

**5<sup>th</sup> ESDN Workshop**  
**“From Green Growth towards a Sustainable Economy?”**  
**Madrid, 25-26 March 2010**

**Workshop Background & Discussion Paper**

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Workshop hosted by the [ESDN](#) in cooperation with the [Spanish EU Presidency](#)

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## Thematic outline

For the past two centuries, economic growth has been the engine of modern societies, markets have become their central organizing principle and GDP has been used as the main measuring instrument of economic activities. The ‘limits to growth’ approach in the early 1970s and the sustainable development (SD) discourse over the last two decades, have put an exclusive orientation towards traditional growth into question. The recent financial and economic crisis has mainstreamed this discussion and fostered a very intensive debate among policy-makers, researchers and the media about the future of our economic systems and which kind of growth should be promoted. Due to the fact that SD has become a guiding policy objective on the different political levels and that the challenges to tackle climate change receive broad attention, much of the current debate centres around how to link SD and growth as well as how growth can be reoriented to better address environmental and social issues. Linking SD and growth has been addressed by the UN (Green Economy Initiative) and the OECD (Green Growth Declaration) as well as by the EU (“Europe 2020” strategy) and on the national level (e.g. “Growth in Transition” initiative in Austria, Smart Economy Strategy in Ireland, “Prosperity without Growth” in the UK). The debate has also been taken up by the ESDN in its recent [Quarterly Report of December 2009](#). This workshop will deepen the current debate by focussing on questions such as: What kind of growth should be promoted to achieve SD? Is ‘green growth’ sufficient to move into the right direction from an SD perspective? What can be learned from existing strategies, initiatives and activities that link SD and growth? Which criteria, governance mechanisms and policy tools should be applied to achieve a sustainable economy?

## Topics & format

After an introduction to the workshop and an overview of how Spain is linking economic growth and SD and which efforts are undertaken by the country to promote green jobs, the workshop will consist of three sessions: Session 1 will provide some general reflections on linking economic growth and SD. In Session 2, strategies, initiatives and activities on the different political levels, that link SD and economic growth, will be presented and discussed in panels and in the plenary. In Session 3 on the second day, the workshop participants are invited to collect, in three parallel working groups, first inputs for a “tool box” on how to move from green strategies towards an economy compatible with SD principles that will be further elaborated at the ESDN Conference 2010. The working groups will be on (a) criteria of an economy based on SD principles, (b) governance mechanisms necessary for the transition process and (c) policy tools to achieve the transition. After the presentation of the working group results to the plenary, the ESDN co-chairs will inform the participants about the forthcoming ESDN Conference 2010 (4-6 July 2010 in Ghent/Belgium) and about how further to develop the tool box.

## Purpose & results

The workshop aims at reflecting on the link between SD and growth and at a stock-taking of the various strategies, initiatives and activities on this link that exist on the international and national level. Moreover, the results of the workshop and working group discussions will provide input to the ESDN Conference 2010 and to the development of a “tool box” on moving from green strategies towards an economy compatible with SD principles.

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## Introduction

The recent financial and economic crisis, together with a questioning of traditional concepts of growth, has led to an increasing exploration and discussion of the link between economic growth and sustainable development. An intensive debate among policy-makers, researchers and the media, fuelled by the challenges to address climate change, has mainstreamed this discussion and has brought into focus the future of our economic systems and which kind of growth should be promoted. As sustainable development has become a major policy objective, the current debate centres around the question how growth can be reoriented to better address environmental and social issues. Therefore, the ESDN has decided to focus on this debate for much of 2010 and to make substantial contributions in understanding, and ultimately realising, an economy that is based on sustainable development principles.

This workshop aims at a stock-taking of the various policy strategies, initiatives and activities on the different political levels that try to link economic growth and sustainable development and tackle the various challenges associated with this link. In so doing, the workshop will provide a reflection on (i) the development process and background of the various strategies and initiatives, (ii) how they understand growth and its relation to sustainable development, (iii) their main objectives and targets, (iv) their proposals on how to coordinate sectoral policies and (v) the governance mechanisms and policy tools applied in their implementation process. On the basis of this stock-taking, the workshop participants are invited to work on a “tool box” that describes how to move from green strategies towards an economy based on sustainable development principles. This tool box will be further discussed at the ESDN Conference 2010 in Ghent/Belgium on 4-6 July 2010.

