

Viewpoint: Achim Steiner and Pavan Sukhdev

Why the World Needs a Green New Deal

Biographies: [Achim Steiner](#), [Pavan Sukhdev](#)

Introduction

Achim Steiner has been executive director of the United Nations Environment Program (UNEP) since June 2006. He was director-general of the World Conservation Union from 2001 to 2006. From 1998 to 2001, he was secretary-general of the World Commission on Dams, based in South Africa, where he managed a multi-stakeholder program to develop a global policy process on dams and development. Steiner has a BA from the University of Oxford and an MA in international development and environment policy from the University of London. He has also studied at the German Development Institute in Berlin and the Harvard Business School. He serves on a number of international advisory boards, including the China Council for International Cooperation on Environment and Development.

Pavan Sukhdev is leading two programs for UNEP: The Economics of Ecosystems and Biodiversity program and the Green Economy Initiative. He also holds two board-level positions with Deutsche Bank subsidiaries, including chairman of its Mumbai-based Global Markets Centre, a captive offshoring facility that he helped establish in 2006. After joining Deutsche Bank in 1994, Sukhdev held capital markets, trading, and sales management roles in Singapore, London, and India. In the mid-1990s he played a major role in the development of India's currency and interest rate derivatives markets. His involvement with the environmental movement in India has included roles with the Green Indian States Trust and Conservation Action Trust.

Another Way?

Some time during 2009 or 2010, trillions of dollars of private investment are going to flood back into the global markets. Indeed, they may already have started to do so.

The question is whether these investments are going to go into the old, brown economy of the 19th and 20th centuries or into the new, green one that will pave the way for the resource-efficient, innovative, and employment-orientated economy that the world so urgently needs in the 21st century.

The food, fuel, and financial crises of 2008 were, in large part, based on speculation. But they also provided a glimpse into a not-too-distant future of mounting instability, intensifying natural hazards, and natural resource scarcity. Unless the international community forges a more sustainable path, there's a risk that these sorts of crises will become commonplace.

The science is clear. According to the UN Environment Programme's (UNEP) latest Global Environment Outlook, over 60% of the earth's ecosystems—economically important assets from forests and grasslands to coral reefs and wetlands—are degraded or else being used unsustainably. Commercial fish stocks may run out in just a few decades, and fertile agricultural land is heading in the same direction.

Economists estimate that over US\$2.5 trillion of goods and services are being lost annually as a result of deforestation. We are living off the Earth's capital; we need to learn to live off the interest.

Climate change, perhaps the biggest market failure of them all, will cost the world economy five to 20% of global GDP over the coming years if left unchecked.

Meanwhile 1.3 billion people around the world are either unemployed or under-employed, with 500 million young people estimated to join the workforce over the coming decade.

Is the solution to find all these people old-style manufacturing jobs, just so that everyone can own several motor cars or have a laptop computer in every room, which is the logical endgame of the current economic model? Or is there another way?

It is our contention that the industrial and services-led "growth at any cost" credo may have hit the buffers—both in terms of job creation and in terms of its ecological footprint on the world's increasingly scarce nature-

based assets. GDP, as a measure of real wealth and as a bellwether of economic success or failure, may too have had its day in its current, narrow configuration.

Overturing Myths

These are among the drivers for the Global Green New Deal and the inspiration for the new UNEP Green Economy Initiative, both of which aim to challenge the status quo and overturn some of the myths that so often stand in the way of real innovation and transformational change.

Take solar power, for example. Governments and experts still contend that this renewable energy will only be competitive with traditional energy sources in 20 or more years.

However, at the last UN climate convention meeting in Poznan, Poland, the heads of three key solar energy companies (First Solar of the United States, SunTech of China, and SolarCentury of the United Kingdom) declared they believe they can be fully competitive with traditional sources of energy within three to five years.

Steering the global economy onto a sustainable path and delivering a Global Green New Deal is not about sentiment. It's about hard economics, real choices, and a new compass for delivering genuine and lasting wealth creation.

It is not about cutting growth but about finding a path to more intelligent and sustainable growth that captures the true value of human and nature-based capital, as opposed to focusing narrowly on financial and industrial capital.

It is also about rebalancing, refocusing, and redirecting investments and markets in ways that deal with multiple challenges and deliver multiple benefits in the both the northern and the southern hemispheres, while emphasizing "real" value rather than the speculation that all too often benefits the few over the many.

The pillars of new green deal initiative are:

- clean energy and clean technologies, including recycling
- rural energy, including renewables and sustainable biomass
- sustainable agriculture, including organic agriculture
- ecosystem infrastructure
- reduced emissions from deforestation and forest degradation (REDD)
- sustainable cities including planning, transportation, and green building.

We are not starting from ground zero here. In 2007, US\$148 billion was invested in the renewable energy market, 60% more than the year before.

Much of this has been spurred by creative market mechanisms such as the feed-in tariffs which, in a few short years, have transformed Germany into one of the world's leading renewable economies. The country's renewable energy sector employ an estimated half a million people and have an annual turnover of €24 billion.

