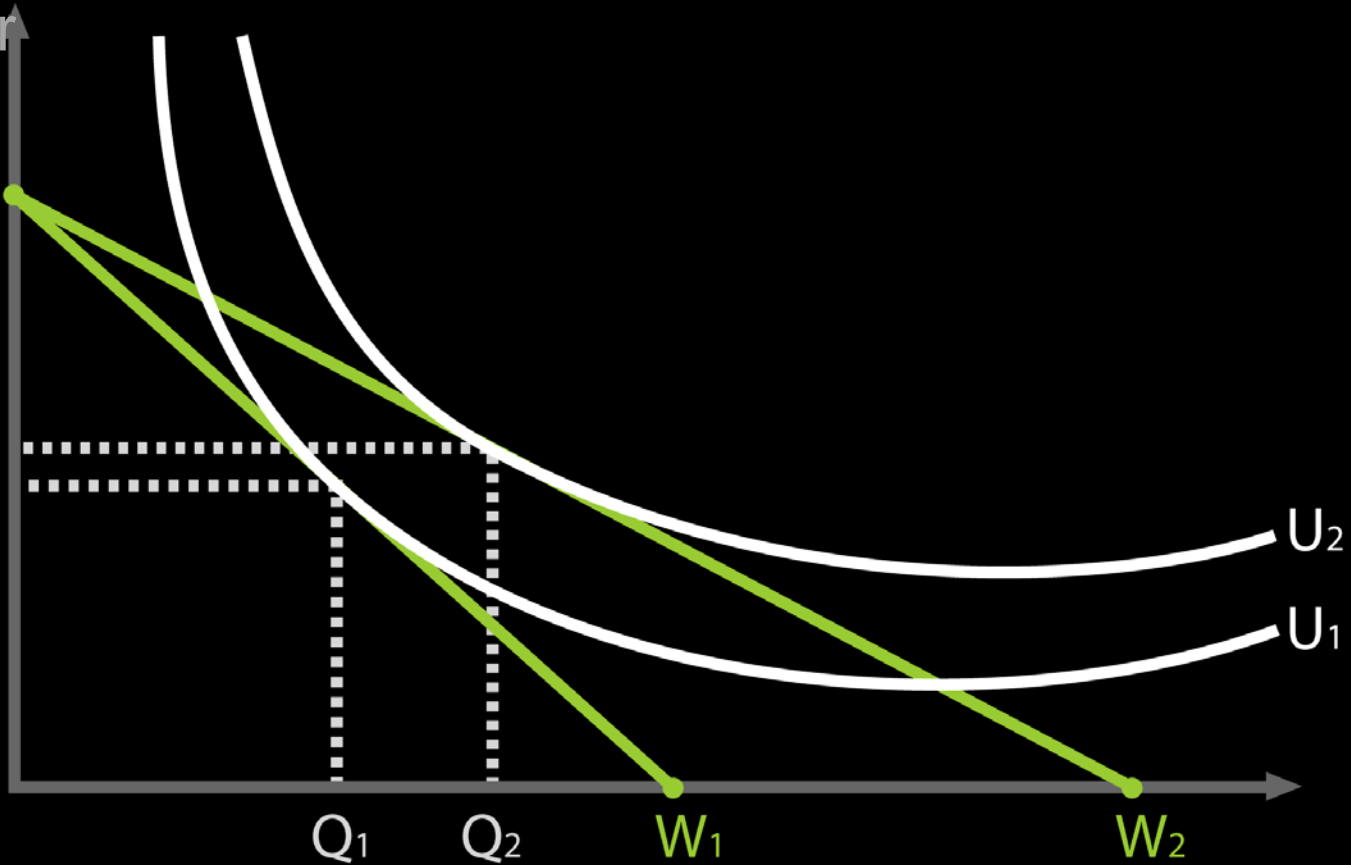
W_2

U_1

Consumption of widgets produced

Consumption of other goods

X_1



Q_1

Q_2

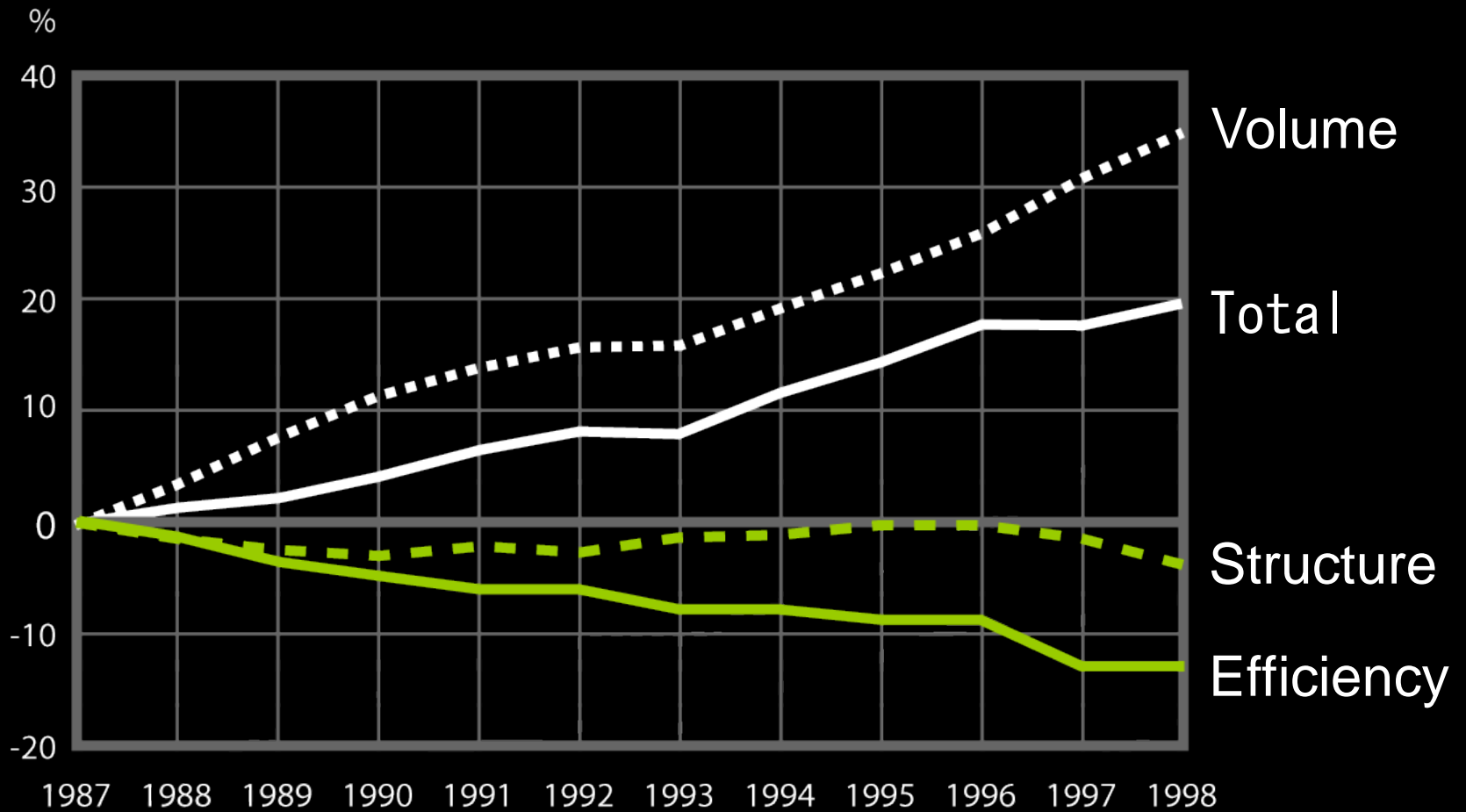
W_1

W_2