This background and discussion paper, firstly, presents some conceptual reflections and linkages of economic growth and sustainable development. Secondly, it describes how economic growth is addressed in the Lisbon Strategy, the proposed “Europe 2020” strategy and the EU SDS. Thirdly, the discussion paper provides an overview of various strategies, initiatives and activities on the international and national level that aim to link economic growth and sustainable development. Finally, it outlines discussion questions and the format of the working groups.

## Economic growth and sustainable development: Conceptual reflections and linkages

### Economic growth

For the past two centuries, economic growth has been the engine of modern societies. In modern democracies, markets have developed into the central organizing principle and the volumes of production and consumption have become the main measurement instrument of the economy. The post-World War II ‘rule of growth’ was cemented through the global financial system oriented towards liberalization of capital markets and an increased mobility of workforce as well as goods and services, economic harmonization and integration, and associated with the spreading of the ‘rule of law’ and democratization. The decline of the

welfare state, the collapse of the socialist economic system and the transformation of the Chinese economy, all witnessed in recent decades, only seem to underscore the dominance of the free-market capitalist democracy as the most successful political-economic system for a globalized world.

The term ‘economic growth’ usually refers to the positive percentage change of an economy’s real Gross Domestic Product (GDP) from one period to another, i.e. “the economy’s production of goods and services, [reflecting] the economy’s ability to satisfy people’s needs and desires” (Mankiw, 2003, 214). GDP measures “both the total income earned in the economy and the total expenditure on the economy’s output of goods and services” (Mankiw, 2003, 242). Mainstream economists maintain that the “level of real GDP is a good *gauge of economic prosperity*, and the growth of real GDP is a good gauge of economic progress” (ibid., emphasis added). However, economic growth as a permanent condition is a relatively recent phenomenon.

Generally, one can distinguish two basic types of growth recipes. The first can be called ‘*growth by brute force*’ (Baumol et al., 2007). It is a quantitative growth based on increase of inputs (more labour and capital equals more product). The second can be called ‘*smart growth*’ and it is a qualitative growth by technological advancement or institutional change (ibid.). The key determinant of qualitative growth is rise in productivity. Large investments into infrastructure and education are considered to move the economy to a more productive stage (e.g. from an industrial to a service-oriented economy). Trade liberalisation, deregulation and privatisation were supposed to speed up growth especially of economies lagging behind, as they should enable to benefit from knowledge created elsewhere (Rodrik, 2008).

### **Economic growth and the environment**

Economics has handled the environment in an uneven manner. Although several environment-related issues were addressed by economics (e.g. overpopulation or exhaustion of natural resources), the environment was largely missing in the dominant economic discourse from ca. 1870 to 1970. Today, many economics textbooks and the academic discussions address environmental issues. However, dominant macro-economic models do not take into account natural resources and the depletion of natural capital (such as fish stocks and fossil fuels) is not reflected in the GDP. Many mainstream economists believe that technological progress and market forces can successfully deal with the environmental limits to growth. An example of such optimism is reflected in the hotly debated ‘*environmental Kuznets curve*’ which suggests that at a certain level of economic development, the total emissions in a given economy start to decrease and the environment improves (i.e. that thanks to innovation, an absolute decoupling of emission or resource intensity from economic growth will occur). However, until now the so-called ‘*rebound effect*’ has rather been observed: increasing efficiency and economies of scale and, therefore, diminishing price of goods will cause such a high level of consumption that no absolute reduction of emissions or resource use will be reached.

