

# Shades of Green: Differences in Green Growth Priorities

Shpilina T.M.<sup>1</sup>, Solodukha P.V.<sup>1</sup>, Pochinok N.B.<sup>1</sup>

<sup>1</sup> Russian State Social University (RUSSIA)

[vladimir736@yandex.ru](mailto:vladimir736@yandex.ru), [soloduhapv@rgsu.net](mailto:soloduhapv@rgsu.net), [pochinoknb@rgsu.net](mailto:pochinoknb@rgsu.net)

## Abstract

Today the main goal of the macroeconomic policy is to ensure sustainable development. The main direction of its achievement is an orientation to the "green" vector of development. All participants in the world economy, depending on their level of socio-economic development, differently determine the goals and objectives of the transition to green growth. This fact led to the identification of three strategies to form a model of sustainable development: progressive, egocentric and deterrent. For each of them, priority directions of development are identified. Some of these directions are opportunistic in nature, others direction is caused by forced adaptation to existing global realities and internal problems, and the third direction are determined by the need to overcome internal macroeconomic contradictions, which are barriers to the transition to a green economy. It has been proven that the lack of common priorities and goals for achieving "green" growth leads to the "blocking effect" of all effective international initiatives in this area. All these trends can lead to unpredictable negative consequences.

**Keywords:** green economy, sustainable development, green growth strategies.

## 1 INTRODUCTION

It is obvious to the whole world that global sustainability can be achieved only through the transition to a green economy. The development and comprehensive support of innovative "green" projects will help to solve global problems of humanity. The environmental factor becomes the key to solving the strategic tasks facing society. However, the problem lies in the fact that each participant in the world economy understands sustainable growth and a green economy in its own way, often adhering to opportunistic behaviour without regard for the interests of other actors of the world community and not thinking about future consequences.

### 1.1 Differences in ways to achieve sustainable development

A green economy is often associated with the concept of sustainable development. This concept is understood as a transition to equilibrium environmental management, combining the principles of eco-efficiency and eco-justice. Within the framework of this concept, the environmental factor is considered as a key indicator contributing to the achievement of high rates of economic growth and allowing to solve contradictions between the interests of modern and future generations. There are three different approaches to the implementation of this concept.

The first approach is anthropocentric. It is based on an economic person who sets environmental quality requirements and develops rational rules for using natural resources for satisfaction social needs [15; 18]. For implementation of this approach all countries need to conduct economic activities within the capacity of their ecosystems with a gradual transition to "green" technologies that ensure the preservation of the natural capital of nations; renewing or replacing the necessary natural resources; development and preservation of the environment; reducing the gap in the level and quality of life of the peoples of the world. The anthropocentric approach is impossible without the use of environmental-economic instruments at the state level. They perform the function of a regulator when the standards of environmental pollution. However, this approach does not take into account that economic actors coordinating environmental policy may adopt inefficient rules for the preservation of the biosphere and the reduction of the environmental intensity of individual countries and all participants in the global economy. These errors or targeted decisions made to satisfy the selfish interests of individual participants in the global market can be fatal to all of humanity.

The second approach is eco-centric. The basis of this approach is nature, and man is one of its types, which must adapt to the state of the biosphere and obey its laws. The economic development of mankind within the framework of this strategy is considered as a regularity of the evolutionary

development of nature. Sustainable development is impossible with a decrease in natural capital, i.e. the replacement of primary natural capital with artificial capital should be minimal [4; 6]. There is another concept within this approach. This is the theory of biotic regulation and environmental stabilization [7]. This theory is based on the "one percent rule", which means that in energy terms the share of the possible consumption of net primary production should not exceed 1%. This is the limit of stability of the biosphere in relation to anthropogenic impact. The disadvantage of this approach is the impossibility of achieving economic growth in its implementation. Reducing resource consumption while simultaneously increasing the global population will exacerbate the existing global problems and the emergence of new social disasters.

