The opening assumption for this paper is that what is meant by “green economy”—as, for example, promoted by United Nations Environment Programme (UNEP) and many others—is not merely a redecoration of the traditional economy with green trimming but a form of economic organization and priority setting substantially different from the one that has dominated economic thinking in the richer countries for the past several decades. Indeed, a green economy, thus conceived, is more than a reordering of priorities; it involves a significant rethinking of the assumptions upon which the traditional economy has been based (Najam, Runnalls, & Halle, 2007). If we are to avoid a slip back toward the traditional economy, strong accountability mechanisms will have to be built into the green economy from the start (Najam & Halle, 2010).

Time for Something New

Although the ideas underlying it have been floating around for years if not decades, the green economy is being promoted—we hope accurately—as “the next big thing.” As we gaze at the ruins of the neoliberal economic paradigm, it is eminently clear that something new is needed, but it is not always easy to let go of the familiar. Neoliberal thinking has possessed such a stranglehold on development since the days of Thatcher and Reagan and the articulation of the “Washington Consensus” (Serra & Stiglitz, 2008) that it was often considered to have the power of a religion. This form of economic organization adopted by—or imposed upon—countries around the world was deemed to be the only one that worked or had a chance of meeting human aspirations within a framework of human freedom. So powerful was this conviction among its proponents that some felt that it represented “the end of history” (Fukuyama, 1992)—that with neoliberal economic organization, humanity had emerged onto a sunny plateau on which efficient economic organization and the interplay of open markets would generate the wealth needed by society to address whatever social and environmental issues rose in its margins. A priority focus on generating wealth—a prerequisite for all good things—was justified because it was the only sound way to generate the wherewithal to address other, noneconomic issues.

While neoliberal economics had its share of critics, it held governments and international financial institutions in thrall for decades. Its undeniable results in generating wealth allowed it to secure the political power needed to fend off
criticism. Yet when the collapse came in 2008, the economies foundered not because they were undermined by social unrest or overwhelmed by environmental destruction—in instead, the neoliberal system collapsed under the weight of its own economic contradictions. Far from permitting governments to address social and environmental issues, the fabulous wealth generated through neoliberal economics led to strong pressure for a cutback in government spending and services. Partly as a result, the gap widened between those benefiting directly from the new wealth and those marginalized from it. Far from leading to a serene plateau on which sufficient wealth was available to address nonmonetary concerns, the new wealth led to an ever more frenetic effort to grow even richer, increasingly through arcane financial instruments well removed from the real economy. Generating wealth became an end in itself.

In seeking a form of economic organization that avoids the mistakes of neoliberal economics, some things appear evident. We cannot divorce economics from its social and economic underpinnings. On the contrary, we must organize the economy in such a way that economic growth leads simultaneously to the creation of employment and livelihoods and to the gradual elimination of social marginalization (Halle & Melendez-Ortiz, 2007). At the same time, it must lead us away from wasteful use of the earth’s resources and ecosystems, from the depletion of species, and from air and water pollution toward clean, renewable, and sustainable forms of resource use (Najam et al., 2007). These factors are so important that economic initiatives should be screened for their likely impact on employment, social inclusion, and justice, and for their environmental footprint. Capacity to generate wealth, competitive efficiency, and other traditional tests of economic activity should not be set aside; simply, these tests must be augmented by new tests on the social and environmental side of the equation to ensure that a triple win is being pursued and secured.

What Is the Green Economy?

One could be forgiven for noting that this formula for a green economy strongly resembles the descriptions of sustainable development that have been floating around our society for a quarter century and gaining little more than intellectual ground—what the French call “succès d’estime” (or “critical success”). Launched in 1987 by the Brundtland Commission report, calls to bring economic activity into a framework bound by the limits of the earth’s ecosystems and to give priority to social inclusion and poverty alleviation are now all too familiar. Would it not be fair to say that the green economy is nothing more than a relabeling of “sustainable development”?

In some ways it is. If sustainable development has not prevailed over the past quarter century, neither has it been discredited. Indeed, the reasons for insisting that development be placed on a sustainable foundation have been growing steadily stronger, at least in objective terms. While opinions vary on which of the three pillars—economic, social and environmental—should be given greatest attention, there can be no doubt that the traditional economy has collapsed in part because it ignored the other two pillars to such an extent.
Therefore, a green economy is one that takes us toward sustainable development. Once a green economy is fully in place, we might say that our form of development can be deemed sustainable. What, then, is new?

Perhaps the most significant difference lies in the recognition that an efficient, functioning economy is a precondition for addressing the other two pillars of sustainability. Much sustainable development activism over the past decades has been a thinly disguised effort to give the environment priority over social and economic concerns, betraying a deep suspicion of economically driven motivation and doubting the attachment of the working masses to the natural environment (Halle, 2002).

A green economy recognizes that it is the form of organization of humankind’s economic activity that will, in the end, determine whether or not we are successful in addressing the problems of social marginalization and environmental destruction. If we get the former right, the others have a better chance of following—not, it must be stressed, as a result of the wealth generated but because concern for social and environmental matters is an integral part built into the economic organization. In a green economy, actions taken to reach economic ends also advance social and environmental ones, just as actions taken to meet social and environmental ends strengthen and develop the economy.