A perhaps more substantive understanding of the relation between the economy and the natural environment has started to develop since the end of the 1960s. A community of economic thinkers pioneered by Nicolas Georgescu-Roegen (one of the founding fathers of ‘ecological economics’) focuses on the economy as a subsystem of the environment – and,

therefore, regards the economy constrained by environmental limits. Since the laws of thermodynamics are suggested to apply to the coupled human and natural systems, the scale of the economy, i.e. its 'throughput', is of crucial importance. The total throughput of the human economy is suggested to be "kept small enough to avoid exceeding two physical limits of the eco-system: its capacity to regenerate itself and its capacity to absorb the wastes" (Daly, 1996). The recent economic crisis serves as an opportunity to question the current policy objective of economic growth and what some term as failing of modern macro-economic theory: On the one hand, a discussion on 'greening economic growth' takes place not only in academia but also in policy and business. On the other hand, recently developed concepts of 'zero growth', 'de-growth' or 'moving beyond growth' are receiving the attention of social movements and numerous academics (Baumgärtner & Quaas, 2010; Martinez-Alier, 2009).

### **Economic growth and well-being**

Empirical observations suggest that in richer societies people tend to live longer, be better educated and enjoy broader and better enforceable rights. All of these elements can be considered to be vital components of what we could term as the quality of life. However, critics of growth question to what extent unrestricted growth has led to improvement in the 'essential ingredients of good living' (Mishan, 1977). The economic growth- and consumption-oriented culture seems to associate with growing income inequality and to create significant social 'costs' such as stress, depressions and feelings of insecurity, juvenile crime, drug abuse and disruption of social ties. Using the GDP indicator as the basis, American economists Herman Daly and John Cobb Jr. have tried to reflect these negative costs in an indicator they titled the 'Genuine Progress Indicator' (GPI). They suggest that despite a steady economic growth experienced in the USA since World War II, genuine societal progress has evened out in the early 1970s and has not substantially risen since (Talbert et al, 2007).

Subjective well-being is considered to depend on material consumption only to a certain extent. It is sensitive to factors such as lower level of standards of living, poor working conditions, job insecurity, difficulties in balancing work and life and lower quality of society but depends also on cultural, political and social factors (Mikulic, 2007). Empirical evidence seems to suggest that people with intrinsic values (as opposed to materialistic values) live both happier and with higher levels of environmental responsibility (Jackson, 2009).

### **Sustainable development and growth**

The early 1970s saw several crucial interconnected developments. First of all, it was the establishment of environmental ministries across Western democracies. Secondly, in 1972, the seminal study of the [Club of Rome](#), entitled "*Limits to Growth*", has been published, focusing on modelling of long-term development of several variables such as population, agricultural production or natural resources across a range of scenarios. Although the study has been heavily criticized by the economists' academic community for many of its assumptions and its accuracy and today's relevance can be questioned, it had a huge impact on the public perception of environmental issues. Thirdly, environmental concerns reached a milestone in the form of the UN Conference on Human Environment, held in Stockholm in 1972, where the conflicting interests of environment and development have been explicitly articulated for the first time in a global forum. It has been recognised that environment "affects the well-being of

peoples and economic development throughout the world” ([Stockholm Declaration](#), para. 2), but suggests that most of the environmental problems of the developing countries are caused by underdevelopment, while “in the industrialized countries, environmental problems are generally related to *industrialization and technological development*” (ibid., para. 4, emphasis added).

The next milestone was the publication of the report, “*Our Common Future*” by the World Commission on Environment and Development in 1987. The Commission was led by Gro Harlem Brundtland, the then Norwegian Minister of Environmental Affairs. The report was the first publication to popularize the term ‘sustainable development’. It continued to place significant emphasis on stimulating economic growth and addressing global poverty through international trade. It expressed optimism in terms of the possibility to continuously achieve qualitative economic growth and decoupling.

The attention given to the Commission and its report led to the [1992 UN Conference on Environment and Development](#) in Rio de Janeiro. The Rio Declaration presented the four-pillar model of sustainable development (economic, social, environmental and institutional) and contained a suggestion for a set of sustainable development indicators. However, the Rio action plan, Agenda 21, was and still is criticized for being too pro-growth and in line with neo-liberal economic recipes. Ten years after the Rio Conference, the [World Summit on Sustainable Development \(WSSD\)](#) was convened in late August and early September 2002. Thousands of politicians, journalists, lobbyists and activists participated at the Summit and sustainable development was briefly in the centre of political and media attention. However, the Summit has been criticized for only limited outcomes.

