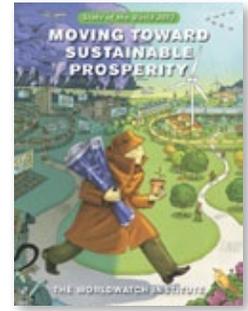


# STATE OF THE WORLD 2012

## Moving Toward Sustainable Prosperity



### POLICY BRIEFS

#### Chapter 1

## Making the Green Economy Work for Everybody

Michael Renner

### KEY MESSAGES

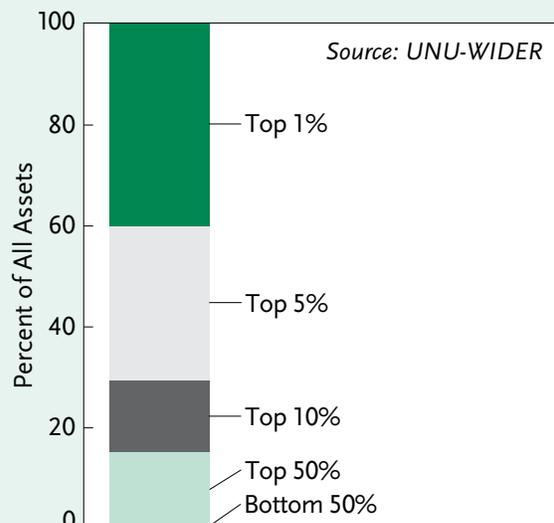
- ▶ The drive for growth in the process of economic globalization and the recent severe recession have largely relegated environmental concerns to the status of a luxury.
- ▶ Increasing inequalities in wealth around the world have determined which actors have an effective voice in important economic, social, and political matters. But this development has also brought about a growing crisis of legitimacy and a sense of disillusionment among large segments of the public.
- ▶ Employment at adequate incomes is key to making any economy work for people. The transition to a green economy requires particular attention to good-quality green jobs that contribute to preserving or restoring environmental quality.
- ▶ Environmental sustainability is ultimately impossible without social equity. A new global solidarity would be guided by a recognition that, on a small and increasingly crowded planet, the “winners” will lose if the losers don’t win.

### THE PROBLEM

The global economy is driven by contradictory impulses. On the one hand, many corporations demand that workers accept low wages in order to keep costs down and boost profits. On the other hand, the economy thrives on unadulterated consumerism. With wages under pressure and employment uncertain, many people go into debt to support their material-intensive lifestyles. As societies, we are mortgaging ourselves both economically and ecologically.

Worldwide, economic globalization has benefited only a minority, resulting in an extremely unequal distribution of wealth and greater levels of insecurity for the “99 percent.” (See Figure.) The problems that arise from extreme inequality, both within and among societies, are sharpened by heightened ecological stress and serious resource limitations. Humanity is now outstripping its resource base at an unprecedented global scale. Ecosystem stress

### Ownership of Economic Assets Worldwide, 2000



contributes to species loss, deforestation, and a decrease in the ability of the planet to absorb waste.

The relationship between economic development and the environment is at the core of a green economy. But the greening of economies should not be regarded simply as a new engine of growth. The world’s consumer class will need to reduce its enormous claim on the planet’s resources—not only to combat the ills associated with overconsumption, but also to provide the ecological space that the world’s poor need to escape the deprivations of underconsumption. To avoid the mistakes of earlier industrialized countries, China, India, Brazil, and other rapidly developing countries will need to become the laboratories of the future and learn how to engage in ecological leap-frogging. Success requires visionary leadership at the national and international levels as much as “bottom up” initiatives.

### MOVING FORWARD

Secure, fairly compensated employment is a necessary component for a sustainable economy that benefits

all of its participants. A “green-for-all” strategy, which expands opportunities for green employment beyond a select number of industries in a few countries, is an important step in achieving sustainable prosperity for all. Examples of how humanity can achieve sustainability with equity include:

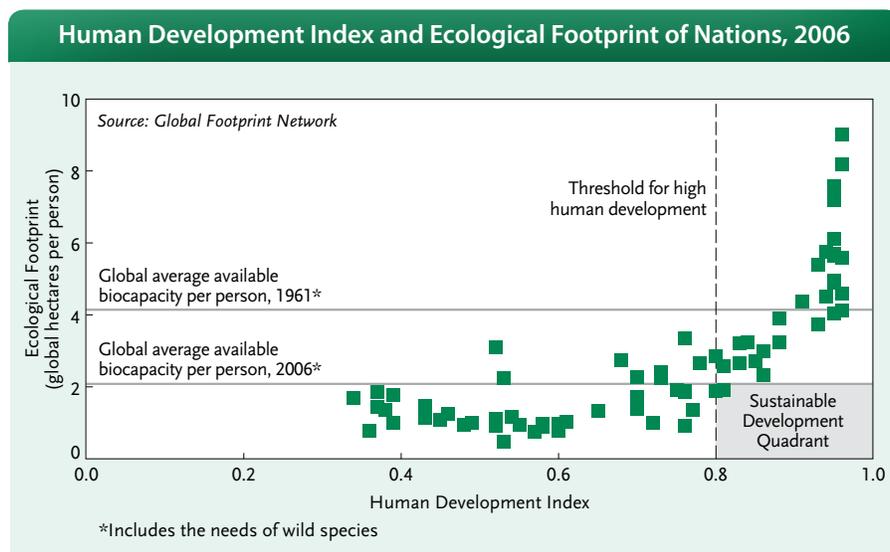
- ▶ *Network of cooperative green innovation centers.* New cooperative models should be developed for green research and development (R&D), so that green innovation can be spread as widely and quickly as possible. Countries should work together to find more effective ways to develop and deploy green technology.
- ▶ *Global “Top Runner” program.* For a range of consumer products, Japan’s Top Runner program makes the most-efficient model the standard that every manufacturer has to match, thus driving a process of continuous innovation and improvements. Adopting such an approach on a global level would promote leapfrogging for sustainability. Paired with a social top runner policy for wages, it could also promote greater equity.
- ▶ *Green financing.* An important undertaking in transitioning to a green economy is to make green products more affordable. Such products, which generally have high upfront costs but result in money saved over the product’s lifetime, can seem more expensive to consumers than inefficient products. A green financing program could offer

preferential interest rates and loan terms for green products—and could be particularly effective if linked to a Top Runner approach.

- ▶ *Economic democracy.* Irrespective of how countries are governed, their economic spheres often function in an undemocratic manner. In the United States, corporations are now entitled with the same free-speech rights as individuals, while the majority of the population has no say in how such corporations operate. A more participatory model where each worker has greater involvement in corporate decision making and day-to-day processes can potentially play a more constructive role—and be less driven by the single-minded pursuit of profits at the expense of people and nature.

## LOOKING AHEAD

The growth model that has emerged since the outset of the Industrial Revolution relies on unsustainable rates of production and consumption. The focus needs to shift from growing the economy at any cost to developing an economy that permits ecological restoration and factors in human well-being. Existing environmental and social conditions require a reordering of priorities and more innovative solutions. Government policy must play a role in these processes. Promoting sustainable growth, green jobs, and deeper levels of international cooperation are important ways to transition to a truly sustainable green economy.



This brief is based on Chapter 1, “Making the Green Economy Work for Everybody,” by Michael Renner, published in Worldwatch Institute’s *State of the World 2012: Moving Toward Sustainable Prosperity*. To order a copy of the report, visit [www.worldwatch.org/stateoftheworld2012](http://www.worldwatch.org/stateoftheworld2012). Additional policy briefs, essays, and select report chapters are available at <http://sustainableprosperity.org>.