



# Green Economics

A Short, Illustrated Introduction

# Motivations for green economics

- Climate change and the pressure to reduce consumption
- Conflict caused by dwindling resources, especially oil
- Injustice caused by inequality inherent in our economic system

# Structure of the presentation

- Ecological balance rather than economic growth
- Sharing rather than exploiting resources
- The importance of human scale

# Ecological balance rather than economic growth



# Economics founded in ecology

- The lesson of ecology is that, as species of the planet, we are all connected in a web of life.
- Ecology is defined as 'the scientific study of the interrelationships among organisms and between organisms, and between them and all aspects, living and non-living, of their environment' (Allaby, 1998).
- Robin Harper, the Green Party's first Scottish MP said in 1999 'We need to move towards the idea of ecological development: the economy should be seen as a subset of the ecosystem, not the other way around.'

# Fitting within our eco-system

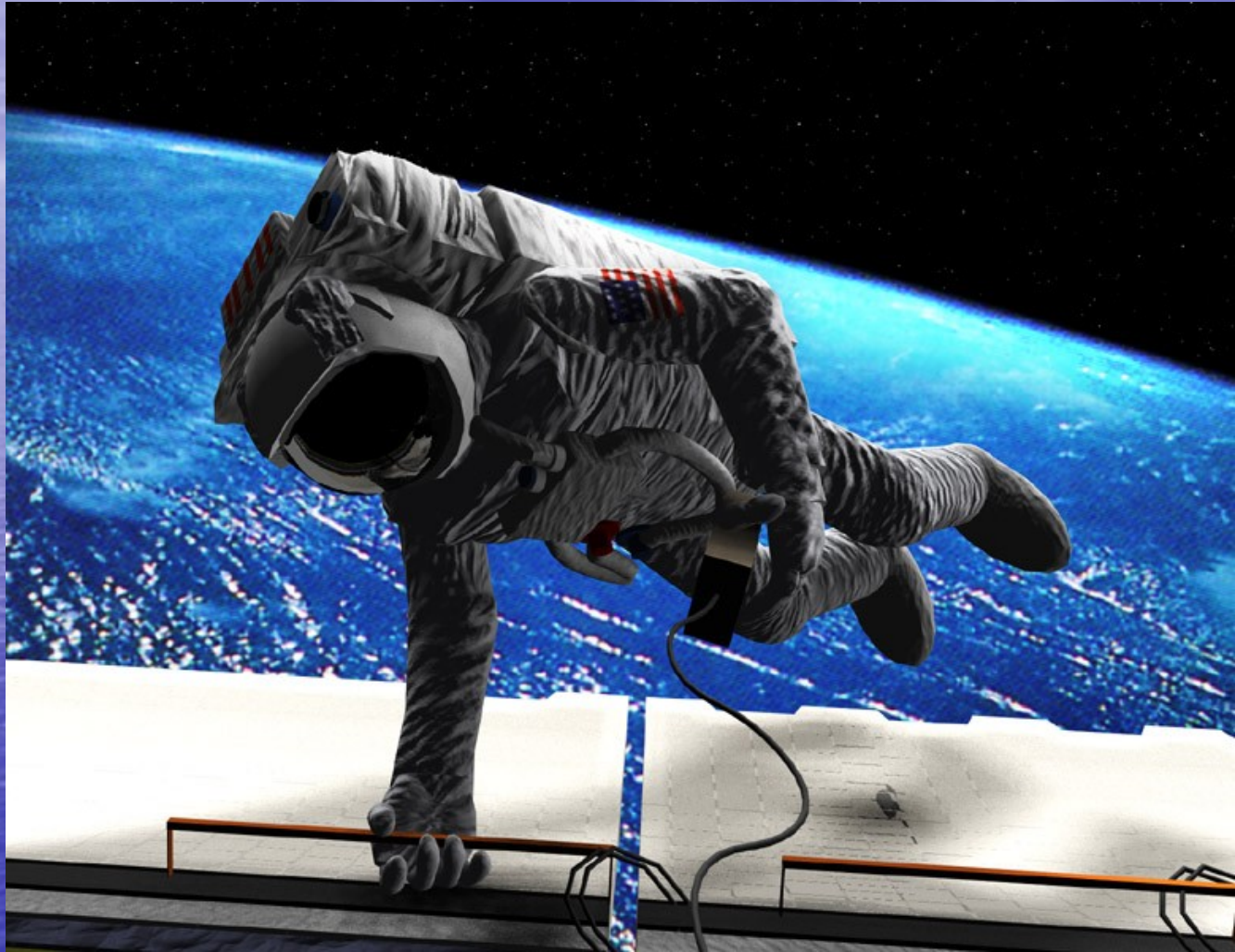
- The first lesson that green economics draws from ecology is that we cannot please ourselves without considering the consequences of what we are doing for the rest of our eco-system.
- The other lesson is about adapting to the environment we find ourselves in, rather than trying to force the environment to adapt to us
- US environmentalist Edward Abbey said that 'Growth for the sake of growth is the ideology of the cancer cell'