Still, what are the boundaries of a green economy? At what point do we say that we have one in place? Surely this state would be reached several steps short of perfection, but if it to avoid being specious, the anointment of an economy as “green” must meet certain tests in terms of impact on sustainability; but what are these tests, and who should apply them?

It is both an advantage and a disadvantage that the movement for a green economy is taking place as neoliberalism lies in ruins, its precepts disgraced, and its followers inclined to keep their heads down. It is an advantage because the world is ripe for new ideas, new thinking, and new approaches. We are in an intellectual environment in which assaults on orthodoxy are fair game, where we are all casting around for alternatives to the discredited neoliberal economic paradigm. Fresh ideas are welcome and so, to some extent, are ideas that are not particularly fresh but that have a new coat of paint and a freshly serviced engine. A window of opportunity has edged open, but the gentlest wind could close it again unless the opportunity is seized.

In a sense, the disadvantage of the present situation is that the window opened before we are truly ready to take advantage of it, and we are all scrambling to come up with a robust, complete, and compelling answer to the question: “what next?” Unless we do so, the likelihood is that we will all, similar to victims of an earthquake, straggle back to our ruined houses only to rebuild them on the traditional design, with the same materials as before because this is what we know, this is what we are familiar with, even if we would be happy to sample new ideas if they were genuinely offered.

The Necessity of Accountability

Let us imagine that the green economy grows wings and takes off, that the governments of the world foregather and adopt the basics of the green economy as their
chosen form of economic organization. Could we then sit back and congratulate ourselves, confident that social and environmental issues have been set on a firm course toward a positive solution within the framework of a robust and vibrant economy?

Sadly not. If public pledges over the past three decades are anything to go by, public declarations—even when accompanied by solemn legal undertakings—are no guarantee that things will move in the direction suggested by the public pledge. Indeed, the history of sustainable development is, by and large, the history of unsustainable development, peppered by broken promises. Is there anything we can do to change that?

Early and strong attention to accountability is the only guarantee that promises of green responsibility in rebuilding the economy will lead—in a reasonably straight line—to green responsibility dominating our economic behavior (Najam & Halle, 2010). As we move toward the new green economy, we must design a series of accountability measures to ensure that politicians cannot cynically gain points by calling for a green economy while busily rebuilding an economy along traditional lines. What sort of accountability measures might be envisaged?

Accountability suggests that a price must be paid for not doing what one has promised to do. That price must be sufficiently high that ignoring it is something decision makers and politicians will not do lightly. Accountability measures can be in the form of incentives or disincentives. In the case of the former, there are clear advantages to be gained from moving quickly and resolutely to implement what has been promised whether these incentives are financial or not. In the latter case, there is a clear price to be paid for noncompliance, again financial or otherwise.

Within the environment and development worlds, there are many examples of the successful use of both “carrots” and “sticks” to reduce the accountability gap. The Montreal Protocol on Substances that Deplete the Ozone Layer, for example, offers funding and technical assistance to parties that fully implement their obligations under the treaty, allowing them to graduate, with help, to the next level, yet there is no systematic attempt to make these a central point in institutional design (Najam, Papa, & Taiyab, 2006). This leaves politicians with the easy option to look good by promising miracles, knowing that they will never be held accountable for failing to deliver. When the time comes, the easiest course will simply be to offer new promises.

If the campaign for a green economy is to avoid this fate, it must ensure the range of accountability measures is solidly in place as the green economy is constructed (Najam & Halle, 2010). It must ensure the series of incentive and disincentive measures is empowered by the right mix of legislation, institutional tracking mechanisms, third-party monitoring, and funding mechanisms to allow rewards to be offered and legal mechanisms to allow punishment to be meted out. In the course of design, it is also fundamental to look at the present range of incentives and disincentives currently driving economic behavior to ensure that these are in line with the objectives of the green economy. Where perverse incentives are in place (e.g., subsidies, tax breaks, privileged access to capital, etc.), it is important that these be removed or restructured until the factors driving personal behavior or consumer choice are aligned with the needs of the green economy.

It is vital that we gather best practice in this field, assess what has worked and what has not, and identify what mix of carrot and stick works best. We must identify
those positive practices that have the potential to be scaled up and replicated, and we must review the full panoply of tools that will make stronger accountability something welcomed by all countries, independent of their level of development or of their contribution to economic growth or environmental destruction.

If we fail to do this—and do it now in the design phase—there is a real chance that the green economy will turn out to be just another ride on the global merry-go-round of broken promises and lost opportunities. The good news is that it is not, in fact, difficult to do. Best practice abounds around the international environmental governance regime, much of it replicable and scalable. Further, the need for more robust accountability practices is increasingly accepted as necessary by both developed and developing countries. What it requires is a solid dose of leadership—a commodity still in scant supply.

About the Author

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References