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Integrating Economic Growth and Environmental Sustainability

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Abstract

Integrating economic growth with environmental sustainability has never been as important as it is in the present times. The planet, nations, and cities are being adversely impacted by climate change which is threatening the survival of flora and fauna. Human settlements are also at risk with increasing human deaths and illnesses as a result of environmental degradation. What is worrying is the fact that low and middle-income countries are more severely impacted by pollution compared to the rich and developed nations. The environmental degradation that we see today is largely an outcome of productive activities that have and are being carried out for economic growth. Economic growth is in turn essential to support the global population with jobs, incomes, and goods and services. Therefore, environmental sustainability and economic growth are contradictory objectives since commitment to one objective means sacrificing the other. But, in the present times world economies are facing twin concerns of slowing growth and environmental degradation with governments and decision-makers at a crossroad to decide which fundamental should be given priority over the other. But since both fundamentals are equally important, a middle path with innovative strategies needs to be adopted by the developed as well as developing nations. The paper emphasises the importance of the two fundamentals-economic growth and environmental sustainability, the contradiction between the two, and the possible remedies in creating a balancing path between the two contradictory objectives.

Key Words: Environmental Sustainability, Economic Growth, Climate Change

(1) Introduction

In the present time, economies are facing contradictory challenges of achieving economic growth along with safeguarding environment. While the former held significance since early times, a serious commitment to the latter is recent. Communities, governments, and institutions have become more vocal and active in their commitment to environmental sustainability with increase in human sufferings due to climate change. The intent of arresting environmental degradation to avoid negative impact on human race has become a challenge when at the same time civilizations have to be fed, jobs and, incomes have to be

generated. The recent Sri Lankan crisis is an eye-opener on the disastrous outcome of knee-jerk decision of the government in favour of green farming. The Sri Lankan government's overnight decision to ban synthetic fertilisers and pesticides to sync growth with nature not only decreased the agri-yields and exports but also caused severe food shortages with the prices of basic food items sky-rocketing. Situations differ for a developing nation compared to that of a developed nation. Therefore, following the west blindly can do more harm than good and the Sri Lankan crisis has only substantiated this premise. Having reached the stage of development, the developed nations are more committed to fighting climate change, while the developing nations continue to struggle with economic growth, limited resources and strained government budgets making it difficult for them to commit towards climate change efforts on similar lines to that of the developed nations.

The developing nations are labeled as pockets of dirty growth with disregard to environment and green technology in the path of speedy growth. But, what cannot be ignored here is that the multinational giants from the developed nations are fast spreading their commercial wings in the developing nations for greener pastures. So, to assume that growth is dirty in developing nations and less in developed requires a serious re-thinking. One also needs to stress here, what is universally known, that environmental degradation is the result of emissions of the wealth generated by the developed nations in the past. Thus, both fundamentals are essential with serious commitment to the environment being the need of the hour, but to do the same economic growth cannot be sacrificed, especially in third-world countries.

(1.1)Economic Growth

Governments across the globe have a role to play and one of the foremost roles is to create an economic environment in the nation that promotes growth. Economic growth is the main duty of governments, organisations, and communities. This includes increasing productive activities in a nation and when we talk about productive activities it refers to improving productive activities related to agriculture, industry, and service sectors. The productive activity in these three sectors not only economically grows the nation but also generates employment and this, in turn, creates demand for healthy production and consumption in an economy ensuring continuous improvement in growth patterns.

The world today is witnessing the challenge of economic growth. In the present times, the world GDP is expected to increase by and insignificant 1.7% based on the World Bank's forecast. Such growth challenge is been experienced not only by a few nations but by nations across the globe –be it developing or developed nations. The challenge of economic growth has been further intensified by the pandemic, geo-political conflicts, etc. Therefore the foremost objective today of nations is to attain a decent rate of economic growth.

(1.2.) Environment Sustainability

Environmental sustainability is a threat being faced by the world as an aftermath of economic and social activities. Pollution, the world over is causing deaths and is negatively impacting human lives. Around one in six deaths that take place in the world are due to pollution. It is also said that 12 percent of deaths globally are because of air pollution. Further water pollution, unsafe drinking water and poor sanitation results in around 8, 29,000 deaths each year from diarrhea, from which 2,97,000 deaths are of children below the age of five years (WHO, 2022). Environmental issues like climate change, global warming, etc., are leaving a negative impact that has made living unsustainable and difficult for humans and other living species.

