

# The United Nations Environment Programme's Green Economy initiative: shifting the concept with the global financial crisis of 2008

Author: Mag. Katharina Biely ([katharina@biely.net](mailto:katharina@biely.net)) Submission ID number: 353.

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Abstract:

No universal definition of the green economy concept exists and thus different interpretations of this concept prevail. One commonality of the various interpretations is that in most cases green economy is understood as means to achieve sustainability and that it involves a shift to greener sectors and means of production. Apart from this green economy is interpreted in quite different ways, which are related to the two different interpretations of sustainability as well as to two different economic schools of thought; environmental and ecological economics. This article analyzes the United Nations Environment Programme's (UNEP) Green Economy Initiative. It is examined what understanding of green economy UNEP is using and how this changed over time. Moreover, it will be shown that according to this analysis a fundamental transformation from orthodox economy to ecological economics seems to be impossible in times of economic downturn.

## 1. Introduction

No consistent definition of green economy exists, which makes it difficult to understand what the concept exactly consists of. The United Nations Department of Economic and Social Affairs (UNDESA 2012<sup>1/2</sup>) dedicated two publications to this topic aiming to provide clarity. Analyzing several green economy initiatives UNDESA concluded that what unites most of the green economy concepts is that it is perceived as a means to achieve sustainability. Indeed green economy is about reducing negative environmental, sometimes also social effects, of economic actions. The latter is then usually called *inclusive* green economy, as in the case of the United Nations Environment Programme's (UNEP) green economy concept. How to achieve this reduction of negative impacts is, however, not defined. One important factor is of course technological improvements, that help decrease emissions. Another factor is reducing or at least stabilizing overall material consumption, hence GDP growth, which is another aspect this paper is dealing with.

The green economy concept has similarities with the sustainability concept regarding its blurriness and hence the possibilities to interpret it in the most suitable way, which bares the risk making both of them teeth less instruments of political propaganda. Despite the widely accepted definition of sustainability (WCED 1987:IV/1), two major different interpretations of it exist; the strong and the weak one. According to this definition sustainability is meeting the needs of the current generation without comprising future generations' ability to meet their needs. However, this definition leaves enough space for interpretation (Glavič / Lukman 2007, Norton 1992, Zaccai 2012:81) and thus completely different policy recommendations. Apart from the often unconscious usage of the term one main difference regarding its interpretation is related to the question to what extent trade offs between and within the different pillars – economy, environment, social – are in line with the concept (Gowdy / O'Hara 1997, Norton 1992). Moreover, as Costanza and Patten (1995) explain sustainability over all implies normative questions about the subject that is supposed to be sustained and for how long this subject should be sustained, which again leads to considerably different policy recommendations. Since green economy is understood as means to achieve sustainability, it is subject to the same blurriness. Apart from this green economy can also be interpreted in two fundamentally diverging ways. This is why Brand (2012) calls green economy the next oxymoron and illustrates why the green economy concept is deemed to fail likewise the sustainability concept (see also Caldwell 1996:275f.).

Due to the blurriness of the green economy concept it is necessary to analyze each single initiative

in order to get an idea what it is actually about. This article is dedicated to the United Nations Environmental Programme's (UNEP) green economy concept and it will be shown how this concept changed over time within particular UNEP publications. Such a change and the general disagreement within UNEP bodies would probably not have been possible if the concept was clear defined.

The first section of this paper outlines the method used, followed by section two which grossly describes what green economy is about. Then the concept will be related to the sustainability interpretations and two economic schools of thought; environmental and ecological economics. This categorization helps to analyze particular green economy initiatives. In the main part of this article for the analysis of UNEP's green economy concept this strategy is used. Finally, conclusions from this analysis are presented stating that in times of economic crisis a considerable change of the current economic system is difficult if not impossible.

## **2. Methods**

This study is based on a literature review. In order to analyze UNEP publications, differences between environmental and ecological economics are used as analytical frame. Thus the starting point of this analysis was identifying the differences between the two economic schools of thought and how these are reflected in green economy concepts generally. A short discussion on similarities and differences between environmental and ecological economics can be found elsewhere (Illge / Schwarze 2009:595, Bergh 2001:16, Munda 1997:228, Hackl 1996).

Following this step UNEP Year Books were scanned, particularly looking for key words like: green economy, new economy, low-carbon economy, technology, decoupling, dematerialization, economic growth, green growth or degrowth. This analysis lead to a more thorough examination of other UNEP publications like UNEP Annual Reports, the Global Green New Deal (GGND) or the Green Economy Report. Findings from the Year Books were compared with the content of the other publications, in particular with those that were published at the same time; the Annual Reports.

Due to the surprising and contradicting results of this analysis it was sought getting in contact with UNEP staff that was or is involved in the production of the above stated publications. Unfortunately, nearly all attempts to contact UNEP remained unanswered, which illustrates UNEP's nontransparency.

### **2.1. The green economy concept and its relation to environmental and ecological economics**

At the latest since the UN Conference on Environment and Development (Rio conference) in 1992 sustainable development is on the agenda (Caldwell 1996:243). More than a decade has passed without considerable achievements, thus green economy is proposed as a concept to support the sustainability goal. Policies that fit into the green economy concept were suggested since the Rio conference, although at that time not yet called green economy policies. The term green economy only started being used since the first half of the twenty-first century, however, it is a much older term first used in 1989. At the Rio+20 conference in 2012 the green economy concept had its breakthrough, receiving much attention (UNDESA 2012:5ff.).