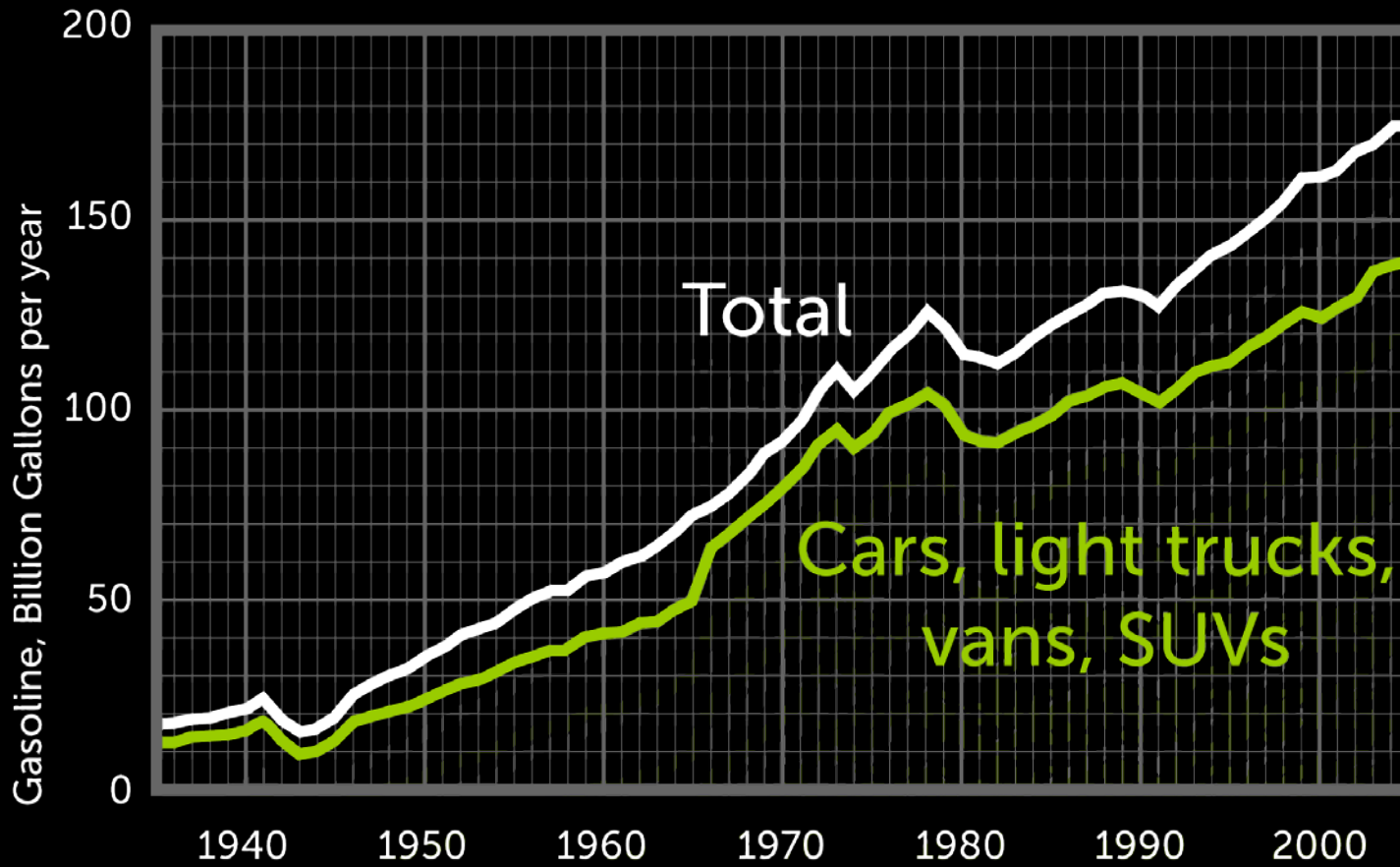
U_2

U_1

Consumption of widgets produced



Haan, M., 2001. A Structural Decomposition Analysis of Pollution in the Netherlands. *Economic Systems Research* 13, 181-196.



Social Equity



What is Social Equity?

- Fair access to resources
- Full capability space
- Full participation in community
- Self-determination



Social Equity



Not in
the
present
system!