In terms of the relation between sustainable development and economic growth, one can discern three dominant positions (Rapp Nilsen, 2010; Hopwood et al, 2005; Davidson, 2000):

- The *radical or transformational position* has traditionally been held by environmental scientists and grass-roots movements. Key elements of this position include the bottom-up approach, strong sustainability (i.e. economic growth and environmental protection are understood as conflicting objectives), growth-pessimism, acknowledgement of the biophysical limits to growth, and an understanding that getting our societies on the right path would probably require significant changes in socio-economic organization.
- The *reformist position* is often held by the international and national sustainable development community originating from the UN/Brundtland processes, i.e. international agencies and national governments. Characteristic for this position is the search for politically acceptable solutions and involvement of a large range of societal actors (especially businesses), re-thinking growth and focus on qualitative growth, weak sustainability and recognition of the different needs of developed and developing countries. Typical is the technology-oriented ‘green economy’/low-carbon economy’ discourse and win-win rhetoric (i.e. economic growth and environmental protection are understood as synergistic objectives). The preferred measures are optimizing environmental regulation and economic policy (e.g. subsidies into less resource-intensive technologies).
- The *status quo or conservative position* has traditionally been held by neo-liberal economists and chief economic organizations. keystones of this position are the top-

down/laissez faire principle, conviction that there are no contradictions between economic growth and environmental degradation, understanding of environmental problems as mostly a question of property rights and market deficiencies, trust in the ability of the markets and technology to address the problem of dwindling resources, emphasis on the material component of well-being, and trust that economic growth is to the ultimate benefit of all.

## **Lisbon Strategy, “Europe 2020” strategy & EU SDS: Definitions and approaches of economic growth**

### Lisbon Strategy and economic growth

The [Lisbon Strategy](#) was agreed upon at the Lisbon Council in March 2000 and included the strategic goal “to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”(European Council, 2000, para 5). The Lisbon Strategy and its related objectives emphasise, firstly, the economic focus on the mechanisms of the free market by reaching the highest competitiveness in the world and, secondly, sustainable economic growth. Sustainable economic growth in this context mainly focuses on purely economic issues without comprehensively taking into account the optimal physical output of the economy, the degradation of the environment and intact natural systems (Spangenberg et al, 2002). Moreover, technological and knowledge-based progress was regarded as the main tool to achieve not only economic growth but also to lead to a better environment. Thus the Lisbon Strategy of 2000 was a document based on techno-optimism (Schauer, 2007).

After a mid-term review in 2004 (European Communities, 2004), the Lisbon Strategy was [re-launched in 2005 \(“A Partnership for Growth and Employment”\)](#). An essential step towards sustainable development in the growth concept of the re-launched Lisbon Strategy was the inclusion of environmental technology as a potential engine for growth and jobs: “The European Council reiterates the important contribution of environment policy to growth and employment, and also to the quality of life, in particular through the development of eco-innovation and eco-technology as well as the sustainable management of natural resources, which lead to the creation of new outlets and new jobs” (European Council, 2005, para 19). However, the re-launched Lisbon Strategy of 2005 still showed a predominance of growth and employment issues which was underlined by the lower significance of and very general reference to environmental and sustainable development issues, namely eco-innovation and eco-technology, sustainable management of natural resources, energy efficiency, biodiversity, and sustainable production and consumption.

In late November 2008, the European Commission (2008) issued the [‘European Economic Recovery Plan’](#) as a response to the economic and financial crisis. The Plan outlines four strategic aims: (1) stimulate demand and boost consumer confidence; (2) lessen the human cost of the economic downturn and its impact on the most vulnerable; (3) pursuing necessary structural reforms, supporting innovation, and building a knowledge economy; and (4) speed up the shift towards a low-carbon economy (i.e. limiting climate change, promoting energy security, encouraging new technologies, creating new 'green-collar' jobs). Generally, “techno-optimism” remained the predominant approach to growth in the re-launched Lisbon Strategy,

though a certain shift to more environmental friendly technologies and innovations and a push in innovation and energy efficiency could be observed (Sedlacko & Gjoksi, 2009).

