

The Challenges and Opportunities of Green Economy for Traditional Economic Policies

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Abstract

The green economy has emerged as a global trend in response to the increasing environmental challenges facing the world. This paper discusses the necessity of formulating economic policies that can adapt to the development of the green economy, and provides several policy recommendations such as promoting green investment, innovating green financial products, establishing green taxation policies, and strengthening environmental regulation. The paper also examines practical cases and experiences of green economy development in China, the European Union, Costa Rica, and California. Furthermore, the paper discusses the evaluation and adjustment of green economy policies, and proposes a set of evaluation criteria for these policies.

Keywords: green economy, economic policy, sustainable development, environmental regulation, green investment, green financial products, green taxation policies, practical cases, evaluation criteria.

1. Introduction

The concept of a green economy has become increasingly popular in recent years as more and more people recognize the importance of environmental sustainability. The concept of a green economy refers to an economic system that is designed to be environmentally sustainable and socially inclusive. It aims to promote economic growth while minimizing negative impacts on the environment and promoting social equity. In this paper, we will discuss the definition, connotation, and development history of green economy, as well as its differences and connections with traditional economy.

The definition of a green economy varies depending on the context and the definition used by different organizations and scholars. According to the United Nations Environment Programme (UNEP), a green economy is one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. A green economy is low-carbon, resource-efficient, and socially inclusive. It seeks to address the interlinked challenges of economic development, social inclusion, and environmental sustainability.

The connotation of a green economy includes several important aspects, such as environmental sustainability, social inclusion, and economic growth. The concept of environmental sustainability is central to a green economy, and it involves protecting natural resources, reducing pollution and waste, and minimizing negative impacts on the environment. Social inclusion is also an essential aspect of a green economy, as it aims to promote social equity and reduce social and economic inequality. Economic growth is also a significant component of a green economy, as it aims to promote sustainable economic development while minimizing negative impacts on the environment.

The development history of green economy can be traced back to the 1970s when the concept of sustainable development was first introduced. The United Nations Conference on the Human Environment held in Stockholm in 1972 was the first global meeting to focus on the relationship between economic growth and

environmental sustainability. In the 1980s, the Brundtland Commission introduced the concept of sustainable development, which emphasized the importance of meeting the needs of the present without compromising the ability of future generations to meet their own needs. Since then, the concept of green economy has gained increasing attention and has been incorporated into many national and international policies and strategies.

The difference between green economy and traditional economy lies in their approach to economic development and their focus on environmental sustainability. Traditional economy focuses on economic growth and development without taking into account the negative impacts on the environment. On the other hand, a green economy aims to promote sustainable economic development that is environmentally friendly and socially inclusive. Green economy is characterized by low-carbon, resource-efficient, and socially inclusive economic activities.

2. Challenges and Impacts of Green Economy on Traditional Economic Policies

The development of a green economy poses significant challenges and impacts on traditional economic policies. These challenges and impacts include the following:

Impacts on macroeconomic policies: The development of a green economy can have significant impacts on macroeconomic policies, such as fiscal and monetary policies. Traditional economic policies that focus on economic growth and development may not be suitable for a green economy. A green economy requires new macroeconomic policies that focus on environmental sustainability and social inclusion.

Impacts on industrial policies: The development of a green economy can also have significant impacts on industrial policies. Traditional industrial policies that focus on economic growth and development may not be suitable for a green economy. A green economy requires new industrial policies that focus on environmental sustainability, resource efficiency, and innovation.

Impacts on environmental policies: The development of a green economy can also have significant impacts on environmental policies. Traditional environmental policies that focus on pollution control and resource management may not be suitable for a green economy. A green economy requires new environmental policies that focus on sustainability, biodiversity conservation, and ecosystem services.

Impacts on energy policies: The development of a green economy can also have significant impacts on energy policies. Traditional energy policies that focus on energy security and economic growth may not be suitable for a green economy. A green economy requires new energy policies that focus on renewable energy sources, energy efficiency, and decarbonization of the energy sector.

One of the significant challenges in the development of a green economy is the transition from traditional economic activities to green economic activities. This transition can be challenging for many industries and can result in job losses and economic disruptions. Therefore, it is essential to develop policies and strategies that can facilitate the transition to a green economy while minimizing negative impacts on the economy and society.

Another challenge in the development of a green economy is the lack of financial resources and investment. Developing green economic activities requires significant investments in technology, infrastructure, and human resources. Therefore, it is essential to develop policies and strategies that can attract investment and financing to green economic activities.