As stated above so far there is no universal definition of green economy. However, usually it contains three aspects likewise sustainability; economy, environment, social (UNDESA 2012<sup>1</sup>:60). In order to further emphasize the social aspect the concept green economy is often complemented with the prefix *inclusive*. Apart from this social aspect, indeed, the environmental aspect is of particular importance for green economy. Since environmental concerns started to rise due to climate change and hazardous weather events related to it, a focus is to decrease green house gas emissions. Thus besides increasing efficiency to lower emissions, renewable energy is a main topic. Buzzwords related to green economy are green technology or green jobs, indicating a whole low emission and environmental friendly economic branch. Everything that ostensibly agrees with this may be part of the green economy strategy. There is not enough space to deal with all existing attempts to define green economy<sup>1</sup>, nevertheless, one example of definition by UNEP is quoted:

A Green Economy can be defined as one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.

A Green Economy is characterized by substantially increased investments in economic sectors that build on and enhance the earth's natural capital or reduce ecological scarcities and environmental risks. These sectors include renewable energy, low-carbon transport, energy-efficient buildings, clean technologies, improved waste management, improved freshwater provision, sustainable agriculture, forestry, and fisheries. These investments are driven by, or supported by, national policy reforms and the development of international policy and market infrastructure. (UNEP 2010<sup>1</sup>:5)

This definition gives an impression on what green economy deals with, still it allows different interpretations. To a big extent this is due to the blurriness of the sustainability concept. As green economy is a means to achieve sustainability and since this concept is itself open to various interpretations and normative questions it is not clear at all what green economy exactly is. Consequently if it is desired to sustain economic growth, green economy will serve this goal. On the other hand, if it is aimed to sustain the environment, green economy will also be means to this end (compare: Chopin/Foucher 2010:91f.). Though, from an ecological economics point of view green economy can on the global level not serve both ends at the same time (Norton 1992:99f.).

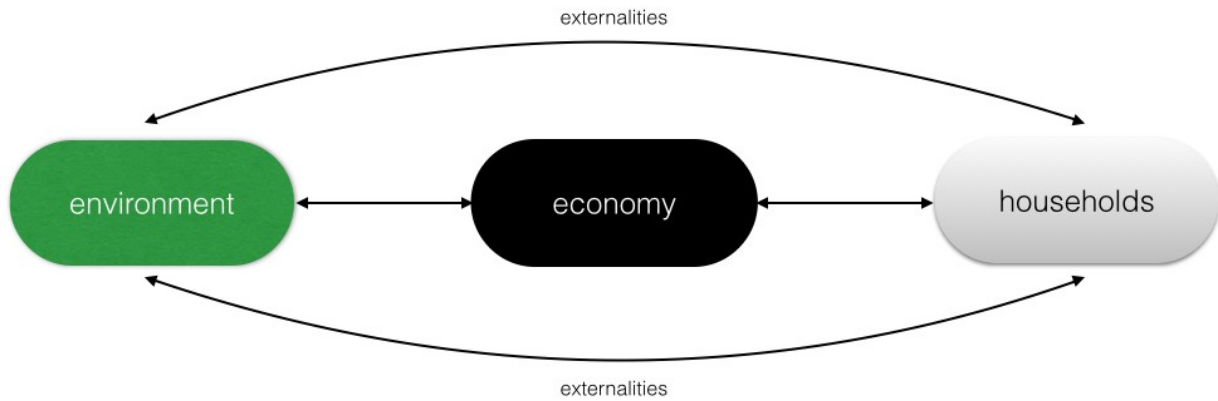
The two main interpretations of sustainability can be connected with two different economic schools of thought; environmental and ecological economics (Munda 1997, Norton 1992:99f.). Both schools of thought deal with the relation between economy and environment and how the economy can promote preserving the environment (Munda 1997, Müller 2001, Venkatachalam 2007). Although this common goal exists, both schools of thought completely diverge from each other in the way they frame and understand the relation between economy and environment and hence on which principles the economic system is build on. Again this is similar to the sustainability concept where we have one common goal (to sustain something for a certain timespan) but two different interpretations of how this should and can be achieved.

There are many differences between environmental and ecological economics, for this article only the aspects relevant for sustainability and thus green economy will be outlined. The most fundamental difference between the two, from which all other differenced derive, is how each of the schools of thoughts frame (preanalytic vision [Daly 1996:6]) the world. Environmental economics does take the environment more into consideration than orthodox economics (Ayres 2008:292, Munda 1997:213f., Venkatachalam 2007:551) and thus the relation between environment and the economy is in the center of this economic school of thought. It is acknowledged that the environment acts as source for resources and sink for waste. As Illustration 1 shows the economy organizes the exchange of goods and services between households, but also between households

