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The definition and the different approaches of green economy

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Annotation. Various economists stress different arrangements to manage the transition toward a green economy. Some suggest government policy makers utilize subsidies or regulations to guide the private sector toward environmentally friendly decision-making. Others argue more roundabout incentives will empower companies to take a more environmentally friendly approach. A green economy is an economy that aims at reducing environmental risks and ecological scarcities, and that aims for sustainable development without degrading the environment. It is closely related with ecological economics, but has a more politically applied focus. The 2011 UNEP Green Economy Report argues "that to be green, an economy must not only be efficient, but also fair. Fairness implies recognizing global and country level equity dimensions, particularly in assuring a Just Transition to an economy that is low-carbon, resource efficient, and socially inclusive."

Keywords: green economy, economic value, ecosystems, environment, sustainable development, standards, a holistic approach, green investments.

A feature distinguishing it from prior economic regimes is the direct valuation of natural capital and ecological services as having economic value (see The Economics of Ecosystems and Biodiversity and Bank of Natural Capital) and a full cost accounting regime in which costs externalized onto society via ecosystems are reliably traced back to, and accounted for as liabilities of, the entity that does the harm or neglects an asset.

Green sticker and ecolabel practices have emerged as consumer facing indicators of friendliness to the environment and sustainable development. Many industries are starting to adopt these standards as a way to promote their greening practices in a globalizing economy. Also known as sustainability standards, these standards are special rules that guarantee the products bought don’t hurt the environment and the people that make them. The number of these standards has grown recently and they can now help build a new, greener economy. They focus on economic sectors like forestry, farming, mining or fishing among others; concentrate on environmental factors like protecting water sources and biodiversity, or reducing greenhouse gas emissions;

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support social protections and workers' rights; and home in on specific parts of production processes.

Green economics is loosely defined as any theory of economics by which an economy is considered to be component of the ecosystem in which it resides (after Lynn Margulis). A holistic approach to the subject is typical, such that economic ideas are commingled with any number of other subjects, depending on the particular theorist. Proponents of feminism, postmodernism, the environmental movement, peace movement, Green politics, green anarchism and anti-globalization movement have used the term to describe very different ideas, all external to mainstream economics.[citation needed]

According to Büscher, the increasing liberalisation of politics since the 1990s has meant that biodiversity must 'legitimise itself' in economic terms. Many non-governmental organisations, governments, banks, companies and so forth have started to claim the right to Define and defend biodiversity and in a distinctly neoliberal manner that subjects the concept's social, political, and ecological dimensions to their value as determined by capitalist markets.

Some economists view green economics as a branch or subfield of more established schools. For instance, it is regarded as classical economics where the traditional land is generalized to natural capital and has some attributes in common with labor and physical capital (since natural capital assets like rivers directly substitute for man-made ones such as canals). Or, it is viewed as Marxist economics with nature represented as a form of Lumpenproletariat, an exploited base of non-human workers providing surplus value to the human economy, or as a branch of neoclassical economics in which the price of life for developing vs. developed nations is held steady at a ratio reflecting a balance of power and that of non-human life is very low.

An increasing commitment by the UNEP (and national governments such as the UK) to the ideas of natural capital and full cost accounting under the banner 'green economy' could blur distinctions between the schools and redefine them all as variations of "green economics". As of 2010 the Bretton Woods institutions (notably the World Bank and International Monetary Fund (via its "Green Fund" initiative) responsible for global monetary policy have stated a clear intention to move towards biodiversity valuation and a more official and universal biodiversity finance.

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Eco-investing or green investing, is a form of socially responsible investing where investments are made in companies that support or provide environmentally friendly products and practices. These companies encourage (and often profit from) new technologies that support the transition from carbon dependence to more sustainable alternatives. Green finance is "any structured financial activity that has been created to ensure a better environmental outcome."

As industries' environmental impacts become more apparent, green topics have not only taken center stage in pop-culture, but the financial world as well. In the 1990s, many investors “began to look for those companies that were better than their competitors in terms of managing their environmental impact.” While some investors still focus their funds to avoid only “the most egregious polluters,” the emphasis for many investors has switched to changing “the way money is used,” and using “it in a positive, transformative way to get us from where we are now ultimately to a truly sustainable society.” Investment in companies that are damaging to the environment, and investment into the infrastructure that supports those companies detracts from environmentally sustainable investment.