### “Europe 2020” strategy and economic growth

The “Europe 2020” strategy was published on 3 March 2010 and is the successor of the Lisbon Strategy. With the incoming new European Commission and as a response to the economic and financial crisis, a new 10-year development strategy of the EU has been proposed by the Commission and will be decided by the heads of state of the EU-27 at the European Council meeting in Brussels on 25-26 March 2010.<sup>1</sup> The “Europe 2020” strategy can be seen as a strategic and coordinated attempt of the EU to face the challenges posed by the recent economic and financial crisis. Economic growth is still defined as the major objective and generally not questioned. However, ‘transformation’ and ‘interrelated issues’ are terms often used that may point towards a more integrative approach towards growth and its relation to sustainable development: the subtitle of the strategy refers to “smart, sustainable and inclusive growth”.

The “Europe 2020” strategy put forward by the European Commission is based on three priorities and accompanying ‘flagship initiatives’ (which define actions at the EU and Member State levels):

- 1) *Smart growth* refers to strengthening knowledge and innovation as drivers for future growth. The strategy points out that the EU should be particularly active in three areas: innovation, education and training, digital society.
- 2) *Sustainable growth* aims at “building a resource efficient, sustainable and competitive economy, exploiting Europe’s leadership in the race to develop new processes and technologies (...) and reinforcing the competitive advantages of our businesses” (European Commission, 2010, 12). Two areas are considered of main importance in this priority: improving competitiveness as well as climate change and energy.
- 3) *Inclusive growth* aims at empowering people through high levels of employment, increased skills, fighting poverty and modernising labour markets.

In order to achieve the set priorities, the “Europe 2020” strategy presents five headline targets:

- An employment rate of at least 75 % of the population aged 20-64.
- Achieving the target of 3 % GDP investment in R&D.
- Achieving the “20/20/20” objective in climate change and energy: 20 % GHG reduction compared to 1990, 20 % share of renewable in total energy consumption, and 20 % increase in energy efficiency.
- Reducing the share of early school leavers to 10 % which increasing the share of the population (aged 30-34) having tertiary education to 40 % in 2020.
- Reducing the number of EU citizens who live below the national poverty lines by 25 %.

In order to achieve the priorities and objectives outlined in the “Europe 2020” strategy, a governance framework is defined. This comprises an architecture for implementation and an

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<sup>1</sup> At the end of March 2010, the European Council is going to decide on the overall approach and main targets of the strategy. In June 2010, details aspects of the strategy, including the integrated guidelines and national targets will be decided by the European Council.

overview of responsibilities of involved policy levels, institutions and actors. The *thematic approach* refers to the three priorities of the strategy and, in particular, the delivery of the five headline targets (see above). Additionally, *country reporting* should help Member States “do define and implement exit strategies, to restore macro-economic stability, identify national bottlenecks and return their economies to sustainable growth and public finances” (European Commission, 2010, 25).

### EU SDS and economic growth

The first EU SDS was adopted at the [European Council Meeting in Gothenberg in 2001](#) and aimed at complementing the Lisbon Strategy by addressing environmental issues. The strategy argued that environmentally friendly technology can promote economic growth and creates jobs and stressed the importance of ‘decoupling’: “Clear and stable objectives for sustainable development will present significant economic opportunities. This has the potential to unleash a new wave of technological innovation and investment, generating growth and employment. The European Council invites industry to take part in the development and wider use of new environmentally friendly technologies in sectors such as energy and transport. In this context the European Council stresses the importance of decoupling economic growth from resource use.” (European Council, 2001, para 21)

After a [review of the first EU SDS](#), the European Council adopted the [renewed EU SDS](#) in June 2006. Although the renewed EU SDS mentions, in its key objectives, the importance “to break the link between economic growth and environmental degradation” (European Council, 2006, 3), the relationship between economic growth and sustainable development is not clarified (see also [ESDN Quarterly Report, December 2008](#)). The EU SDS is primarily concerned with quality of life, economic prosperity, intra- and inter-generational equity. Economic growth is addressed only indirectly in some of the key challenges of the strategy: in sustainable transport, sustainable production and consumption, social inclusion as well as in the cross-cutting issues (education and training, research and development). Generally, the renewed EU SDS aims to achieve in its key objective ‘economic prosperity’, that is “a prosperous, innovative, knowledge-rich, competitive and eco-efficient economy which provides high living standards and full and high-quality employment throughout the European Union” (European Council, 2006, 4).