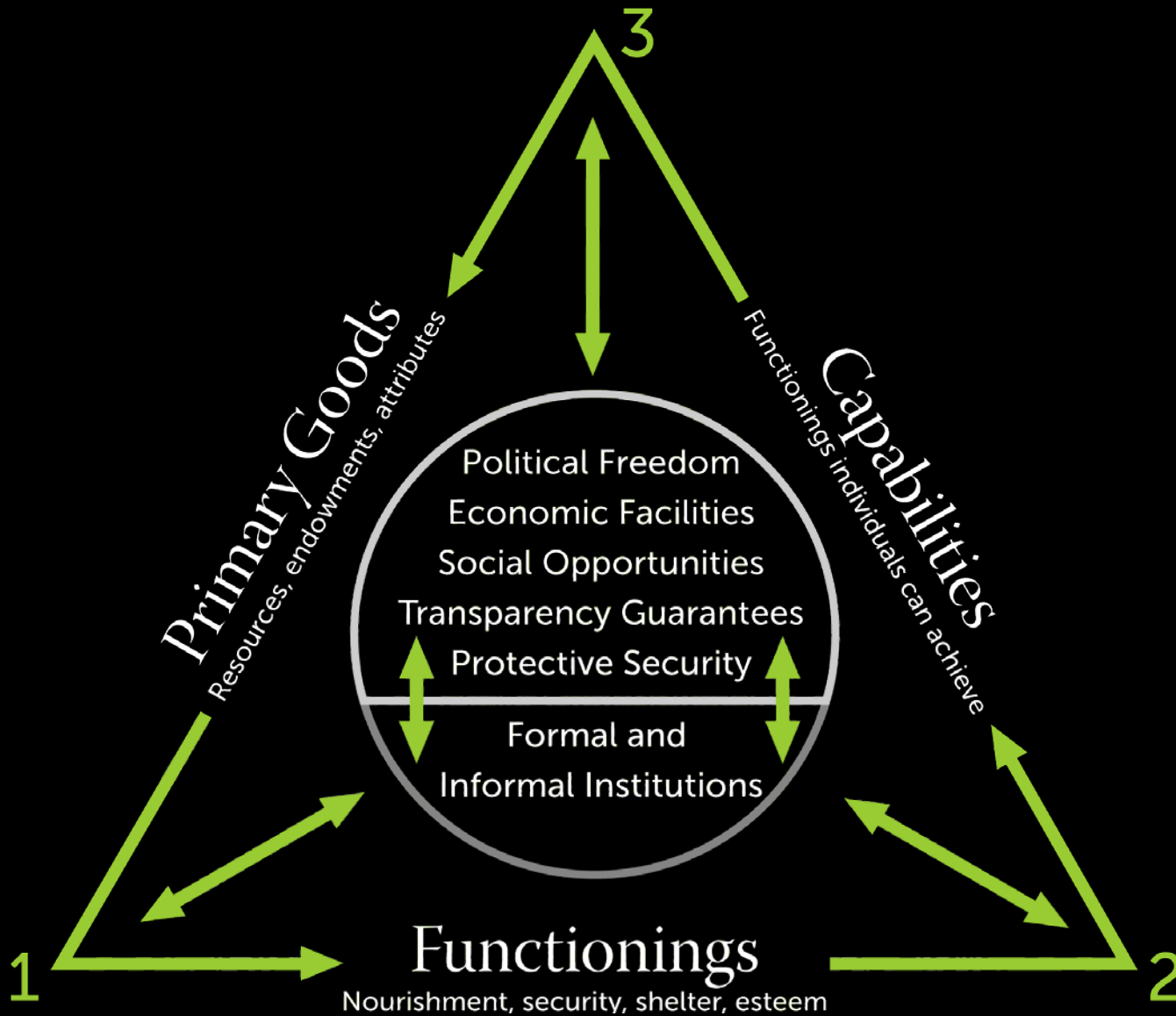


Why not?

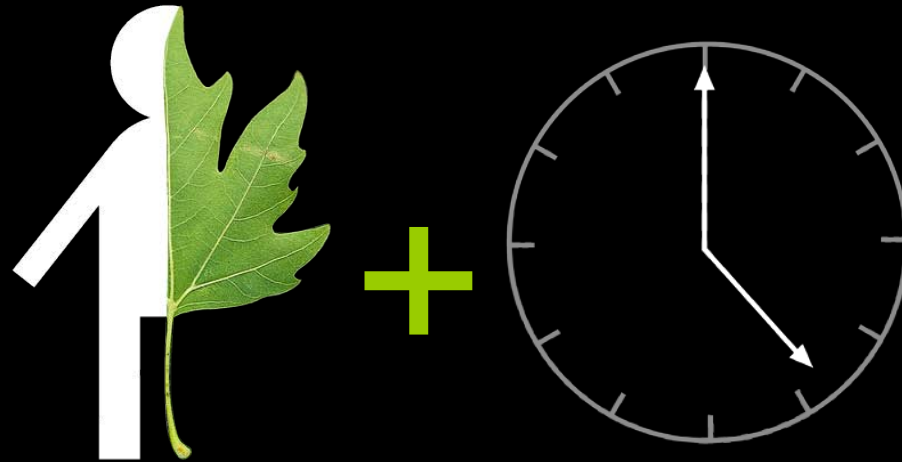
- Markets are not designed to address equity issues
- Trickle down theory does not address equity. It might address absolute poverty.