The third approach is balanced. It is based on a combination of a balanced rate of economic growth with the rate of reproduction of natural resources and the rate of reproduction of the environment, taking into account the potential of nature. The assessment of the balance is a comparison of the ecological technological intensity of the territory with the environmental capacity of production of the territory [9; 10].

### **1.2 Problems of implementation of "green" projects with the help of "green" financial instruments**

The green economy is viewed in conjunction with the flow of investment in green projects. Bobilev S.N. and Rubtsov B.B. [2; 20] clearly show this relationship in their works (Fig. 1).

**Table 1.** - Types of "green" financial instruments and options for "green" projects implemented with their help.

| <b>№</b> | <b>"Green" financial instruments by large groups</b> | <b>Types of green financial instruments</b>  | <b>Options for green projects</b>  |
|----------|--|--|--|
| 1.       | Retail Finance                                       | Green mortgage; "Green" loan secured by housing; "Green" loan for commercial construction; Green loan; Green credit cards                    | "Green" buildings and structures (active and passive houses) (energy-saving technologies in the construction and architecture); land management (urban forests and parks).   |
| 2.       | Investment finance                                   | financing green projects; Green asset securitization; Green venture capital and private equity funds; technological leasing; carbon finance. | clean transport (alternative fuels, public transport development, hybrid / electric cars; water management (water purification, saving water consumption, rainwater use, etc.); disposal of garbage and waste products using, production of self-decaying packaging; organic farming |
| 3.       | Asset management                                     | carbon and environmental funds; reserve funds; catastrophic bonds; environmental ETF.  | renewable energy sources (solar, wind, biofuel, etc.); reforestation, soil restoration.  |
| 4.       | Eco-insurance  | car insurance; carbon insurance; emergency insurance; Green insurance  | Eco-insurance of offshore projects; compensation of damage to victims of environmental pollution (environmental disasters).  |

If we examine these financial instruments more detail, it becomes clear that they are no different from the already existing counterparts, only the area of their application changes. These instruments are highly risky due to the high share of uncertainty and the probability of their loss. For this reason, the main part of such "green" projects is implemented at the expense of state support. Accordingly, each country independently develops its own individual model of financing sustainable growth [1].

### **1.3 Differentiation in understanding of the goals and objectives of the "green" economy by countries with different levels of socio-economic development**

Third, the goals and objectives of the green economy are differentiated depending on the level of the socio-economic development of the region. For developed countries, a "green" economy is an important means of increasing the competitiveness of products, as well as the possibility of increasing the level of employment of the population, improving the quality and life expectancy of citizens through the production of environmentally pure food products. [12]. For developing countries and countries with economies in transition, the green economy is an opportunity for sustainable growth. This circumstance allows them to solve the problem of high-income differentiation of the population, the problem of poverty, and ensures the inflow of foreign investments in environmental projects implemented in these countries. [3; 8]. BRICS countries are allocated separately. For them, the main objectives of the "green" economy are associated with the efficient use of existing deposits of natural resources. It should be noted that in the official documents of any of the listed groups of countries under the objectives of the "green" economy do not specify the solution of environmental problems and the definition of environmental limitations of economic growth. This fact proves that, as before, the focus is not on global environmental problems, but on the problems of regional economic development.

## **2 METHODOLOGY**

The following general scientific methods were used in the research: a content analysis method intended for analysing the semantic content of text arrays and communicative correspondence products on the subject of the research, as well as tools for inductive and deductive analysis, which made it possible to combine individual conclusions of the authors on this issue and to formulate the author's vision of the problem. In the process of research, special methods were also used: absolute and relative statistical indicators, dynamics indicators, methods of visualization of research results. When constructing and describing models, the authors tried to adhere to the principles of an integrated approach, which allows to establish the most significant interrelations and trends of phenomena and processes of the "green" economy and formalize the most significant effects.

The information base of the study consisted of official statistical and analytical materials of the Organization of Economic Cooperation and Development, the World Bank, and Organization of the United Nations.

## **3 RESULTS**

The analysis makes it possible to identify three existing strategies for a model of sustainable development, considering the transition to a green economy.