The [review of the EU SDS in 2009](#) argued that greater synergies should be achieved with the post-2010 Lisbon Strategy and other cross-cutting policy strategies. Moreover, the review detects room for clarification in some crucial areas, like the economy: the EU SDS should contribute “to a rapid shift to a low-carbon and low-input economy, based on energy and resources-efficient technologies and sustainable transport and shifts towards sustainable consumption behaviour” (European Commission, 2009, 14).

## Overview of strategies, initiatives and activities that link economic growth and sustainable development

### Introduction

One of the main aims of the workshop is a stock-taking of strategies, initiatives and activities on the different political levels that link economic growth and sustainable development. At the workshop, the following five strategies and initiatives will be presented:

- UNEP: Green Economy Initiative and Global Green New Deal
- OECD: Work on Green Growth (Green Growth Declaration, Green Growth Strategy)
- Austria: “Growth in Transition” initiative
- Ireland: Smart Economy Strategy
- UK: “Prosperity without Growth” report of the UK Sustainable Development Commission

We provide an overview of these strategies and initiatives in the table on page 12-13 regarding four main aspects: (a) development process; (b) understanding of growth and its relation to sustainable development; (c) objectives and topics covered; and (d) governance mechanisms and implementation tools.

A more detailed overview and analysis of the five strategies and initiatives as well as on the “Europe 2020” strategy by the European Commission can be found in the [first ESDN Case Study](#).

## Overview table

	<b>UNEP: Global Economy Initiative</b>	<b>OECD: Work on Green Growth</b>	<b>Austria: 'Growth in Transition'</b>	<b>Ireland: Smart Economy Strategy</b>	<b>UK: 'Prosperity without Growth'</b>
<b>Development process</b>	<p>Global Green Initiative (GEI): Initiated by UNEP and developed together with experts from other UN organisations, academia, think tanks, businesses and environmental groups.</p> <p>Global Green New Deal (GGND): Developed in the framework of GEI. Prepared in consultation with UN organisations and intergovernmental organisations and shared with members of the G20 meetings in 2009.</p>	<p>The Ministerial Council Meeting (MCM), representing the 30 OECD member countries, signed a Green Growth Declaration and endorsed the OECD to develop a Green Growth Strategy (GGS). The GGS will be developed as a horizontal project by various OECD committees and directorates. An interim report on the GGS will be available in June 2010 MCM; the final report on the GGS will be delivered to the 2011 MCM that will take a decision on the GGS.</p>	<p>"Growth in Transition" was initiated by the Austrian Ministry of Environment. The initiative is conceptualised as a stakeholder dialogue and involved partners from various sectors, e.g. five national ministries, the business sector, regional authorities, NGOs, etc. Started in 2008, the initiative has so far organised four workshops and one international conference.</p>	<p>The Smart Economy Strategy is a policy strategy that was adopted by the Irish Government in December 2008. It sets out a set of actions to reorganise the country's economy over a five-year period (2009-2014). The strategy was initiated by the Cabinet Committee on Economic Renewal (chaired by the Prime Minister's Office). It was developed with contributions from the social partners and various committee departments.</p>	<p>The report, "Prosperity without Growth", was published in 2009 by the UK Sustainable Development Commission (the UK Government's independent advisory body and watchdog on sustainable development issues) and compiled by the Economics Commissioner, Prof. Tim Jackson. The report builds on work undertaken in the 'Redefining Prosperity' programme of the SDC as well as on work from across the SDC. The 'Redefining Prosperity' programme included several workshops and seminars and involved various stakeholders (policy-making and research).</p>
<b>Understanding of growth &amp; relation to SD</b>	<p>Investments in green technologies and renewable energy are considered as new engines for growth. Higher efficiency should serve as tool for combating environmental degradation; education and training as a tool to create more jobs.</p> <p>Focus on sustainable economic growth but taking into account more environmental and social issues.</p>	<p>Economic growth should be achieved by 'green investments', less intensive resource use and a stronger consideration of social well-being and poverty reduction.</p> <p>To achieve this, decoupling and higher efficiency are considered as appropriate tools.</p>	<p>Although economic growth has important functions in Western societies, the "Growth in Transition" initiative refers to the need for more qualitative growth that is compatible with sustainable development. Qualitative growth refers to quality-of-life, human well-being, social cohesion, etc. Therefore, traditional understandings of economic growth are questioned and innovative approaches of growth are sought after.</p>	<p>The Smart Economy Strategy recognises the interdependence of four forms of capital (human, physical, natural and social). Moving from quantitative growth towards more qualitative development should be guided by investments in renewable energy, new technologies and innovation, combining higher productivity and higher energy efficiency.</p> <p>The strategy also questions the infinite growth paradigm of traditional economic growth approaches.</p>	<p>The report argues that finding a solution to the current 'growth dilemma' is crucial. The growth dilemma refers to the economic growth objective to deliver prosperity - it is considered questionable if this objective has been achieved.</p> <p>The report confronts the structure of modern economies and argues for a different kind of growth as well as for a societal and institutional transformation. 'Green growth' is considered as first step towards this transformation, but more is required to fully achieve it.</p> <p>The report also argues for environmental and social limits to economic growth and a change in the consumer culture of Western societies.</p>