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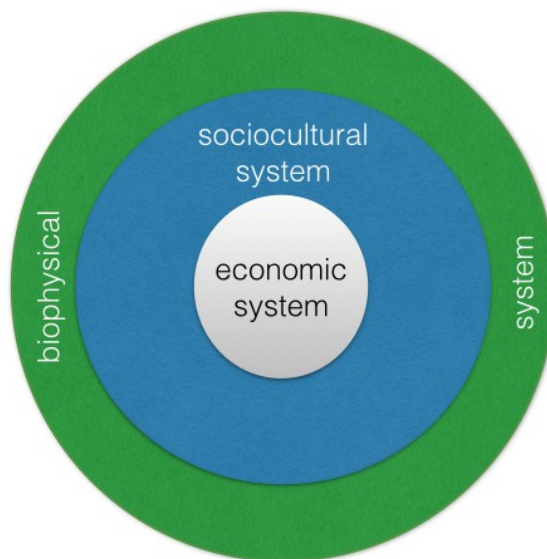
1 A comparison of different definitions can be found in UNDESA 2012<sup>1</sup>

and the environment. All exchanges between environment and households that do not pass the economic system are externalities. This exclusion is, within environmental economics, seen as the root cause of environmental destruction caused by humans. It is obvious that the solution is to internalize these externalities (Bergh 2001:15, Müller 2001:423, Wiesmeth 2012:3f., Venkatachalam 2007:550f.).



*Illustration 1: Environmental economics' preanalytic vision*

Anyway, what environmental economics preanalytic vision excludes is the recognition of absolute biophysical limits (see Illustration 2). In contrast, ecological economics preanalytic vision is based on this very principle. Absolute limits require to question the possibility of unlimited economic growth (GDP growth). The logic deduction from the fact that the biophysical system can only supply a certain amount of matter and energy within a certain time, that the reproductive capacity of renewable matter, as well as the recovery of sinks are limited, tell that unlimited economic growth is impossible (Bergh 2001:15, Daly 1996, Venkatachalam 2007:551ff.).



*Illustration 2: Ecological economics' preanalytic vision*

Although ecological economics does not underestimate the role of internalization in order to, at least as a first step, make visible what is now invisible for the economic system, it is not seen as the panacea to environmental destruction caused by humans (Venkatachalam 2007:553). Since the current economic system is growth based and since this contradicts with sustaining the environment in a healthy state, ecological economics calls for a new economic system adapted to the biophysical reality.

Connected to these different perceptions of economy-environment problems is the respective interpretation of the sustainability concept. The weak sustainability concept allows trade offs between the different pillars of sustainability (Bergh 2001:17, Norton 1992). Environmental economics does rely on this understanding, based on the logic of production functions that allow (theoretically) complete substitution between inputs (Common / Stagl 2005, Norton 1992:100). In practice it is clear that no one can produce anything without natural resources, which is why technological innovation is crucial for environmental economics. Technological innovations may allow cutting down emissions through increased efficiency, accordingly much trust is put in technology. Thus environmental economics believes in the possibility of trading off environmental degradation with technological innovation and still being in accordance with pursuing economic growth together with environmental sustainability (Munda 1997:217f., Norton 1992). Nevertheless technological innovation, as long as the perpetual mobile is not invented, does not permit processes without the need of matter and energy. Despite this scientific evidence environmental economics does put much trust in efficiency gains and even absolute decoupling.

Ecological economics in contrast recognizes a much smaller scope for trade offs and is thus in line with the strong sustainability concept (Bergh 2001:17, Müller 2001:438). The role of technological innovation is not underestimated by ecological economics, however, the logic of absolute limits does not allow absolute decoupling. Even if technological innovation renders possible relative decoupling, in a growing economy this is still connected to increasing resource demand and emission and waste production (Pearce 2002). This is why if green economy only means a shift to greener production, without an absolute reduction of resource use, green economy is deemed to fail the strong sustainability goal (Schneider et. al 2010:516).

In order to find out what a particular green economy concept is about one can analyze what interpretation of sustainability and/or what economic school of thought it follows. Since the interpretation of sustainability is related with one particular economic school of thought, either environmental or ecological economics, one can shoot two birds with one bullet and only find connections to either sustainability or a particular economic school of thought. The following analysis of UNEP's green economy concept is focused on the economic schools of thought. This is because these economic schools of thought entail much more aspects than sustainability and sustainability is itself an aspect of a respective economic school of thought.

### **3. Green economy concept of the UNEP according to UNEP's Year Books**

The United Nations Environmental Programme's Green Economy Initiative was launched in 2009 after the concept of green economy was increasingly discussed as result of incontestable environmental degradation caused by human action. But what kind of green economy are we talking about in this case? In order to find an answer to this question UNEP publications were analyzed. UNEP's Year Books and Annual Reports tell in which environment the green economy concept gained momentum within UNEP. After the Green Economy Initiative was launched several other publications were issued, like the GGND or the Green Economy Report. The analysis of

these publications showed that UNEP's green economy understanding went through a remarkably conceptual change within one series of publications.

To start the analysis UNEP Year Books were screened in order to find out when green economy started to become an issue. UNEP Year Books purpose is to close the science-policy gap, thus illustrating environmental challenges and trends within a particular year. Green economy as such was only mentioned in Year Book 2009, however aspects that make up green economy were already discussed earlier. Whereat Year Book 2004/5 focused on the connection between environmental protection and poverty eradication (UNEP 2005) the following issue already had a growing focus on environment's contribution to overall human wellbeing (UNEP 2006). But already the former Year Book indicated governments rising interest in renewables due to climate change, rising air pollution and oil prices (UNEP 2004/5:5). The increasing acknowledgement of nature as basis of human wealth was promoted by the Millennium Ecosystem Assessment (UNEP 2006). It is pointed out that investments in environment have favorable effects on the economy. Negative effects of climate change related to extreme weather events in 2005, proved to harm the economy unprecedentedly, causing financial damage of more than US\$ 200 billion. Apart from this again rising oil prices are perceived as major future challenge in a world with fast increasing energy demand and decreasing stocks. A logic consequence was the rising debate about alternative energy carriers and cleaner technologies to probably even shoot two birds with one bullet; securing energy supply, reducing emissions and thus the costs to fight climate change (UNEP 2006).