(2.0) Economic growth and environmental sustainability a contradiction

While both economic growth and environmental sustainability are essential, the two cannot move in tandem. If commitment towards one of the two is taken forward, it is likely to hamper the other. The primary reasons for the same are as follows:

(2.0.1) Growing population and need for food

A growing world population requires greater food production to ensure that humans do not die of hunger. Approximately 9 million die of hunger every year (WPF, 2021). Therefore, an increase in the production of food is required which also means an increase in the use of chemical pesticides and fertilisers that gradually are damaging soil health and causing air and water pollution. To avoid hunger deaths, environmental sustainability is getting sacrificed with the use of chemical farm inputs.

(2.0.2) Decoupling not possible

Towards environmental sustainability, the global mantra is the decoupling of economic growth from environmental issues. This would require a reduction in economic growth to avoid the stress on natural resources and further environmental damages. But, the growing population requires more goods and services and economic growth for the same is essential. This is only possible with the increase in the production of goods and services for consumption and if economic growth is sacrificed it will lead to economic recession or depression that may gradually increase unemployment levels, decrease incomes and increase poverty and hunger.

(2.0.3) Globalisation

Increasing economic globalisation refers to the exchange of goods and services by nations and continents which naturally increases footprints in transportation. Advanced transportation and supply chains are causing fossil fuel-related pollution which can only be arrested by localisation in production and consumption. With this being a challenge, economic growth has become a conflicting objective with environmental sustainability.

(2.0.4) Urbanisation

Urbanisation brings in growth but it is contradictory to environmental sustainability. Urbanisation is where villages take the shape of towns and towns become cities which negatively impacts the environment, even if it means providing better basic amenities to civilization. This is because urbanisation means deforestation, reduction in agricultural fields, increasing use of electronic and automobiles, concrete jungles, etc., that increases the use of comforts and luxury goods in everyday living which is called consumerism. Consumerism has created a situation where the earth's resources are being over-utilised and over-exploited.

(3.0)Double-edged sword of slow growth & environmental unsustainability

The present time is one of the most challenging time, with the globe experiencing slowing economic growth and environmental unsustainability. World Bank has forecasted global growth of 1.7 percent in the year 2023 which is lower than its previous global growth forecast of 3 percent in the Global Economic Prospects report in June 2022 (The Economic Times, 2023). Managing slow growth along with a commitment to the environment is possible for developed nations but the same is difficult for developing nations with large poverty levels. Paying due attention to climate change and global warming takes a back seat to feeding, housing, and employing these countries' citizens. (Davey, 2016). Secondly, the pressure on developing nations to adhere to strict rules and commitment towards climate change has fallen flatly since for developing nations the restriction is unfair and applied due to the emissions in the past from developed nations in their pursuit of wealth. To offset this, at the 2009 Copenhagen climate summit, developed nations had committed $100 billion annually by the year 2020 to help developing nations engage in climate change efforts. But this commitment has not been achieved as of yet and is highly unlikely to reach this year or the next (Bicer, 2021). Thirdly, corporate houses are the torchbearers of economic growth. Increased productive activities suit the corporate sector since it helps in their objective of wealth accumulation. But, along with this positive impact the same productive activities (industrialisation) have caused negative environmental impacts causing climate change, loss of natural resources, air and water pollution, and extinction of species (European Commission, 2006). To compensate for the negative impact that productive activities have caused, governments have mandated the use of corporate social responsibility funds in the use of environmental sustainability and a transitional shift in the use of green technology from the traditional polluting ones. However, some companies practice greenwashing where their commitment to environmental sustainability is fake (Ventura, 2021). And with economies and businesses around the globe facing recessionary pressures, their commitment to environmental sustainability along with fostering economic growth has become a bigger challenge.