	<b>UNEP: Global Economy Initiative</b>	<b>OECD: Work on Green Growth</b>	<b>Austria: 'Growth in Transition'</b>	<b>Ireland: Smart Economy Strategy</b>	<b>UK: 'Prosperity without Growth'</b>
<b>Objectives and topics</b>	<p>GEI aims to achieve low-carbon economy by refocusing policies and investments into</p> <ul style="list-style-type: none"> <li>(-) clean technologies</li> <li>(-) renewable energy</li> <li>(-) water services</li> <li>(-) green transportation</li> <li>(-) waste management</li> <li>(-) green buildings</li> <li>(-) sustainable agriculture and forests</li> </ul> <p>The GGDN aims to revive the world economy (as consequence of the economic crisis) by focusing on similar topics.</p>	<p>The main objective is to achieve an efficient shift towards a sustainable world economy. This should be achieved by stimulus packages and new green investments (short-term) as well as the development of environmentally-friendly infrastructures (long-term). Potential priority areas of the GGS are:</p> <ul style="list-style-type: none"> <li>(-) climate change</li> <li>(-) poverty reduction</li> <li>(-) sustainable resource management</li> <li>(-) sustainable consumption and production</li> <li>(-) energy security</li> <li>(-) education</li> <li>(-) governance</li> </ul>	<p>The initiative aims to raise awareness among policy-makers and the stakeholder community on linking economic growth and sustainable development. A more qualitative growth should be achieved and the initiative aims to foster dialogue on how the transformation process towards an economy shaped by sustainable development could be achieved.</p>	<p>The strategy outlines the Irish Government's vision to acknowledge severe short-term economic challenges while focusing on how to achieve a sustainable economy in the medium-term. For this vision, the strategy sets out five action areas:</p> <ol style="list-style-type: none"> <li>(1) Securing the enterprise economy</li> <li>(2) Building the ideas economy - establishing 'The Innovation Island'</li> <li>(3) Enhancing the environment and securing energy supplied</li> <li>(4) Investing in critical infrastructure</li> <li>(5) Efficient and effective public services and smart regulation</li> </ol>	<p>The report presents 12 steps for moving towards a sustainable economy. The steps are divided into three categories:</p> <ol style="list-style-type: none"> <li>(1) Building a sustainable macro-economy (e.g. investing in public assets and infrastructure, reform of macro-economic accounting, etc.)</li> <li>(2) Protecting capabilities for flourishing (e.g. equality, work-life balance, strengthening human and social capital, etc.)</li> <li>(3) Respecting ecological limits (e.g. resource/emission caps, fiscal reform for sustainability, etc.)</li> </ol>
<b>Governance mechanisms &amp; implementation tools</b>	<p>UNEP has established a network approach and collaborates with national governments, NGOs, businesses, consumer groups, experts, etc.</p> <p>The GEI uses soft policy tools, e.g. advisory service, research products and partnerships (with national governments and other stakeholders). The GGND specifically addresses the G20 countries.</p>	<p>The GGS intends to include implementation prescriptions for the international and national level. For better coordination between the different levels, various policy instruments will be used. Generally, the GGS will serve as a policy framework for national policies. Implementation at the national level will be monitored by peer reviews, green growth indicators and sharing of best practices (i.e. Open Method of Coordination).</p>	<p>"Growth in Transition" is an initiative that aims to foster discussion and awareness among all stakeholders. No concrete governance mechanisms and policy tools have been developed yet.</p>	<p>The Prime Minister's Office is coordinating the implementation of the strategy. Generally, the actions outlined in the Smart Economy Strategy have been linked to the current Programme of Government.</p> <p>Policy integration is considered an important element and each national ministry needs to report regularly on progress towards the strategy's key actions. Moreover, a task force has been established in the Prime Minister's Office to help in implementing the strategy (with members from ministries, businesses and academia). The policy tools to be applied in implementation are a mix of hard and soft tools, e.g. regulation, economic incentives, new action plans and institutional arrangements.</p>	<p>The report has been sent to UK Government ministries and stakeholders alike to generate discussion (the SD Commission can only give advice). The "Prosperity without Growth" reports includes proposals for governance measures and implementation tools:</p> <ul style="list-style-type: none"> <li>(-) Economic policy tools (e.g. taxing resources consumption and emissions, etc.)</li> <li>(-) Changes in domestic policies (e.g. improving work-life balance, reducing mobility for work, training for green jobs, etc.)</li> <li>(-) Establishing a global technology fund (e.g. investments in renewable energy, energy efficiency, etc.)</li> </ul>