Year Book 2007 (UNEP 2007) proceeds discussing climate change, pointing out that the debate about reducing emission is more and more seen as chance for companies. The feature focus of this issue is on globalization and environment, illustrating risks and opportunities of globalization. It is recognized – among other negative effects of globalization – that through globalization environmentally harmful economic growth is further expanded. Joseph Stiglitz is quoted lamenting that governments are focussing too much on GDP and forget about other factors influencing wellbeing and that financial policies are not checked against sustainability; whether economic growth can be sustained socially and environmentally (UNEP 2007:55). On the other hand several positive aspects of globalization are discussed, among which is the transfer and exchange of technology able to lower negative environmental effects. However, the 2007 Year Book also deals with nano-technology, pointing out that technology does not only have advantages but also poses harm. Although the 2007 Year Book does not address green economy discussing globalization and illustrating intervention points already exhibit traits of green economy (UNEP 2007).

In Year Book 2008 (UNEP 2008) the term green economy is still not used, but similar ones like: environmentally-sound economy or low carbon economy. From the previous issues it can be seen that environmental issues were more and more included in the economic agenda a trend that this Year Book is pointing at. The main driver for this shift is climate change and its negative environmental effects ultimately harming mankind. Thus once again climate change is the major topic of this Year Book. Technological innovation already mentioned in previous Year Books, is again an issue. Now the possibility to decouple economic growth from emissions is indicated. Finally it is described that a shift towards a new economy is happening:

A significant proportion of the most successful market players and financial decision makers are demonstrating their commitment to building a new economy, efficiently fuelled by sustainable energy sources. They are increasingly following environmental, social, and governance principles for corporate activities, while investment funds are increasingly investing in accordance with the concept of universal ownership, which views the world economy and environment as interdependent wholes. (UNEP 2008:32)

The term green economy was first mentioned in Year Book 2009 (UNEP 2009), published in

February. “These centre around whether a brighter and more sustainable future can be found in the old economic models of the 20<sup>th</sup> century or in a fresh, Green Economy approach – one that rewards greater resource efficiency, vastly improved natural asset management and decent employment across the developed and developing world” (UNEP 2009:ii).

Economic growth is straight forward related to the negative environmental impacts of human actions and thus questions the current growth paradigm.

In the face of climate change and mounting water vulnerabilities, 2008’s unstable energy prices and food price crisis illustrate the global scope and cascading effects of pressures we exert on ecosystems. These events further underscore the vulnerabilities inherent in the global community’s current doctrines of perpetual economic growth and demonstrate that conventional, highly compartmentalized ecosystem management methods are not working. (UNEP 2009:1)

Screening this publication it becomes clear that the green economy UNEP is suggesting is not only about shifting activities to greener sectors and increasing efficiency, it is also about consuming less. This becomes obvious in the section about resource efficiency pointing out waste production by households. It is clear that one important way to decrease waste production is consuming only what is needed. This approach is again shown in an illustration on page 44 (UNEP 2009), where the sufficiency economy is a basis for happiness and wellbeing and a required condition for sustainable consumption. This indicates the voluntary choice to consume less (Alcott 2008), needless to mention that a sufficiency economy is not in line with an economic system based on economic growth.

Voices that challenge the current economic system are given space a second time under the subsection ‘constructive progress’. In Table 2 on page 59 (UNEP 2009) economic growth is identified as driver of environmental degradation. The table is not further explained, however, the row (driver) ‘economic growth’ is connected with the column (themes) ‘environmental governance’ with the interlinkages ‘financial market downturn,’ ‘growing biofuel trade’ and ‘economics of enough’. Indeed UNEP does not clearly state that the current economic system should be abandoned, still it is a strong statement that it is not ignored by UNEP.

Box 1 again clearly indicates that the current crisis gives cause for serious concerns about the legitimacy of the current economic system.

#### BOX 1: challenging the current economic system

In its Action Plan for Sustainable Consumption and Production, the Sustainable Consumption Research Exchange network raises five questions that would have been considered controversial before the current economic crisis and modern environmental consciousness (SCORE 2008):

- Is the market system fundamentally flawed?
- Should we be striving for de-growth?
- How can markets contribute to fairness and equity?
- Should we accept consumer sovereignty if it is harmful to the environment or the society as a whole?
- How can we realize development aspirations in dematerialized ways?
- How can we maintain fair balance among business, consumers and governments?

An approach known as the sufficiency strategy or the ‘economics of enough’ focuses on dramatically reducing overall consumption by convincing producers and consumers to act in relation to need, rather than desire. As it is unlikely that this level of altruism will spontaneously arise among consumers, proponents argue that governments need to take radical steps to influence the behaviour of producers and and consumers (Alcott 2008).