In such challenging times, it is normal that the priority is given by nations to economic growth and then to environmental sustainability. This is because stumpy economic growth creates a vicious cycle that is detrimental to governments. Not only does lower economic growth rates result in low GDP for a nation but it also increases unemployment levels, poverty incidences, deaths from hunger, and low consumption which in turn reduces investment and production activities. Bringing the economy out of this vicious circle

is difficult for any nation, therefore governments are working overtime to prevent this slip in their economies. Along with slow growth, economies around the world are facing inflationary pressures, high public debts, and high fiscal deficits. Against this backdrop, the seriousness of the issue of climate change and the environment has been relegated to the secondary status.

(4.0) Way out

The problem of environmental degradation requires serious thinking since recent reports show that global CO2 emissions have risen to record levels after dropping during the pandemic (Bhanumati. et.al., 2022). Towards arresting the damage to climate, measures need to be adopted that can serve as speed breakers to the rapidly disappearing of green cover, global warming, etc. The measures given below are some of the measures that may help in restricting the speed with which the resources of the planet are being eroded:

(4.0.1) Green technology adoption

To accomplish the contradictory goals of environmental sustainability and economic growth, economies and firms need to adopt green technology in their production and consumption process. Though changes towards this can be seen with initiatives being taken by industry, there are serious doubts about technologies proclaimed as green. For example, solar energy which is a renewable energy source is not cent percent green. Solar panels that generate energy are more environmentally friendly than traditional forms of electricity generation since they emit lower greenhouse emissions but the panels are made from silicon which when processed into a solar panel creates a toxic slag byproduct that has to be disposed of carefully (Prasanniya, 2021). Further, the disposable of solar panels and batteries after their life span is an issue since nations as of now are not having the plan to deal with it. By 2050, International Renewable Energy Agency has projected that up to 78 million metric tons of solar panels will be at the end of their life span and the world will be generating about 6 million metric tons of new solar e-waste annually (Stone, 2020).

(4.0.2) Re-distribution of wealth

Re-distribution of wealth and basic amenities available to all can bring growth with sustainability. Climate change and poverty are related. Deforestation is one of the reasons affecting the climate which is an outcome of poor around the world depending on forest resources for their livelihoods. Forests contribute to 90 percent of the livelihood of those that live in extreme poverty (Bostwick, 2019). Further, the risk of exposure to environmental risks is greater for the working class than for the rich household (Senit and Tuuhia, 2018). The finest example that can be mentioned here is ‘pollution’ which is generated by the rich by using electronics, automobiles, etc., on a micro level but the poor are exposed to the pollution as a result of the same, and the risk of developing respiratory health issues. Therefore, what is required is a progressive tax policy that is linked to carbon emissions. A carbon tax would also compensate the poor households that are suffering the impact of climate change and pollution.

(4.0.3) Zero growth

The concept of zero growth needs to be given a serious thought. Zero growth would mean producing only that many goods and services that are required and necessary to sustain the population's needs. The concept believes that producing more than what is required will result in a waste of resources and devoid the future generation from the use of them. Growth and environmental sustainability being contradictory the solution can be found in changing the growth strategy where zero growth patterns can be followed by developed nations and compensatory growth in developing nations. This would create an economic growth structure that is also environmentally sustainable. The increasing growth in the developing nation would be balanced by zero growth in developed nations and curtail excess production of goods and services and wastage of scarce natural resources.

(4.0.4) Incentivising from Governments

Fighting climate change involves resources which often involve opportunity costs which are heavy in developing economies since those very resources could have been used for development and economic activities. In the conflicting interest thus created, the alternate of 'growth' wins against 'environment'. In India, tax money that was generated through the coal cess was meant to fund clean energy projects but was instead used to compensate the state governments for the losses incurred in introducing a new tax system of GST (Goods & Services Tax)(Chaudhary, 2017). Therefore, for earnestly fighting climate change it becomes imperative that the developed nations and organisational financial resources are diverted to developing nations. On a micro level also, governments need to incentivise household initiatives towards a transition from fossil fuel-based energy to renewable energy use, wastewater treatment, etc.

(5.0) Conclusion

With the exponentially increasing global population and to feed more mouths and demands, governments will inevitably be focusing on growth. But, the same can be coupled with environmental sustainability fractionally in some areas and in totality in the others. Initially, where the carbon emissions are high, the same can be contained and also mitigated by enhanced efforts towards climate change in other places and sectors. But gradually efforts will have to be intensified towards climate change by developing nations on a macro level and the poor communities if the planet has to remain inhabitable.

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