The first strategy is progressive. It is based on a qualitative change in production and consumption. European countries and new industrial countries of the first wave are trying to implement it. They are implementing projects aimed at the development of renewable energy, ecological agriculture, ecotourism, the preservation of genetic animal resources, the development of "sustainable" urbanization, etc. This is the strategy for the future. Only its implementation gives an optimistic forecast for the future existence of mankind.

The second strategy is egocentric. It is based on the implementation of the policy of double standards. On the one hand, the representatives of this strategy proclaim the principles of restricting world production and changing its structure, and on the other hand, these restrictions are implemented without their participation. Own economic interests are paramount, everything else is not taken into account. This strategy is followed by the United States because:

1. The United States refused to sign a convention on the conservation of biological diversity.
3. The United States also takes a tough stance on the problems of the transfer to developed countries of new technologies (including innovative "green" technologies), which could significantly reduce the severity of environmental problems in developing regions.
2. The United States also refused to sign an agreement on carbon dioxide emissions. Quota allocation of CO<sub>2</sub> emissions primarily concerns the United States because they consume the most energy and make the largest contribution to atmospheric pollution by greenhouse gases.

3. The United States took the initiative to prepare for the preservation of the forest of the planet. First, tropical forests. Developing countries perceived this as an attempt by the United States to shift responsibility for stabilizing the situation and subsequently reducing carbon dioxide to them.

4. The United States actively promotes the production of shale oil, which causes irreparable damage to the biosphere.

China can also be attributed to the representatives of this strategy. His position is determined by the need for survival. It is impossible to feed almost 1.4 billion people only through the implementation of "green" business projects, many of which are high-risk or turn out to be unprofitable.

The third strategy is deterrent. Russia adheres to this strategy. Its essence lies in the fact that now Russian economy has not reached the level of maturity for the transition to the "green" vector of development. Another limiting factor is that the economic interests of a narrow stratum of economic entities prevail over the possibility of building a model of economic development aimed at green growth. This is due to the following reasons:

1) the Russian economy is not diversified and is based mainly on the export of natural resources. Almost all large business is concentrated in the extractive industries of the economy, because it gets the opportunity to assign natural rent here.

2) economic tariffs for environmental pollution have become an institutional trap. The costs of economic entities associated with environmental pollution (the purchase of permits and emission allowances) are lower than their costs for environmental activities. These groups of market participants receive their share of distributional benefits from the existing formal rules. This circumstance leads to a "blocking effect" of achieving sustainable development of the Russian economy through "green" growth.

3) monopolism in the field of public utilities leads to the indifference of the industry to the existing problem. If the level of pollution rises, so housing and communal services rates are also increasing, which means that the profit of organizations in this sector of the economy will also increase.

4) There are a lot of towns with a single city-forming enterprise of the extractive industry in Russia. The entire economy of such city's rests on them. Ecology issues fade into the background here, the main thing is the availability of jobs. The population is forced to adapt to this situation.

Now, the situation has improved slightly, because big business has begun to enter international markets, where considerable attention is paid to image costs for financing environmental projects.

## 4 CONCLUSIONS

As a result of the study, it can be noted that now the anthropocentric approach to the achievement of sustainable economic development by countries prevails. It is based on the internalization of negative externalities with the help of environmental and economic instruments that perform a regulatory function and correct market failures. Despite the unequivocal understanding by all participants of the world economy of the importance of the environmental factor in achieving economic growth and ensuring a decent future for the population, almost all global market actors have their own vision of a strategy for transition to green growth. Now, there are three variants of such strategies: progressive, egocentric and deterrent. Each of them has different priorities and goals due to opportunism; the need for survival; lack of readiness to introduce innovative technologies due to the fact that the level of economic development does not meet the required criteria, the desire to move to a qualitatively new level of production and consumption due to the development of "green" technologies.

This circumstance entails the "blocking effect" of all effective international initiatives to achieve green growth, which can lead to global environmental, economic and social disasters.

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