UNEP 2009:50

It is further explained that the global crisis is perceived as a possibility to start a fundamental transformation: “*It is in this sense of a potential opportunity that we argue this is the propitious moment to initiate a deliberate phase transition to an environmentally sound economy*” (UNEP 2009:61). This argument is once again expanded:

This propitious moment calls for an economic system that values those goods and services that keep us alive and enable our wellbeing, based on the thinking and activities from decades of sustainable development efforts. Ecological economics has been applying principles like industrial ecology to the economics sphere for the last two decades. That approach has offered a wealth of data, information, and knowledge about shifting the dominant economic paradigm to one that values ecosystem services, costs the contributions of the commons, and reflects on lessons from history to ensure we have options on whether to relive them or not (Pearce and others 1989, Costanza 2008). (UNEP 2009:61)

**Table 3: A sustainable development model**

	<b>Current Development Model</b> the “Washington Consensus”	<b>Sustainable Development Model</b> an emerging “Green Consensus”
<b>Primary policy goal</b>	<b>More:</b> Economic growth in the conventional sense, as measured by GDP. The assumption is that growth will ultimately allow the solution of all other problems. More is always better.	<b>Better:</b> Focus shifts from growth to development in the sense of improvement in quality of life, recognizing that growth often has negative by-products and more is not always better.
<b>Primary measure of progress</b>	GDP	GPI (or something similar)
<b>Scale/carrying capacity</b>	Not an issue because it is assumed that markets can overcome any resource limits via new technology, and that substitutes for resources are always available.	A primary concern as a determinant of ecological sustainability. Natural capital and ecosystem services are not infinitely substitutable, and real limits exist within Earth systems.
<b>Distribution/poverty</b>	Relegated to national policy processes and a trickle down effect: A rising tide lifts all boats.	A primary concern since it directly affects quality of life and social capital and in some real ways is often exacerbated by growth.
<b>Economic efficiency/allocation</b>	The primary concern, but generally including only GDP-related goods and services and institutions.	A primary concern, but including both market and non-market goods and services and effects. Emphasizes the need to incorporate the value of natural and social capital to achieve true allocative efficiency.
<b>Property rights</b>	Emphasis on private property and conventional markets.	Emphasis on a balance of property rights regimes appropriate to the nature and scale of the system, and a linking of rights with responsibilities. A larger role for common property institutions in addition to private and public property.
<b>Role of governance</b>	To be minimized and replaced where possible with private and market institutions.	A central role, including new functions as referee, facilitator, and broker in a new suite of common-asset institutions.
<b>Principles of governance</b>	<i>Laissez-faire</i> market capitalism.	Lisbon principles of sustainable governance.

Basic characteristics of the current development model and an emerging model based on ecological economics.  
Source: Adapted from Costanza 2008

*Illustration 3: UNEP 2009:62*



Following these statements the green economy concept that UNEP is proposing at that time at least challenges the growth paradigm, putting forward 'economics of enough'. This notion is re-emphasized pointing out that the current GDP fixation is insufficient to measure wellbeing. Other accounting measures like the Genuine Progress Indicator (GPI) are proposed, stating that "[...] *this type of measure accounts for the importance of ecological sustainability, social fairness, and real economic efficiency. Ecological sustainability implies recognition that natural and social capital are not infinitely substitutable by built and human capital and that there are real Earth system limits to the expansion of the market economy*" (UNEP 2009:61).

And finally another table gives a clear indication where green economy should lead to (Illustration 3). This table was copy pasted from a publication of Robert Costanza; an ecological economists. Thus green economy should focus on development instead of on growth and should acknowledge absolute biophysical limits instead of in infinite substitution and the infinite possibilities of future technologies. Regarding technology it has to be pointed out that even if it is not seen as the silver bullet, much trust is put in it. The 2009 Year Book also dedicates a subsection to dematerialization or decoupling. It is still not stated whether it is referred to absolute or relative decoupling. However, the paragraph gives the impression that relative decoupling is rather meant, giving examples of consumers and producers going for less resource intense options (UNEP 2009:48).

Concluding from this issue the proposed green economy fits to the strong sustainability interpretation and to ecological economics. Given that the financial crisis is seen as an opportunity to change it was to expect that this green economy concept would have been further promoted in the following years. Year Book 2010 (UNEP 2010), however, gives the reader a surprise.

In Year Book 2010 'economy of enough' or 'sufficiency' is not even mentioned once, instead 'economic growth' as well as 'technological innovation' or 'efficiency' are major topics. Green economy is still seen as the future economic system bridging environmental concerns with the economic agenda. It is also referred to the Global Green New Deal (GGND), a report by Edward Barbier; environmental economist. Apart from this it is again recognized that humans and economic activities depend on a healthy state of the environment and that several planetary boundaries have been already overshoot. Anyway, contrary to the previous issue the negative effects of the financial crisis are pointed out, although it is still seen as opportunity for change.

The economic and financial crisis of 2008-2009 has already caused an additional 90 million people to fall into extreme poverty (UN 2009). However, a pause in the acceleration of global economic activity could provide opportunities to halt destructive practices, rein in energy use, pursue new energy sources, begin creating 'green' jobs, and concentrate on developing sustainable pathways to growth and new approaches to ecosystem restoration (Levin 2009, UK 2009, Stern 2007). (UNEP 2010:14)

These negative effects might be the reason why in this publication economic growth is again promoted. Since it is acknowledged that economic growth causes environmental degradation another factor is now advertised even stronger in order to accommodate economic growth with environmental sustainability; efficiency and technological innovation. It is argued that the industrial metabolism is a driver of environmental degradation (UNEP 2010:55f.). Thus one could argue that not growth needs to be minimized but energy and matter throughput. Therefore in this issue the silver bullet is the possibility of future technologies to solve our dilemma through decoupling.