# Recognition of the planetary limit

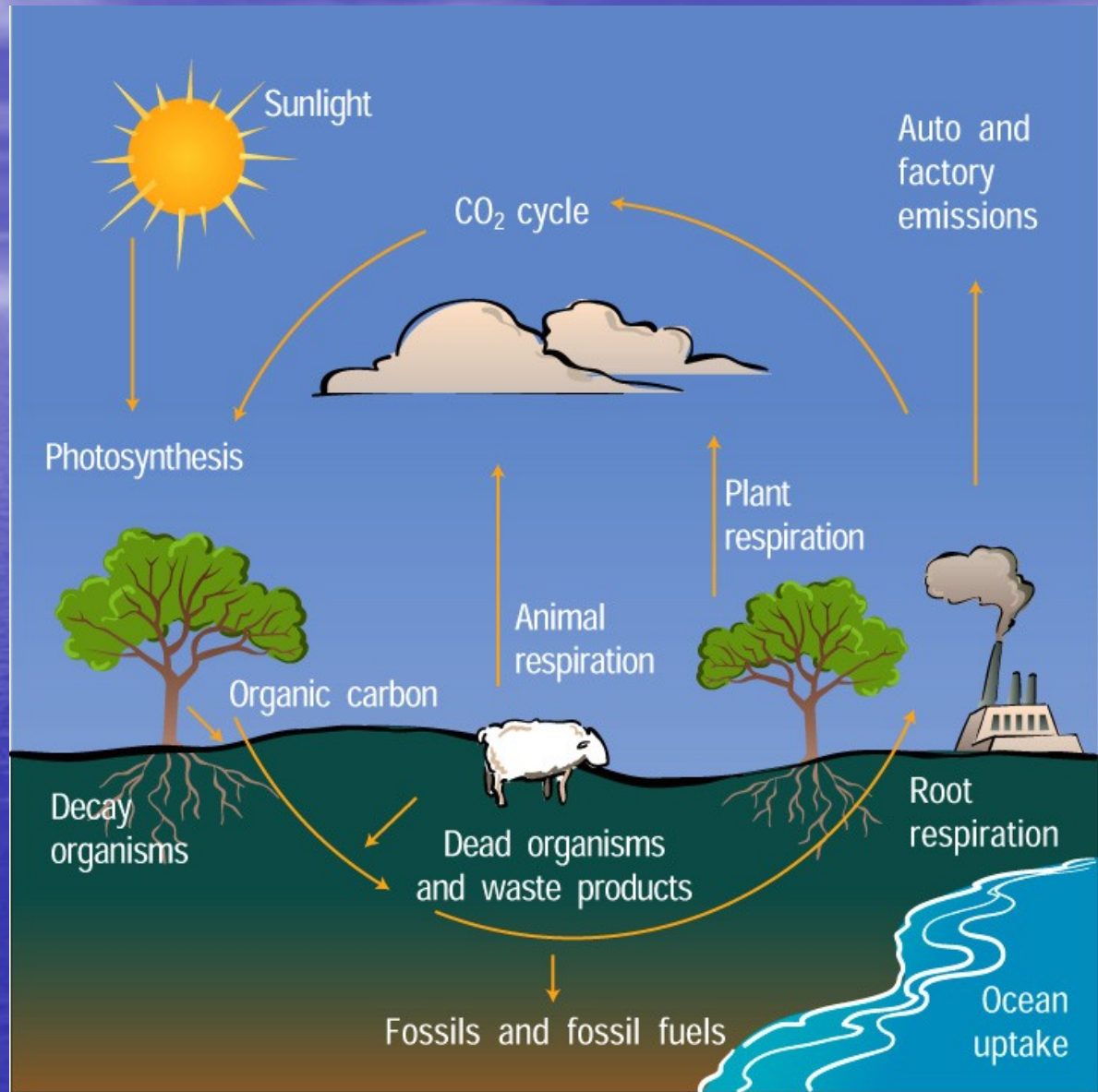
- *A businessman would not consider a firm to have solved its problem of production and to have achieved viability if he saw that it was rapidly consuming its capital. How, then, could we overlook this vital fact when it comes to that very big firm, the economy of Spaceship Earth and, in particular, the economies of its rich passengers? (Schumacher, 1973: 12).*







