

Economic growth and environmental sustainability

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There are political and business leaders who do not care if economic growth causes environmental damage, and there are environmental advocates who do not believe you can have economic growth without causing environmental damage. In a [New York Times](#) piece on the climate and economics discussions at Davos, Mark Landler and Somini

Sengupta reported that:

"Critics pointed to a contradiction that they said the corporate world had been unable to resolve: how to assuage the appetite for [economic growth](#), based on gross domestic product, with the urgent need to check carbon emissions. 'It's truly a contradiction,' said Johan Rockström, director of the Potsdam Institute for Climate Impact Research. 'It's difficult to see if the current G.D.P.-based model of economic growth can go hand-in-hand with rapid cutting of emissions,' he said."

I find this dialog a little amazing since it completely ignores the history of America's success in decoupling the growth of GDP and the growth of environmental pollution. This fact of American environmental and economic life began around 1980, a decade after the creation of the U.S. Environmental Protection Agency (EPA) and continues today. It's really quite simple- with public policies ranging from command-and-control regulations to direct and indirect government subsidies, businesses and governments developed and applied technologies that reduced pollution while allowing continued economic growth. This is not a fantasy, it is history. In the 1960s you could not see the mountains from downtown Los Angeles, today you can. In the 1960s you could not ride a bike on a path next to the Hudson River, today you can. Until 1985, we New Yorkers dumped raw sewage into the Hudson River. Today, with rare exceptions, we treat our sewage waste. And both Los Angeles and New York City have larger economies in 2020 than they had in 1980. In case you believe this progress was due to deindustrialization, the two largest sources of air pollution are power plants and motor vehicles and we have many more of them today than we had in 1980. Both utilize pollution control technology required by regulation under the law.

Environmental protection itself contributes to economic growth. Somebody makes and sells the air pollution control technologies we put on power plants and motor vehicles. Somebody builds the sewage and

water treatment facilities. Just as someone makes money off of solar cells and windmills and whoever invents the 1,000-mile high capacity battery that will power electric cars someday will become very, very rich. And environmental amenities are worth money. The cleaner Hudson made the waterfront more suitable for [housing development](#). And the building boom on New York's west side followed the clean-up of the Hudson River. An apartment across the street from a park will bring a higher price than the same apartment a block away. The revival of New York's Central Park raised the value of the already high-end real estate bordering the park. Clean air and water, healthy food and preserved nature all benefit human health and result in far more economic benefit than economic cost.

The climate problem is not caused by economic growth, but by the absence of effective public policy designed to reduce greenhouse gas emissions. There is nothing incompatible with capitalism and environmental protection as long as rules are in place that control the environmental impacts of the products and services we make and use. With those rules in place, a concern for environmental sustainability can and will permeate everyday decision-making in the private, nonprofit and governmental organizations we all benefit from.

I've written often about the evolution of the field of management over the past century or so and that a concern for sustainability is the newest trend in the development of more sophisticated organizational management. In the 20th century, we saw the field of management absorb the development of mass production, social psychology, accounting, information management, satellite and cellular communications, globalization and now a concern for the physical dimensions of environmental sustainability. Sustainability managers continue to lead an organization's marketing, strategy, finance and work processes but they also seek to assess their use of energy, water and other materials and work to reduce waste and environmental impacts. Just as

finance staff, reinforced by the Security and Exchange Commission rules learned to identify and reduce self-dealing, conflict of interest and fraud; sustainability staff reinforced by EPA rules look to identify and reduce organizational practices that damage the environment.

On the production side, organizational managers work to increase environmental sustainability, but on the consumption side, consumers are not only buying green but changing patterns of consumption that also help reduce [environmental damage](#). Going to a gym, riding a bike or eating a salad are all activities that add to the GDP. But so does taking your private jet to your ski lodge, driving in your SUV to the ski slopes, and eating a steak. All consumption behaviors are not created equal and do not have the same impact on environmental sustainability. More sustainable lifestyles are emerging and they can be detected in consumption patterns. For example, young Americans seem less interested in owning cars than their older siblings and parents did. Ride-sharing, bike sharing and other transit options have become feasible due to the development of the smartphone. But sitting in an Uber or driving your own car are both economic activities that are counted in the GDP.

These consumption trends are more influenced by changing cultural norms than by public policy, and typically should not be subjects of policymaking. Exceptions might include consumption that has a direct negative impact on others such as driving while intoxicated or smoking in a public space. The environmental impact of consumption can also be reduced by new technologies. For example, streaming music and video has far less environmental impact than videos and discs that used to be manufactured, packaged and shipped before they were used.

It is ironic that some environmentalists along with some climate deniers share the belief that we must trade off economic growth and environmental protection. We can and must accomplish both. A reason that we cannot abandon economic development is that most people in the

developed world like the way they live and will not give up their way of life. Asking them to do so dooms environmental advocates to political marginalization and failure. Due to the internet, even very poor people in the developing world see the way we live here, want it, and are demanding that their political regimes help them achieve their dreams. The absence of economic development leads to political instability and the potential for violence. Climate scientists often mention the impact of climate change on political instability and the phenomenon of climate refugees is well documented. But the path to climate mitigation is not through slower economic growth, but through economic growth that is steered toward [environmental sustainability](#) and away from gratuitous environmental destruction.

One of the first sustainability books I ever read was Ian McHarg's "Design with Nature." McHarg developed cluster development as an alternative to suburban sprawl. The idea was that rather than providing every home with a quarter acre of land and their own large yard, you would build the housing in the one area of the building site that would cause the least damage to natural drainage and ecosystems and preserve the rest of the land as a parkland for hiking and viewing. It turned out that most of the outdoor access people used in their homes was on their patios, and that suburban yards were not simply ecological disasters, but a burdensome waste for most homeowners. (This past June a wonderful piece summarizing McHarg's ideas and influence appeared on the City Lab website and it is well worth reading.) McHarg demonstrated that with care, humans could build urban developments that might minimize rather than maximize environmental damage.

Sloppy management, the hunger for easy money and short-term profits, and ideological rigidity lead some to believe the environment must be sacrificed for economic growth. The belief that capitalism is evil and inevitably causes environmental destruction leads others to believe that sustainable economic development is not feasible. My view is that with

enlightened design, sustainability management and cutting-edge technology we can harness human ingenuity to the practical problems of environmentally sustainable economic development. We can build and live in sustainable cities and end the climate and ecological crises that seem so overwhelming today.

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