

# Economic growth 2.0



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**W**hen I was born, we were 3 billion people on this planet. A child born today is one of seven billion, and more will come during its life time.

By the time this child will turn 18 in 2030 more than three billion more people will have entered the middle class. This can be good news, but not if we continue business as usual: the world will need at least 50 per cent more food, 45 per cent more energy and 30 per cent more water by then.

But a child born today will see supplies of natural resources diminish and prices go up by then; and it will increasingly feel the consequences of climate change.

**“The good news is that going sustainable does not have to happen at the expense of economic growth”**

These are the challenges we address in the new report of the Global Sustainability Panel, of which I had the honour of being a member. UN Secretary-General Ban Ki-moon launched this Panel and invited us to prepare a long-term vision in view of the Rio+20 sustainable development conference in June in Brazil.

And our recommendation is clear: only a sustainable growth model can ensure a decent life in the 21<sup>st</sup> century for the children born today.

We have named the report *“A Future Worth Choosing”*. And we still have a choice: instead of going on with the costly business as usual, we can invest now in a smarter, greener future.

We all want a world where the economy grows while environmental and social impacts diminish and the climate is protected.

Of course, as the world recovers from the financial crisis, our focus is on growth and jobs. But which kind of growth and which kind of jobs? Restructuring is unavoidable, so why not choose a path that makes long-term sense; a path that replaces overuse with sustainability?

Anyone can see that we cannot deal with the challenges of the 21<sup>st</sup> century with a growth model from the 19<sup>th</sup> and 20<sup>th</sup> century.

But a new mindset is emerging. Since 2004, one trillion dollars was invested in clean energy globally, according to a recent study. This market is set to double, or even triple between 2010 and the end of this decade.

In Europe alone more than 300,000 new jobs were created in the renewables sector in just five years; and it is estimated that meeting the EU's 2020 climate and energy goals would result in another 1.5 million new jobs.

Many good ideas are already out there. Businesses don't need telling that resource efficiency means business. Procter and Gamble introduced a detergent designed to work in cold water and thereby reducing the amount of energy needed to wash cloths. The Danish shipping giant Maersk aims to cut energy consumption by half thanks to new, bigger container ships and reduced sailing speeds; and Umicore reckons almost 100% of the precious metals it uses for its production have been retrieved from secondary materials. It pays off to be resource efficient, as these few examples show.

The good news is that going sustainable does not have to happen at the expense of economic growth.

Going sustainable is about maintaining and improving our quality of life while ensuring pollution does not undermine economic growth. It is about more intelligent ways of producing, and it is about smarter cities with cleaner air and less pollution, less noise and less congestion. It is about building energy efficient homes. It is about lower energy bills.

The world's leaders must use the Rio+20 summit in June to bring sustainable development to the heart of the global economic agenda. This is where it belongs rather than in the environment silo isolated from the key economic decisions. Only then can we bring the actions to the scale we need with the speed we need.

Nothing should be more urgent right now. Not for politicians. And certainly not for business. Time is our most scarce resource. In 2010, global greenhouse gas emissions reached the highest level ever.

The EU is already moving in the right direction, domestically and abroad. We have binding targets for emissions reductions and renewables, a price on carbon, and energy efficiency measures. And we are looking at smarter ways of taxing.

But developed countries cannot tackle environmental challenges on their own. This is no longer possible in the reality of the 21<sup>st</sup> century, where emerging economies account for the biggest growth, also in energy consumption and emissions. We are at a point where all countries must act, in line with their respective capabilities and responsibilities.

And we need to join hands with the private sector; we need to price environmental pollution. Private capital seeks profitable grounds. The cost of production is not the only thing that determines the value of a product. The harm it makes to its surroundings must be priced as well. Only this way can we

give the incentive to turn investments sustainable.

Economic growth must be measured beyond GDP. It must capture the natural wealth of a country, of a clean environment, of social cohesion. A sustainable growth to guarantee children born in 2012 a decent life.

Our actions today have to reflect the kind of society we want tomorrow. We can't afford inaction. Let's use the upcoming Rio+20 summit to kick off this global transition towards a sustainable growth model for the 21<sup>st</sup> century that the world so badly needs. ■