GOING FOR INCLUSIVE GREEN GROWTH IN AN INCREASINGLY UNEQUAL WORLD

Green Growth and Sustainable Development Forum 2014: Addressing the social implications of green growth

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MAKING THE LINK BETWEEN SOCIAL JUSTICE AND THE ENVIRONMENT:
ARE ENVIRONMENTAL AND SOCIAL INEQUALITIES CUMULATIVE?

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Environmental and social inequality

*Environmental conditions shape social capabilities and opportunities*

Direct impact

Environmental problems

Social inequality

Reverse causality

*Social inequality and environmental problems are mutually reinforcing…*

*… A major issue for inclusive green growth*
Environmental conditions shape social capabilities and opportunities

- Environmental inequality: inequalities in access to natural resources or environmental amenities, and inequalities in exposure to environmental risks or impacts.

- Inequalities in access to natural resources: fuel poverty

21% of households in Europe, 16% in France, 18.4% in the UK are being fuel poor (× 3 since 2003)

A twofold poverty, linked to housing conditions and mobility, covers territorial organisation, inequality in access to public transports, inequality in time travel times and the quality of life that follows, mobility constraints in residential location choices, etc.
Environmental conditions shape social capabilities and opportunities

- Inequalities in exposure to environmental risks and pollutions
  Exposure to environmental risks aggravates social poverty

In sensitive urban areas social and environmental inequalities are cumulative: poor health of people living in sensitive areas due to higher exposure to environmental risk.
Average pollution levels are higher in big cities / poor neighborhoods
Differences in life-expectancy between socio-economic groups tend to aggravate rather than decrease
Blue-collars are more exposed to pollution, both professional (asbestos) and urban (fine particles).

- Inequalities wrt social-ecological disasters
Climate change induced social inequalities affect both rich and developing countries
Heatwave in 2003 in France: excess mortality explained by socio-economic categories and autonomy.
Hurricane Katrina in 2005: disasters may create poverty traps in rich countries too
Social inequalities reinforce environmental problems

- The growth model inherited from the twentieth century has proven unsustainable:
  - because of its responsibility in excessive emissions of greenhouse gases disturbing climate,
  - but also because of its contribution to increasing inequality, instability and economic crises, the most recent one being compared to the great depression of the 1930s

- The impact of such inequalities is considerable.
  - High income inequalities tend go hand-in-hand with a greater burden of household debt (high demand for credit to sustain consumption and housing => household over-indebtedness), and explain a substantial part of the financial turmoil.
  - The explosion in high incomes lead to a race for capital profitability disturbing financial markets from the long run financing of the economy
Social inequalities reinforce environmental problems

Is there a link between rising inequality and ecological crises?

« The causes of these crises vary, but at a fundamental level they all share a common feature: the gross misallocation of capital. During the last two decades, much capital was poured into property, fossil fuels and structured financial assets with embedded derivatives. However, relatively little in comparison was invested in renewable energy, energy efficiency, public transportation, sustainable agriculture, ecosystem and biodiversity protection, and land and water conservation. Most economic development and growth strategies encouraged rapid accumulation of physical, financial and human capital, but at the expense of excessive depletion and degradation of natural capital, which includes the endowment of natural resources and ecosystems. By depleting the world’s stock of natural wealth – often irreversibly – this pattern of development and growth has had detrimental impacts on the well-being of current generations and presents tremendous risks and challenges for the future. The recent multiple crises are symptomatic of this pattern. »

(UNEP 2011 report « Towards a green economy »)
Consequence for inclusive green growth?

The « Environmental Kuznets Curve » : a country's environmental situation improves as levels of wealth increase beyond a certain threshold. When the level of income rises, so does inequality, concentration of earnings at the top increases the demand for environmental quality, with implementation of ambitious environmental policies, which will reduce environmental degradations.

Not verified : the large increase in inequality had a negative impact on ecological balances.

The EU-27 raised around €303 billion from environmental taxes in 2011 = 2.4 % of GDP and 6.17 % of revenue from total taxes and social contributions (TSC). As a percentage of TSC, the trend of environmental taxes has been downward throughout the period 1995 to 2008.

France ranked 25th (Sweden 9th)

Source: Eurostat 2013
Consequences for inclusive green growth?

- **Inequality is harmful for environmental public policies**
  Higher inequality implies less tax and resources to the environment, poorer households preferring to support growth rather than the environment. As income increases, the demand for environmental quality can be satisfied by private resources, and public policies are less needed.

- **Inequality predicts biodiversity losses**
  A 1% increase in inequalities (Gini ratio) is associated with an almost 2% rise in the number of threatened species.

- **Inequality harms the development of environmental technologies**
  Externalities generated by pioneer consumers of green products arise for relatively low income distances. Availability of green skilled labor and green biased technical change.
Enjeux environnementaux et question sociale
Pourquoi et comment lier justice sociale et écologie ?

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Reference