The Paradox of Green Growth

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Where are we going?

• Quick fixes that won’t work
• What has growth done for us?
• Green stimulus?
• Getting and spending . . .
• Some policy proposals
Off-shoring emissions won’t work
Improving efficiency won’t work
**Scenario 1:** 9 billion people: trend income growth

**Scenario 2:** 11 billion people: trend income growth

**Scenario 3:** 9 billion people: incomes at equitable 2007 EU level

**Scenario 4:** 9 billion people: incomes at equitable 2007 EU level plus 2% growth

The graph shows the carbon intensity of countries and scenarios. The y-axis represents Carbon Intensity (gCO₂/£), and the x-axis represents different years and scenarios. The values for 2007 World, 2007 UK, 2007 Japan, and 2050 (Scen 1) to 2050 (Scen 4) are given. The horizontal lines represent the current (Now) and the target (Required to meet 450 ppm target) carbon intensity levels.
What has growth achieved?
The Easterlin ‘paradox’
Growth and Equity

• ‘Growth is a substitute for equality of income. So long as there is growth there is hope, and that makes large income differentials tolerable’

• ‘this relation holds both ways round. It is not simply that growth is a substitute for equality, it is that greater equality makes growth much less necessary. It is a precondition for a steady-state economy.’ (Wilkinson and Pickett, 2009: 221-2).
Which jobs? Growth for whom?

- Techniques to achieve the return to growth:
  - “structural reform”
  - monetary stimulus
  - Downward pressure on wages and creation of precarious employment
Green stimulus varies widely by country

- Finland: 54%
- Ireland: 27%
- Netherlands: 26%
- Denmark: 20%
- Portugal: 14%
- Belgium: 10%
- France: 9%
- Germany: 8%
- Italy: 6%
- Austria: 4%
- Luxembourg: 3%
- Spain: 3%
- Sweden: 2%
- Greece: -8%
- UK: -18%
Ownership matters

Figure 10.1: Wind power electricity generation (MW) in Denmark 1986 - 2009
Citizens form cooperatives to drive the energy transition

Number of energy cooperatives in Germany, 2001–2011

Source: www.unendlich-viel-energie.de
Consumption for Satisfaction

- Confusion of needs, satisfiers and goods: Max-Neef
- The problem of ‘cathexis’, as exploited by Steve Jobs
- The need to stimulate desires rather than satisfy them
In thrall to the ‘Mad Men’

• ‘As a nation we are already so rich that consumers are under no pressure of immediate necessity to buy a very large share – perhaps as much as 40 per cent – of what is produce, and the pressure will get progressively less in the years ahead. But if consumers exercise their option not to buy a large share of what is produced, a great depression is not far behind.’

• A McGraw-Hill executive writing in Advertising Age in 1955
Is changing light-bulbs enough?

• Market drives only profitable innovation
• Built-in obsolescence works to stimulate further demand
• Pheobus cartel: evidence of pressure against innovation
• What alternative incentives can we find?
The Last Great Depression

- Failure of aggregate demand
- Repayment of debts
- Failure of lending and borrowing
- Recessionary spiral: ‘the death spiral’
In contrast, the mass-produced artifacts of civilization, from milk cartons to washing machines to computers, draw our senses into a dance that endless reiterates itself without variation. To the sensing body these artifacts are, like all phenomena, animate and even alive, but their life is profoundly constrained by the specific “functions” for which they were built. Once our bodies masters these functions, the machine-made objects commonly teach our sense nothing further; they are unable to surprise us, and so we must continually acquire new built objects, new technologies, the latest model of this or that if we wish to stimulate ourselves.

David Abram, *The Spell of the Sensuous*
## Shades of Green, Crowley, 1996

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<th>Deep Green</th>
<th>Mid Green</th>
<th>Light Green</th>
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<tr>
<td><strong>Mode</strong></td>
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<td><strong>Scope</strong></td>
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<td><strong>Nature</strong></td>
<td>transforming</td>
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<td><strong>Objective</strong></td>
<td>redefine growth</td>
<td>‘ecologise’ growth</td>
<td>enhance growth</td>
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<td><strong>Operation</strong></td>
<td>rejectionist</td>
<td>reinventionist</td>
<td>accommodationist</td>
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<td>ecological modernity</td>
<td>sustainable development</td>
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<td><strong>Jobs</strong></td>
<td>preserving nature</td>
<td>greening industry</td>
<td>remedying ecological decline</td>
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A Proposal for the EU

• Establishing Ecological Enterprise Zones as areas of deep-green innovation supported by a favourable fiscal regimes;

• Developing the idea of 'transitional investment' where short term investments are only made if they can demonstrate a reduction of energy in the long term;

• Mainstreaming the use of an EROEI (energy return on energy invested) measure for all new investments;

• Introducing Green QE at the EU level to ensure adequate investment in green infrastructure
Green Economics: An Introduction to Theory, Policy and Practice (Earthscan, 2009)

The Bioregional Economy: Land, Liberty and the Pursuit of Happiness (Earthscan, 2012)

Find out more

www.greeneconomist.org
gaianeconomics.blogspot.com