From Year Book 2011 (UNEP 2011) onwards it is argued what factors need to be tackled in order to achieve the transformation to a green economy. In Year Book 2011 ten sectors are identified as

critical for this transformation. It is further indicated that green economy gained momentum and is discussed by governments and the private sector. Green economy progress of the past year is highlighted emphasizing that the green sector leads to economic growth and job creation. Further it is argued that companies taking leadership in low carbon innovations have a better economic performance and might have greater chances to sustained growth.

Year Book 2012 (UNEP 2012) continues with this argumentation, but adds another sphere to the concept of green economy. Now it is called *inclusive* green economy indicating that this new economic concept includes equity. Besides this it is again argued that the green sectors is a growth sector, despite global economic downturn. Further it is stated that an increase in investments of 2% in the ten key sectors would allow the transformation to a green economy. The successive Year Book (UNEP 2013) also keeps following this path and adds a definition for green economy:

A green economy aims at improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. It is low-carbon, resource-efficient and socially inclusive. Growth in income and employment should be driven by public and private investments that reduce carbon dioxide (CO<sub>2</sub>) and other non-CO<sub>2</sub> emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services (UNEP 2011a). (UNEP 2013:2).

Following this analysis of Year Books a considerable change between Year Book 2009 and 2010 can be observed. Year Book 2009 delivers a green economy concepts that fits to ecological economics, but only one year later one that rather fits to environmental economics. What happened in between that lead to this change? As the Year Books always discuss the events of the previous year we have to take a closer look at 2009, the year in which the GGND was published.

#### **4. Discussion**

Two reasons for this shift can be identified, which will be discussed below. In short, one may be the economic crisis, the other may be found in the political realm of UNEP's institutions, their respective distinct conceptions and power to influence UNEP's overall policy.

##### **4.1. The economic crisis**

Strikingly after a Year Book in which an ecological economics green economy was presented, the GGND by Edward Barbier, a leading environmental economist, was presented. The reason for commissioning Edward Barbier to write the report might be that he was one of the authors writing a report (Blueprint for a Green Economy) for the British government in which the term green economy was first used (UNDESA 2012<sup>1</sup>:7). Anyway, it is clear that a report written by an environmental economists has to be completely different from one written by an ecological economists. Thus, UNEP building its green economy concept on this new report gave the concept a completely new direction.

In the GGND the financial crisis is still seen as a chance for change. It is argued that governments have to come up with stimulus packages and that in the face of the looming environmental collapse it is of intrinsic importance to direct investments in green sectors to prepare the economy for a sustainable future. Further such a stimulus package should help reaching a critical mass to render possible the transformation to a green economy (UNEP 2009<sup>1</sup>, UNEP 2009<sup>2</sup>).

The GGND is presented as being the silver bullet, killing three birds with one bullet; economic

recovery, environmental protection and poverty alleviation (UNEP 2009<sup>1</sup>:8). Not only that economic growth is unmistrusted back on the agenda, it is also on top of it. This ranking is legitimized with the argument that a green growth stimulus package that in the first place boosts the economy in the second and third place at the same time also fights environmental degradation and poverty (UNEP 2009<sup>2</sup>:5).

Anyway, the major reason for the crisis is seen in the misallocation of financial resources:

Although the causes of these crises vary, at a fundamental level they share a common feature: the gross misallocation of capital. In the last two decades, much capital has been poured into property, fossil fuels, and structured financial assets with embedded derivatives, but relatively little has been invested in renewable energy, energy efficiency, public transportation, sustainable agriculture, and land and water conservation. (UNEP 2009<sup>2</sup>:3)

This statement reflects the environmental economics' point of view not even mentioning that an economic system that is build on the premise of unlimited economic growth inevitably has to fail in a finite world. However, the arguments used in the GGND are further promoted in the green economy report, showing with scenarios how the transformation would positively affect global economy in comparison to the negative effects of keeping a brown economy (UNEP 2011<sup>1</sup>).

Although in Year Book 2009 the global financial crisis motivated the authors to challenge the growth paradigm within a bit the same crisis was the reason for promoting the growth paradigm. It is difficult to say what exact dynamics led to this turnaround. Anyway, it can be suggested that it is related to the global financial crisis and the consequent skyrocketing unemployment rate.