## Discussion questions and working group formats

Apart from the keynote presentations, the workshop will have several interactive formats. Panel and plenary discussions as well as parallel working groups aim to foster debate and exchange. In the following section, we propose some discussion questions and provide an overview of the working group formats.

### Questions for panel and plenary discussions

There will be several plenary discussions during the workshop. One will focus on the opportunities and challenges of an economy based on sustainable development principles in the strategy and initiatives presented. In another plenary discussion, participants will debate about what can be learned from current strategies and initiatives for moving towards a sustainable economy. A final plenary discussion will reflect on the results of the working groups that provide input to the draft “tool box” on moving towards an economy based on sustainable development principles (see below).

After the presentation of the various strategies and initiatives that aim to link economic growth and sustainable development, a panel discussion with the speakers will reflect on their similarities and differences. We propose the following discussion questions:

- ➔ What are defining criteria for a sustainable economy?
- ➔ The integration of different sectoral policies is an important element of sustainable development, however, it is also one of the major challenges in practice. How do you plan to achieve policy integration through your strategy/initiative?
- ➔ Which governance mechanisms do you consider as most important for the transition towards a sustainable economy?
- ➔ Which policy tools would be necessary to achieve the transition process?

### Working group formats

In the first parallel working groups (25 March, 10:15-11:00), the workshop participants are invited to identify opportunities and challenges of an economy based on sustainable development principles. Each working group will, firstly, have a brainstorming on opportunities and challenges (based on the keynote presentation on linking growth and sustainable development as well as on the participants’ practical experiences) and, secondly, each working group will select the three most important opportunities and challenges that they want to see presented in the plenary. The results of the working groups will be further used in panel and plenary discussions.

The participants are invited in the parallel working groups on the second day (26 March, 09:30-11:00) to develop first inputs to a “tool box” on how to move from green growth towards an economy based on sustainable development principles. There will be three parallel working groups:

- ***Criteria of a sustainable economy*** (working group 1), e.g. understanding of growth and its relation to sustainable development, difference between ‘green fix’ and sustainable development principles, etc.
- ***Governance mechanisms necessary for the transition process*** (working group 2), e.g. ad-hoc or permanent institutional arrangements, policy integration, stakeholder participation, etc.
- ***Policy tools to achieve the transition*** (working group 3), e.g. regulatory instruments, incentives, awareness raising, action plans, impact assessments, etc.

In each working group, participants will collect ideas and topics, cluster and discuss them. In a next step, the participants are asked to formulate bullet points for the draft tool box that will be presented to the plenary and will serve as important input to the ESDN Conference 2010.

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