Quiet Revolution

And it is not just in developed economies. In Bangladesh, Grameen Shakti, founded in 1996 by the microfinance pioneer and Nobel Peace Prize winner Professor Muhammad Yunus, has been leading a quiet renewables revolution. It has done this by selling and financing solar photovoltaic panels and greening the energy supply of over 8,000 Bangladeshi homes every month. Women who buy its panels become village electricity distributors, selling their solar electricity to neighboring homes at no more than the monthly cost of kerosene, their normal fuel.

Grameen Shakti's chief executive officer (CEO), Dipal Barua, has a vision of greening energy use, bringing the women of Bangladesh out of poverty and ill-health, and converting a million homes from health-damaging kerosene stoves to solar electricity by next year.

Meanwhile the current global market for environmental goods and services is worth over US\$1.3 trillion, and this could easily double by 2020. Venture capital investments in the United States alone in energy efficiency

and clean energy reached close to US\$2.5 trillion in 2007. Investments in improved energy efficiency in buildings could generate between two and 3.5 million additional green jobs in Europe and the United States, and the potential is even higher in developing countries. India could create 900,000 jobs by 2025 in biomass gasification. Recycling and waste management employs an estimated 10 million in China and 500,000 in Brazil today, reflecting both the business opportunities and the rollercoaster costs of commodities. Several countries, including Costa Rica, Iceland, New Zealand, and Norway, have joined with cities and companies to pledge a zero emission future. They are part of UNEP's Climate Neutral Network, which is aimed at showcasing inspiring policies and actions, and creating "a common space" in which these ideas can be exchanged, tested, and mainstreamed elsewhere.

Under the carbon markets initiative, an estimated 4,200 projects, covering areas such as wind and solar power, are currently in the pipeline, with projects covering tidal and geothermal power in places like Indonesia and Korea now emerging. Mexico, for example, has registered or has in the pipeline close to 190 projects, including clean energy ones; it exported US\$2.3 billion worth of solar panels last year.

By some estimates, boosting the fuel efficiency of the US car fleet to 35 mpg could generate savings for consumers of close to US\$40 billion, which could be spent in the wider economy.

These transformations are happening as a result of "soft" market signals and, in many cases, with only minimal government intervention. Imagine if the incentives were to become harder and more imaginative?

Take forests, the world's great water storage, carbon-absorbing, soil conserving public "utilities." Just US\$45 billion a year invested in the world's 100,000 National Parks and protected areas could not only secure services worth some US\$5.2 trillion, but also boost employment and livelihoods for literally millions of indigenous and rural people. This could come from the public purse or via reduced emissions from deforestation and degradation funds or an expanded carbon market.

Reaping the Benefits

Since launching the Green Economy Initiative in October 2008, we have been heartened by the response from so many economies and world leaders. Many of the multi-billion dollar stimulus packages currently being deployed around the world have elements of the Global Green New Deal built into them.

In Australia, efforts are being made to allocate AUS\$4.7 billion out of the Canberra government's AUS\$10.4 billion stimulus package for investment in green homes over four years. It is estimated that such improvements could reduce greenhouse emissions by 3.8 million tons a year, and that over 160,000 people will be employed in the auditing and installation services.

In the United States, it is estimated that US\$100 billion will be spent over two years on improving the energy efficiency of buildings and cities, and that this will generate two million new jobs.

The financial mechanisms proposed in the US green stimulus package include:

1. US\$50 billion tax credits to finance commercial and residential building retrofits and renewable energy systems;
2. US\$46 billion direct government spending to support public building retrofits, the expansion of mass transit, freight rail, smart electrical grid systems, and new investments in renewable energy;
3. US\$4 billion Federal loan guarantees to underwrite private credit extended to finance building retrofits and investments in renewable energy.

Over US\$140 billion of China's US\$570 billion stimulus package is for investments in renewable energy and energy efficiency, including switching the transportation of freight and passengers off the roads and onto the railways.

We are determined to bring forward throughout 2009 and deliver by 2010 a full, but not final package of smart market mechanisms and inspirational case studies that will act as a green economy toolkit for nations in both North and South.

The UN climate change convention meeting, to be held in Denmark from November 30 to December 11, 2009, is going to be a crucial moment and perhaps the litmus test as to whether governments have truly embarked on a new sustainability path for the 21st century.

If a deep and decisive deal can be reached, this could prove to be the biggest stimulus package yet, and one that should accelerate the transition to a low carbon society and give the global green economy real legs.

Faced with a full-scale economic and employment emergency over 70 years ago, Franklin D. Roosevelt did what presidents and prime ministers are elected to do: He intervened to steer the markets onto a saner and more sensible path. In doing so he didn't kill the economy. He set the stage for the biggest growth the world has ever seen.

The transition to a green economy is not about some unreachable and whimsical Nirvana, but a way of powering the world out of its current malaise. A Global Green New Deal echoes the even greater challenges of today—it could also set the stage for unprecedented green growth for six billion rising to nine billion people without short-changing either them or the planet.

See Also

Best Practice

- [Business Ethics](#)
- [CSR: More than PR, Pursuing Competitive Advantage in the Long Run](#)
- [Ethical Funds and Socially Responsible Investment: An Overview](#)
- [The Impact of Climate Change on Business](#)

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