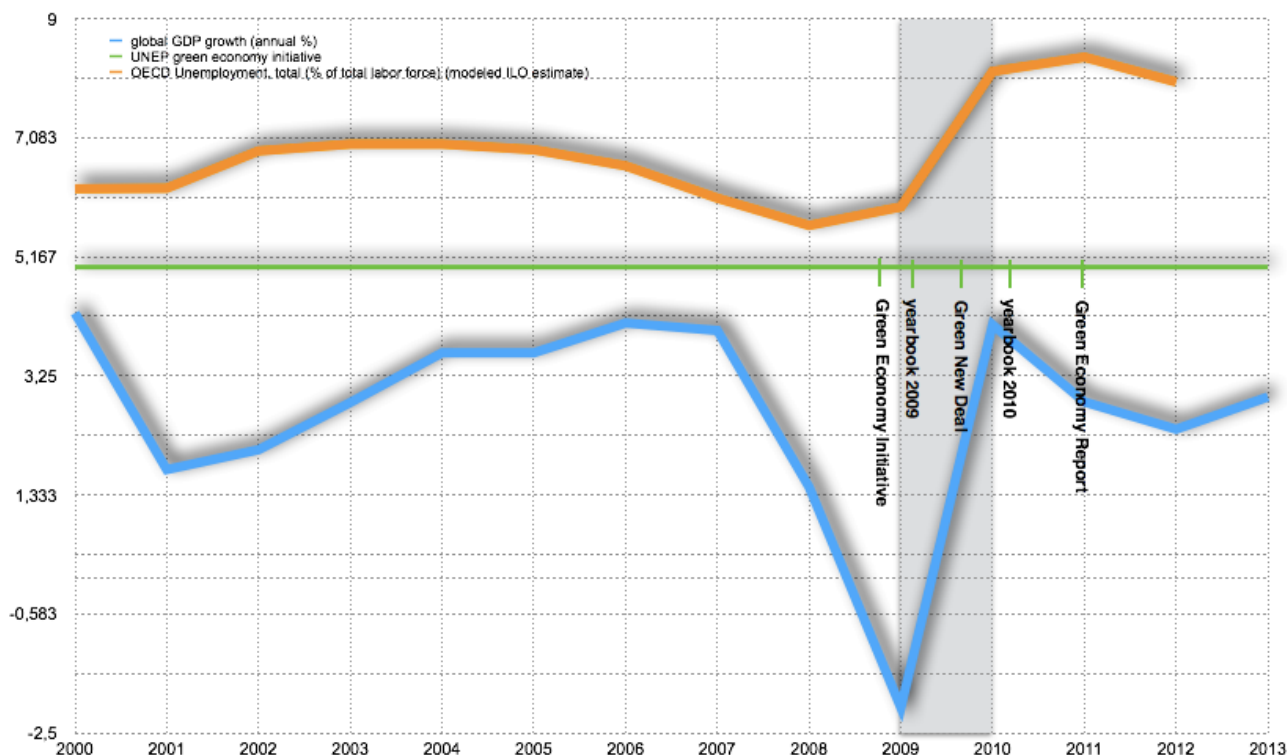


Illustration 4: Global GDP (annual%), OECD unemployment, total (% of total labor force) (modeled ILO estimate) Source for data: World Development Indicators (<http://databank.worldbank.org/data/home.aspx>), UNEP Green Economy Initiative timeline from own analysis.

Illustration 4 shows that although in year 2009 global economy started to recover, employment – particularly in wealthy countries – only started to rise. Thus the financial crisis as such was not directly the reason to change the green economy concept, but rather unemployment. Since economic growth is connected with job creation (Özel et al. 2013) it is conclusive that economic growth is again promoted together with a strong emphasize on job creation.

## 4.2. Lack of transparency

In order to expand the analysis it was planned getting in contact with institutions and/or people who are or were engaged in the Green Economy Initiative as to investigate other reasons for the shift illustrated above. Several times different people and insinuations of UNEP that are or were involved in the analyzed matter were contacted by email, but no answers was received, with one exception. Due to contact established previously to the study with UNEP's Economics and Trade Branch in Geneva, more information about a meeting in 2008 was given. However, this is a poor report for UNEP's transparency.

Anyway, more than the economic crisis was probably involved in UNEP's shift of the green economy concept. It is even doubtful if one can assume that a shift ever occurred. Analyzing other UNEP publications it could be assumed that a shift never happened, since two different perceptions of green economy seemed to exist simultaneously. A quick gaze on UNEP's organigram (UNEP) reveals that UNEP's structure is quite complex and that five different divisions under the supervision work on crosscutting agendas: Climate Change, Disasters and Conflicts, Ecosystem Management, Environmental Governance, Chemicals and Waste, Resource Efficiency and Sustainable Consumption and Production and Environment under Review. These crosscutting agendas also reflect the topics covered by the Year Books as well as by the Annual Reports. The Year Books are published by the Division of Early Warning and Assessment (DEWA), in contrast the Annual Reports by the Division of Communication and Public Information (DCPI). Whereat the Annual Report is about UNEP itself, its structure, its finance, its actions, the Year Books rather give an insight in the state of the art research and the most important current environmental topics in order to inform policy makers.

Comparing the first appearance of the term green economy a time lag between the two publications can be identified. The term green economy was first mentioned in the Annual Report 2007, published in 2008 (UNEP2008<sup>1</sup>:4f.), and only one year later in the Year Book 2009. Similarly to the developments within the Year Books the previous Annual Report only uses the term 'low carbon economy', thus climate change was also the driver to call for an economy with less negative environmental impacts.

Anyway, the interesting aspect is that the Annual Reports do not refer to ecological economics, or question economic growth as it is the case for Year Book 2009. Due to the time lag mentioned already Annual Report 2008 links green economy to the GGND (UNEP 2009<sup>3</sup>:3) and since GGND introduced the shift within the Year Books, it is clear that once the GGND is discussed an ecological economics' perspective is incongruent.

