

VIII SUSTAINABLE DEVELOPMENT AND GREEN ECONOMY

Dr.Lekhika .U. Meshram
Dr.Babasaheb Ambedkar
MarathwadaUniversity,
Aurangabad.

Abstract: The “green economy” has become a topic of growing discussion in light of the environmental crisis. It is for example the subject of a major initiative by UNEP, which launched its Green Economy report in February. It has also become a rather controversial term, perhaps because it has become the subject of a multilateral negotiating process, within the Rio-Plus-20 framework. The “green economy” is not a concept that has yet to enjoy widespread agreement (among economists or environmentalists) or an international consensus. It is an extremely complex concept and it is unlikely there can be a consensus on its meaning, use and usefulness and policy implications, in the short term.

A “green economy” gives the impression of an economy that is environmentally-friendly, sensitive to the need to conserve natural resources, minimise pollution and emissions that damage the environment in the production process, and produces products and services the existence and consumption of which do not harm the environment. Among the difficult questions are whether the attainment of such an economy constrains other aspects (including economic growth of poor countries, and social development goals such as poverty eradication and job creation); how to identify and deal with the trade-offs; what are the appropriate combinations between these aspects and at different stages of development as well as stages in the state of the environment; what is the role of the state in regulation and investments and defining frameworks; how compatible is a green economy with the free market and what is the appropriate way to address the role of the private sector; how to build an economy that is more environmentally-friendly, and how to handle the transition from the present to the greener economy?

Introduction: The Green Economy issue being discussed in the Rio Plus 20 process must also be context specific, or specific to the framework in which it is being discussed. This context is the Rio Plus 20 conference, which is a follow up to Rio 1992. This is explicit in the mandate of the 2012 Conference that refers to “a green economy in the context of sustainable development and poverty eradication”. For this purpose, the green economy is thus not an academic idea for free brainstorming. It must be derived from and rooted in the spirit, objectives, principles and operationalising of UNCED 1992, and especially the Rio Principles and Agenda This should be supplemented by the Rio Plus 10 conference outcomes and commitments.

The main framework of UNCED 1992, its related agreements (UN Framework Convention on Climate Change, UN Convention on Biological Diversity and UN Convention to Combat Desertification) and its follow-up processes is to place the environment together with

development in a single context. This is a unique achievement which has to be preserved and advanced, and not detracted from or diverted from.

Environmental standards: Another potential problem is the adoption of environmental standards for products; developing countries that are unable to meet the standards face the prospect of losing their exports. The approach towards developing countries should be to provide resources and technology for upgrading their environmental technology and standards, and not to penalise them. The full and effective participation of developing countries in setting international standards is also needed as many important standards are currently “globalised” from those of developed countries without the concomitant support to developing countries to assist them to comply with such standards

Recognizing economic and social value of environmental resources: It is crucial for policy makers and the public to recognise the economic and social value of the environment that conserving resources such as clean air, water, forests, mangroves etc have positive externalities which are valuable for meeting basic and human needs besides having their intrinsic environmental worth. Conservation should thus be promoted, and there should be investments on rehabilitation of damaged natural resources. Recent studies have compared the benefits of conserving or sustainable using natural resources, with the benefits such as revenues from using or exploiting the resources in a way that maximises short-term profits at the expense of the environment.

The critical role of the public sector: Besides its regulatory function, the state has also an important role in strategic policy-making in re-orienting various economic and social sectors towards a sustainable development pathway. As argued by UNDESA, developing countries face a vastly more daunting challenge than developed countries and in a far more constrained environment, since much of the atmospheric space has been used up already (and mostly by developed countries). Can high growth in developing countries be combined with lowering the emissions trajectory? UNDESA argues it is feasible because the technologies exist but such a switch entails unprecedented and potentially very costly socio-economic adjustments in developing countries. This switch will require a high level of international support to boost finance, technology and institutional capacity in developing countries, capable of raising investment levels and channelling resources towards lowering the carbon content of economic activity and building resilience to unavoidable climate changes. The mix of market and non-market measures may be different for developed countries (which may give a greater role to market mechanisms, taxes and regulations) and developing countries, which should emphasise public investment and industrial policies, managed by a developmental State.

Regulating the Market: Another major issue of the “green economy” is the need for regulating markets and corporations. Although the private sector has an important role to play in the shift to sustainable development and to a green economy, they should operate within the framework of government regulation and policies. Markets and companies left to them have been unable to

take a sustainable development pathway. Indeed, much of the pollution, extraction and depletion of resources in the world have been the result of activities of companies, especially the big companies. Companies have to operate in an intensely competitive environment, with imperatives to minimise costs and maximise profits, with the short-term being the critical horizon. Governments have to establish the frameworks of regulation, incentives and disincentives, so that corporate practices are aligned to environmental, social and developmental objectives. The Stern Report termed the climate change crisis as “the greatest market failure the world has ever seen.

The issue of financing sustainable development and the transition to a green economy is not restricted to ODA or the transfer of funds through various Conventions. It is also linked to other issues in the global economy which greatly influence the amount and volatility of the flow of financial resources to developing countries. These issues include external debt, the terms of trade, trade policies and performance, commodity prices, volatility in the international flows of funds, and reform of the international monetary and financial system.

Conclusions: There are many challenges and obstacles facing developing countries in moving their economies to more environmentally friendly paths. On one hand this should not prevent the attempt to urgently incorporate environmental elements into economic development. On the other hand, the various obstacles should be identified and recognised and international cooperation measures should be taken to enable and support the sustainable development efforts. The conditions must be established that make it possible for countries, especially developing countries, to move towards a “green economy.” The main conditions and dimensions have been recognised in the negotiations that led to Rio 1992, and are well established in the Rio Principles and in Agenda The treatment of the “green economy” in Rio Plus 20 should be consistent with the sustainable development concept, principles and framework, and care should be taken that it does not detract or distract from “sustainable development”. Thus the “value added” to the Green Economy as contrasted to sustainable development should be identified. Care has to be taken to ensure that the “green economy” term and concept is also understood to include the social, equity and development dimensions, including the need for international provision of finance and technology and accompanying global economic reforms and that the risks of the misuse of the term are adequately addressed.

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