What's Needed?

- Institutional Oversight of:**
- Economic facilities
 - Transparency guarantees
 - Social opportunities
 - Protective security
 - Participatory opportunities
 - Ecological surety



Sustainability



Maintaining well-being over time including environmental, economic, and social dimensions

How can we
measure
progress in a
green
economy?



GNP/Capita

- Supports the macroeconomic effect of efficiency gains – more output
- No consideration of equity
- No consideration of environmental impacts
- No sustainability focus

HDI

- Expands to include social variables but equal weighting of variables allows GNP/capita to dominate
- No consideration to environment
- No sustainability focus

We need to
reexamine
how we
measure
progress



Inclusive Wealth

- The productive base or inclusive wealth of an economy
- The discounted sum value of:
(i) manufactured capital; (ii) human capital; (iii) social capital; and (iv) natural capital

Non-decreasing well-being requires non-decreasing inclusive wealth

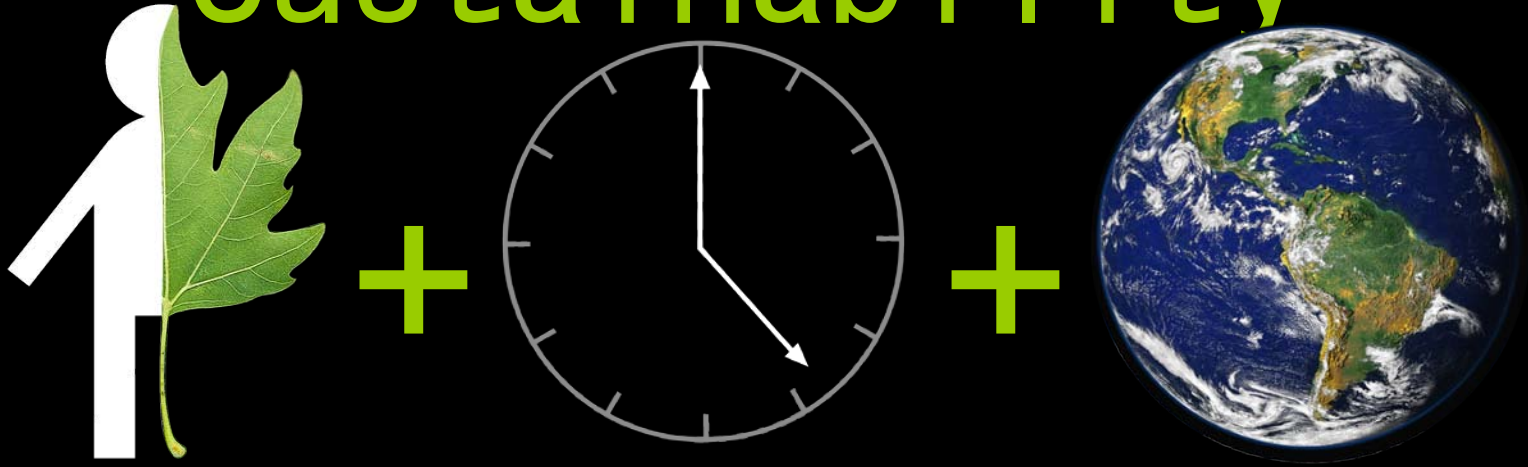
Implications for Asia

- Growth rates are expected to be the highest in the Asia region over the next decade
- Korea: 80% of stimulus funding on green economy
- China: 35% (15.6 billion in 2008)
- Japan: 15%

Implications for Asia

- Opportunity to move to a sustainable trajectory or,
 - Possibility to exacerbate the present situation
 - Political Willingness
- NEED:**
- People's support

Global Sustainability



Earth is an autarky system and
needs an new approach
measuring progress

Main Messages

- Behavioral change is key for ecological surety
- Capability and instrumental freedom are key to social equity
- Inclusive wealth (IW) is a new metric for progress

One World One Planet



How do we secure global sustainability ?