

GREEN ECONOMY

What's the World Worth?



Commitment to Sustainability

Unchecked economic growth and increased consumption jeopardize social equality and cause environmental damage. In managing this conflict, the international community faces a major task. The concept of “Green Economy” has been regarded as the proper answer to this problem: its objective is to promote economic development linked to social and environmental compatibility.

The World Commission on Environment and Development first defined the term “sustainable development” in 1987. During the Earth Summit in Rio de Janeiro in 1992, the international community spoke out in favor of this principle, and the parties signed an agreement on the conservation of biological diversity.

This Convention on Biodiversity divided nature into categories like animal and plant species, natural resources such as coal and ores, and genetic resources. This made it possible to attach a financial value to nature that can be incorporated into economic calculations. Therefore, pollination by bees and the filtering effect of forest soils can be regarded as “ecosystem services”.

Biodiversity and economic benefits

The Convention encompassed three goals: to protect biological diversity (genes, species and ecosystems), to use nature sustainably, and to share the benefits that arise from this use in a fair and equitable manner. Thus a theoretical basis was established to exploit nature while taking social aspects and nature conservation into account.

In the following years, social and political attitudes towards nature changed, and application of economic thinking was reflected in commonly-used terms: nature became “natural capital”, forests and bodies of water turned into “green infrastructure”.

Prior to the second Earth Summit in Rio de Janeiro in 2012, opposition to the economically dominated view of nature had increased. Critics noted that ecological, social and cultural dimensions were not considered sufficiently in the concept of Green Economy. Finally, the usage of economic terms to describe nature and its ecological processes was largely avoided in the outcome document of the second Earth Summit.



Green Economy¹ is used to...

■ calculate environmental damage

Calculating costs to restore ecosystem damage – for example after oil spills, or to compensate users of damaged ecosystems, in this case the affected fishers.

■ evaluate environmental pollution

Determining what polluters must pay for damage that impacts human health and the environment.

■ assess trade-offs

For example: is it better to build a dike or to reclaim an alluvial forest?

■ evaluate “ecosystem services” and develop payment mechanisms

Payment for ecosystem services is defined as a transaction between two parties in which one party is the user. The user pays the other party for protecting a natural resource like a forest, soil or water. For example a water utility as a user would pay a farmer for not using pesticides.

■ incorporate nature degradation and environmental pollution in national and business accounting systems (alternative to gross domestic product)

The “green gross domestic product” is an index of economic growth that takes the impact of economic growth on the environment into account in the national gross domestic product.

¹Thomas Fatheuer (2013): *Neue Ökonomie der Natur – Eine kritische Einführung*. Band 35 der Schriftenreihe Ökologie. Heinrich-Böll-Stiftung (Hrsg.)