# Carbon cycle



# Sharing rather than exploiting resources



# How important is equality?

- Barry (2006) writes that 'the argument for lessening socio-economic inequality and redistributive policies to do this have not been as prominent within green political economy and models of sustainable development as they perhaps should be'.
- *Measures of absolute poverty also reveal a grim picture. Of the world's 6 billion people, 2.8 billion—almost half—live on less than \$2 a day, and more than 1.2 billion—a fifth—live on less than \$1 a day, with numbers having increased during the 1990s in most regions of the world apart from India and China. (Woodin and Lucas, 2004).*

- 'Henry Wallich, a former governor of the Federal Reserve and professor of economics at Yale, said: "Growth is a substitute for equality of income. So long as there is growth there is hope, and that makes large income differentials tolerable." But 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.' (quoted in Wilkinson and Pickett, 2009: 221-2).

# Is green economics anti-capitalist?

- Rejects the exploitation of people and resources to maximize profit and the extraction of surplus
- Many greens prefer the slogan of Die Grüne: 'Not right, not left, but ahead'
- Ecofeminists such as Mellor (1995) and Plumwood call for a complete rethinking of economic structures as necessary to the protection of the planet from economic exploitation
- Plumwood writes that 'a real deep ecology must rethink private property' (2002: 217), and that 'Inequality, whether inside the nation or out of it, is a major sponsor of ecological irrationality and remoteness'

# Unpacking 'standard of living'

- Sen and the Art of Market-Cycle Maintenance
- Advertising and the creation of consumers
- What is the difference between wants and needs





# Stone Age Economics

- *There are two possible courses to affluence. Wants may be 'easily satisfied' either by producing much or desiring little. The familiar conception, the Galbraithian way, makes assumptions peculiarly appropriate to market economies: that man's wants are great, not to say infinite, whereas his means are limited, although improvable: thus, the gap between means and ends can be narrowed by industrial productivity, at least to the point that 'urgent goods' become plentiful. But there is also a Zen road to affluence, departing from premises somewhat different from our own: that human material wants are finite and few, and technical means unchanging but on the whole adequate. Adopting the Zen strategy, a people can enjoy an unparalleled material plenty—with a low standard of living.*

# The importance of human scale



# Small is beautiful?

- Schumacher (1973) describes three driving beliefs that he was brought up with which incline towards the development of larger units:
- the union of states
- the mental association of largeness with greater prosperity
- and the importance of 'economies of scale' to productive efficiency

# Appropriate scale

- Schumacher asks 'what scale is appropriate?'
- Not a slavish adherence to smaller units but appropriate scale, i.e. organizing business at the level which is best suited to serve the needs of producers, consumers and the environment
- According to Schumacher, 'For every activity there is a certain appropriate scale, and the more active and intimate the activity, the smaller the number of people that can take part'