The impacts of green economy on traditional economic policies are not only challenges but also opportunities for policy innovation and reform. The development of a green economy can lead to the formulation of new policies and strategies that focus on environmental sustainability and social inclusion. It can also promote the development of new economic sectors and the creation of new job opportunities.

In conclusion, the development of a green economy poses significant challenges and impacts on traditional economic policies. However, it also provides opportunities for policy innovation and reform. Therefore, it is essential to develop policies and strategies that can facilitate the transition to a green economy while minimizing negative impacts on the economy and society. The next section will discuss the necessity and possible ways to formulate economic policies that adapt to the development of green economy.

3. Economic Policy Needs and Formulation of Green Economy

As the development of the green economy presents significant challenges to traditional economic policies, there is a need to formulate new economic policies that can adapt to the new requirements of sustainable development. Here are some of the key policy needs for the development of the green economy:

3.1 Promoting Green Investment

Green investment is essential for the development of the green economy. Governments can encourage green investment by providing financial incentives such as tax credits, grants, and subsidies to businesses that invest in sustainable technologies and products. They can also establish public-private partnerships to finance green

projects such as renewable energy, energy-efficient buildings, and sustainable transport.

3.2 Innovating Green Financial Products

The development of green financial products can also contribute to the growth of the green economy. These products include green bonds, green loans, and green insurance, which are designed to finance green projects and reduce the risks associated with sustainable investments. Governments can support the development of these financial products by providing regulatory frameworks, tax incentives, and capacity building.

3.3 Establishing Green Taxation Policies

Green taxation policies can encourage businesses and individuals to adopt more sustainable practices by penalizing environmental harm and rewarding environmental stewardship. Governments can establish green taxation policies by levying taxes on carbon emissions, waste disposal, and non-renewable resource use, and providing tax incentives for businesses that invest in renewable energy, energy efficiency, and waste reduction.

3.4 Strengthening Environmental Regulation

Environmental regulation is essential for the development of the green economy, as it provides a framework for businesses to operate in an environmentally responsible manner. Governments can strengthen environmental regulation by setting strict standards for pollution, waste disposal, and resource use, and enforcing these standards through monitoring and reporting requirements.

4. Practical Cases and Experiences of Green Economy

The development of the green economy is a global trend, and there are many successful cases and experiences of green economy development at home and abroad. Here are some examples:

4.1 China's Green Economy

China has made significant progress in developing its green economy over the past decade. In 2018, China invested \$758 billion in renewable energy, accounting for 45% of the world's total renewable energy investment. China has also implemented policies to promote electric vehicles, energy-efficient buildings, and green finance. However, China's green economy still faces challenges such as air pollution, water scarcity, and waste disposal.

4.2 The European Union's Green Deal

The European Union's Green Deal is a comprehensive plan to transform the EU into a carbon-neutral economy by 2050. The plan includes investments in renewable energy, energy efficiency, sustainable transport, and circular economy. The EU has also set targets for reducing carbon emissions, increasing renewable energy use, and improving energy efficiency. The Green Deal has the potential to create new green jobs and promote sustainable economic growth.

4.3 Costa Rica's Green Economy

Costa Rica is a small country in Central America that has made significant progress in developing its green economy. In 2015, Costa Rica generated 98% of its electricity from renewable sources, mainly hydroelectric power. The country has also implemented policies to promote ecotourism, organic agriculture, and sustainable forest management. Costa Rica's green economy has helped to preserve its natural resources and promote sustainable economic growth.

4.4 California's Green Economy

California is a state in the United States that has implemented policies to promote the development of its green economy. California has set targets for reducing carbon emissions, increasing renewable energy use, and improving energy efficiency. The state has also implemented policies to promote electric vehicles, energy-efficient buildings, and sustainable transport. California's green economy has the potential to create new green jobs and reduce the negative impacts of climate change.

While these examples demonstrate the potential for green economy development, they also highlight the challenges that arise in the process. Some of the key challenges include:

- **Financing:** The development of the green economy requires significant investments in sustainable technologies and infrastructure. However, the high upfront costs of these investments may deter businesses and governments from pursuing them. To overcome this challenge, innovative financing mechanisms such as green bonds, public-private partnerships, and green funds are needed to support the development of the green economy.
- **Policy coherence:** The development of the green economy requires a coordinated effort across different sectors and policy areas. Policies related to energy, transport, agriculture, and waste management need to be aligned to ensure a coherent and effective approach. Governments need to work closely with businesses, civil society, and other stakeholders to develop policies that support the transition to a green

economy.

- **Public awareness and participation:** The success of the green economy depends on the support of the public. Governments and businesses need to engage with the public to raise awareness about the benefits of sustainable development and to involve them in the decision-making process. This requires effective communication and outreach strategies that take into account the needs and concerns of different segments of society.