Green growth is a concept in economic theory and policymaking used to describe paths of economic growth that are environmentally sustainable. It is based on the understanding that as long as economic growth remains a predominant goal, a decoupling of economic growth from resource use and adverse environmental impacts is required. As such, green growth is closely related to the concepts of green economy and low-carbon or sustainable development. A main driver for green growth is the transition towards sustainable energy systems. Advocates of green growth policies argue that well-implemented green policies can create opportunities for employment in sectors such as renewable energy, green agriculture, or sustainable forestry.

Several countries and international organizations, such as the Organisation for Economic Co-operation and Development (OECD), World Bank, and United Nations, have developed strategies on green growth; others, such as the Global Green Growth Institute (GGGI), are specifically dedicated to the issue. The term green growth has been used to describe national or international strategies, for example as part of economic recovery from the COVID-19 recession, often framed as a green recovery.

Critics of green growth highlight how green growth approaches do not fully account for the underlying economic systems change needed in order to address

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the climate crisis, biodiversity crisis and other environmental degradation. Critics point instead to alternative frameworks for economic change such as a circular economy, steady-state economy, degrowth, doughnut economics and others.

A green economy is defined as low carbon, resource efficient and socially inclusive. In a green economy, growth in employment and income are driven by public and private investment into such economic activities, infrastructure and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services.

These green investments need to be enabled and supported through targeted public expenditure, policy reforms and changes in taxation and regulation. UN Environment promotes a development path that understands natural capital as a critical economic asset and a source of public benefits, especially for poor people whose livelihoods depend on natural resources. The notion of green economy does not replace sustainable development, but creates a new focus on the economy, investment, capital and infrastructure, employment and skills and positive social and environmental outcomes across Asia and the Pacific.

The role of Green Economy, Sustainable Consumption and Production and Resource Efficiency for Sustainable Development: Sustainable Consumption and Production aims to improve production processes and consumption practices to reduce resource consumption, waste generation and emissions across the full life cycle of processes and products – while Resource Efficiency refers to the ways in which resources are used to deliver value to society and aims to reduce the amount of resources needed, and emissions and waste generated, per unit of product or service. The Green Economy provides a macro-economic approach to sustainable economic growth with a central focus on investments, employment and skills.

The three main areas for the current work on Green Economy are:

1) Advocacy of macro-economic approach to sustainable economic growth through regional, sub-regional and national fora

2) Demonstration of Green Economy approaches with a central focus on access to green finance, technology and investments

3) Support to countries in terms of development and mainstreaming of macro-economic policies to support the transition to a Green Economy

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Green economies can do wonders for both the financial sector and the environment as a whole. For example, a green economy:

1. Encourages more sustainable development: Green economics foregrounds setting and achieving sustainable development goals. To achieve sustainability, economic entities must put natural resources to responsible use, with an eye on recycling their usability. This ensures both current and future generations can benefit from natural resources while remaining good stewards of the earth.

2. Helps fight climate change: By steering the economy in a greener direction, governments and the private sector work together to achieve effective climate change mitigation. Through lowering carbon emissions in both manufacturing and transportation, there's hope the earth's population can avoid many of the worst effects of anthropogenic warming.

3. Improves the ecosystem: When you insist on including environmental protections in any economic activities, you help protect biodiversity in ecologies across the planet. Effective ecosystem services help sustain human, animal, and plant life in equal measure—all of which are necessary to also keep the economy going.

4. Increases equity: Green finance and economic development seeks to ensure equitable outcomes for all people throughout the global community. Rather than put the burden primarily on developing countries, green economists insist industrial countries should shoulder most of the weight to make the economic and energy transition to greener technologies. This allows the international community to pursue poverty eradication at the same time as more traditionally environmental initiatives.

Characteristics of a Green Economy

Green economies are still largely aspirational. These four factors are necessary elements should the world turn to more environmentally friendly economic arrangements in the future:

1. Clean transit options: Green economic policies dictate the need to maximize resource efficiency in all sectors, including in transportation. Planes, trains, buses, personal cars, and other forms of transit must utilize renewable energy sources with less of an impact on the environment than fossil fuels.

2. Green building standards: Sustainable architecture and construction is another key way to achieve energy efficiency and environmental stability. Additionally, on an

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economic level, new building development like this can stimulate the economy as a whole.

3. Renewable energy sources: Clean energy is perhaps the signature resource necessary to achieve a green economy. Aside from powering transportation through renewables, corporations would need to overhaul their manufacturing and production processes to run on a more sustainable fuel source as well.

4. Sustainable management of resources: In a green economy, everyone keeps a vigilant eye on waste to minimize it as much as possible. By recycling resources and aiming for maximum sustainability, economic actors can all do their part to power truly green growth with an eye toward the future.

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