### 4.2.1. Launch Meeting of the Green Economy Initiative and the Global Green New Deal

The Green Economy Initiative was launched in late 2008 at a meeting in Geneva where the GGND report was commissioned. Of course the idea of the Green Economy Initiative must have existed within UNEP already a bit earlier; the same may be true for the GGND. The name GGND was not

an idea of UNEP or the authors of the GGND Report but of the Green New Deal Group (GNDG) working in the United Kingdom, already releasing the A Green New Deal (GND) report for the United Kingdom in 2008 (Elliott et al. 2008). Mr. Hines<sup>2</sup> from the Group explained that UNEP approached the GNDG asking them for their permission to use their name.

Comparing the GND with the GGND report it is striking that what a respective *Green New Deal* consists of fundamentally differs. Indeed both reports call for a *Green New Deal*, both of them encourage a substantial promotion of the green sector, but they diverge in their respective promotion of a particular economic system. It was already pointed out that the GGND promotes environmental economics, in contrast, the GND supports ecological economics: "*By proposing a Green New Deal, this report acknowledges the limits to our ecosystem; that 'the biosphere that supports us is finite, non-growing, closed and constrained by the laws of thermodynamics', as the environmental economist Herman Daly put it*" (Elliott et al. 2008:6). The GND report (Elliott et al. 2008) also refers to the financial crisis and the need to invest in order to boost employment, however, much more emphasis is put on tackling the reason for the crisis, the deregulation of the financial sector. In contrast apart from the shift to greener sectors the GGND stresses the importance of economic growth (UNEP 2009<sup>1</sup>) a topic that is hardly touched in the GND (Elliott et al. 2008).

Due to the lack of transparency it is difficult to reproduce the processes within UNEP that ultimately lead to the adoption of the actual green economy concept, why a shift towards a real fundamental change was not promoted, why other perceptions within UNEP were stifled and why the current economic system is continued to pursue.

## 5. Conclusion

From an ecological economics' point of view UNEP's green economy orientation is disappointing because the urgently needed fundamental change of the economic system is not promoted. Also for ecological economics and representatives of alternative economic systems, the outbreak of the global financial crisis was perceived as a chance for change (Schneider et al. 2010) thus, all the more it is disappointing that the crisis was not used for a fundamental change. However, one could have expected that orthodox economics and economic schools of thought descending from it keep promoting economic growth as the panacea and fail to challenge the growth paradigm even after decades of failure of the current economic system. Moreover, as Ayres (2008:290) points out states as well as the private sector need economic growth, therefore GDP stagnation or even degrowth is politically impossible to discuss.

In Year Book 2009 the question was posed: *"In the current global economic downturn, questions have arisen about priorities: Will environment and development objectives be lost in the new economic paradigm"* (UNEP 2009:54)? If this goal has to be fulfilled, not forgetting about the environment and development in times of economy downturn, the green economy concept probably needed to be adapted. Moreover, unfortunately so far ecological economics could not show that a steady-state or even a degrowth economy does not lead to rising unemployment (Bergh 2001:18). As long as this and other macroeconomic questions are not solved it might be anyway difficult to implement an ecological economics green economy. On the other hand, Hardin (1968:1247) discusses the problem of implementing transformation, stressing that as soon as the currently dominant group identifies a flaw in the proposed alternative it is deemed to be rejected. He continues:

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2 Information was given through e-mail correspondence with DNDG.

As nearly as I can make out, automatic rejection of proposed reforms is based on one of two unconscious assumptions: (i) that the status quo is perfect; or (ii) that the choice we face is between reform and no action; if the proposed reform is imperfect, we presumably should take no action at all, while we wait for a perfect proposal. But we can never do nothing. That is which we have done for thousands of years is also action. It also produces evils (Hardin 1968:1247).

Finally he concludes that as soon as we realize that the current status has advantages and disadvantages as well we can compare it with the advantages and disadvantages of the proposed alternative. *“On the basis of such a comparison, we can make a rational decision which will not involve the unworkable assumption that only perfect systems are tolerable”* (Hardin 1968:1248).

However, one can look at the result of this analysis with a happy and a sad eye. On the one hand it seems to be impossible to start the urgently needed fundamental transformation of the economic system in times of economic downturn. It is understandable that politically it is nearly impossible to explain that a transformation to an economic system that calls for GDP stagnation or even degrowth is needed, if GDP decline results in increasing unemployment and poverty. Thus if even in times of economic crisis environmental protection and poverty reduction have to be pursued, these two goals need to be in accordance with economic recovery. This difficulty was outlined in the GGND: *“Faced with the social and economic consequences of a deepening world recession, it may seem a luxury to consider policies that aim to reduce carbon dependency and environmental degradation. Such a conclusion is both false and misleading (UNEP 2009<sup>1</sup>:5).”* Therefore the flip side of the coin is that with this turnaround green economy at least got more attention than ever before.

It remains open to speculation whether this change was a pragmatic but clever tactic, an accident or the anew victory of promoters of the neoliberal economic system. For now the promotion of green economy is better than nothing but on the long run an environmental economics green economy will be unsustainable as well, although it might last longer than a brown economy. As long as the perpetual mobile is not invented growing GDP will lead to increasing throughput, thus the task for UNEP in the coming years is to guide a smooth transition from a rather green growth model to a green economy model (compare Costanza et al. 2013). As it was already correctly stated in the UNEP Year Book 2009: *“The economic system that encouraged overexploitation of natural resources and production of waste is undergoing a complete redesign. This is the moment to ensure the next economic system does not repeat the mistakes of over exploitation and pollution”* (UNEP 2009:54).

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