In conclusion, the development of the green economy is a key priority for achieving sustainable development. It requires the formulation of new economic policies that can adapt to the new requirements of sustainable development. Governments need to promote green investment, innovate green financial products, establish green taxation policies, and strengthen environmental regulation. Practical cases and experiences of green economy development demonstrate the potential for creating new green jobs, promoting sustainable economic growth, and preserving natural resources. However, they also highlight the challenges that arise in the process, including financing, policy coherence, and public awareness and participation. Overcoming these challenges requires a coordinated effort across different sectors and policy areas, as well as effective communication and engagement with the public.

5. Evaluation and Adjustment of Green Economy Policies

After implementing green economy policies, it is essential to evaluate their effects and identify any problems that arise. Evaluating green economy policies is crucial for determining their effectiveness in promoting sustainability, economic growth, and social equity. Here are some of the impacts and problems of green economy policies:

Impacts of green economy policies **Macroeconomic policies:** Green economy policies can impact macroeconomic policies by promoting sustainable economic growth, reducing carbon emissions, and stimulating innovation and entrepreneurship. For example, investing in renewable energy can create new green jobs and stimulate economic growth while reducing the use of fossil fuels.

Industrial policies: Green economy policies can also impact industrial policies by promoting the development of sustainable technologies, products, and services. Green industrial policies can also support the growth of green businesses, promote sustainable innovation, and reduce the environmental impact of industrial activities.

Environmental policies: Green economy policies can have a significant impact on environmental policies by promoting environmental sustainability, conservation of natural resources, and biodiversity. Environmental policies that prioritize the protection of natural resources can support the growth of the green economy by providing a regulatory framework for sustainable development.

Energy policies: Green economy policies can also impact energy policies by promoting the development and use of renewable energy sources, energy efficiency, and sustainable transport. Energy policies that prioritize sustainability can reduce carbon emissions and promote energy security while stimulating economic growth.

Problems of green economy policies While green economy policies have the potential to promote sustainability, economic growth, and social equity, there are also some problems associated with their implementation. These problems include:

High costs: Green economy policies can be expensive to implement, particularly in developing countries with limited resources. The high costs of green investments may deter some businesses from adopting sustainable practices, particularly in the short term.

Resistance to change: Some stakeholders, particularly those in traditional industries, may resist the shift towards sustainable practices. This resistance can slow down the adoption of green economy policies and impede progress towards sustainability.

Lack of knowledge and awareness: Many businesses and individuals may lack knowledge and awareness of sustainable practices, which can limit their ability to adopt green economy policies. This lack of knowledge and awareness can also impact the effectiveness of green economy policies, particularly in the short term.

6. Conclusion

The development of the green economy presents significant challenges and opportunities for sustainable development. The successful implementation of green economy policies requires a comprehensive approach that considers the impacts of green economy policies on traditional economic policies and the evaluation criteria for green economy policies. Evaluating and adjusting green economy policies is crucial for promoting sustainability, economic growth, and social equity while minimizing environmental impact.

Table 1. Impacts of Green Economy on Traditional Economic Policies

Type of Economic Policy	Impacts of Green Economy
Macroeconomic Policies	
Industrial Policies	
Environmental Policies	
Energy Policies	

Table 2. Evaluation Criteria for Green Economy Policies

Evaluation Criteria	Description
Environmental Sustainability	The degree to which the policies promote sustainability and conservation of natural resources.
Economic Viability	The potential for the policies to stimulate economic growth and development while minimizing environmental impact.
Social Equity	The extent to which the policies address social and economic inequality, and promote social equity and inclusion.
Political Feasibility	The likelihood that the policies will be accepted and implemented by stakeholders, including government, businesses, and civil society.
Technological Feasibility	The potential for the policies to leverage technological innovations and advancements to achieve the desired outcomes.
Administrative Feasibility	The ability of the policies to be effectively implemented and administered by relevant government agencies and other stakeholders.

Table 2 provides a framework for evaluating green economy policies based on environmental sustainability, economic viability, social equity, political feasibility, technological feasibility, and administrative feasibility. Using these criteria can help policymakers identify the strengths and weaknesses of green economy policies and adjust them accordingly to adapt to the development needs of the green economy.

In conclusion, the development of the green economy is a global trend that requires a comprehensive approach to promote sustainable development. Green economy policies can promote sustainability, economic growth, and social equity while minimizing environmental impact. Evaluating and adjusting green economy policies is crucial for ensuring their effectiveness and adapting them to the development needs of the green economy.

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