

THE GREEN ECONOMICS INSTITUTE



Members of Green Economics Institute Economics team at the European Commission's Green Week which featured the rapid retreat northwards of species by an alarming 5 metres a day due to climate change!

Green Economics is one of the fastest growing global movements for change which has been taken up by many governments and NGOs and is having a huge influence on the background in which businesses have to operate. It seeks to reform the very concept of economics itself and to incorporate the completely new factors into business and decision making. These include in particular the new awareness that we are living in the 6th ever mass extinction of species, and in devastating and rapid climate change the like of which has never been seen during humans civilised period, let alone since we have done business with each other or even businesses have been invented. One fifth of people live in life threatening poverty and go to bed hungry every night and we have managed to create the 6th ever mass extinction of species, (the last one was the famous dinosaur extinction!).

On top of that we seem to have set in progress a huge global environmental change of processes and earth systems possibly even an increase in seismic activity and a huge glacial melt and sea level rise. Many oceans have huge dead zones incapable of supporting life and many life forms are migrating towards the poles at a huge and alarming rate. We know that there is no business outside the earth and we know that everyone of us and all of our businesses depend totally on the resources of the earth, and its life forms- all of which are under serious threat today. For example the availability of water both for drinking, for production and for providing power is already impacting business today in many areas of the world and is becoming a major geo political factor from the Ganges, to Tibet, China and the Alps where it is reducing existing availability of Hydro Electric Power.

Against this background, business is having to adapt to all these changes, and in many cases this presents unparalleled opportunities. The 20th century seems to have been characterised by fordism, taylorism, high mass consumption, and ever more use of resources being used and then quickly thrown away- to sea or land. The air dominated by aircraft as business men jump on planes for any meeting that seems financially beneficial helping with agriculture, construction, and IT to increase the CO₂ to dangerous and destructive levels. Private cars, guzzled petrol, divided communities with more and more road building. The 21st century will be completely different with conversation, spriritual awareness, connection and understanding of the earth's systems and their power. The first half of the century will be characterised by humans desperate search for mechanisms to reduce CO₂ levels and to retain biodiversity and to halt the tide which might make our very environment hostile to our survival as a species, let alone our businesses. The TEEB Report will advise that the loss of biodiversity will massively impact our economy for example China is having to hand pollinate its crop which is prohibitively expensive in developed economies. Agriculture will be seriously affected by the loss of bees and other ecosystem services. Downturns initiated by commodity price instability will be common whilst the markets and businesses adapt to and also mitigate the situation.

This situation presents huge new opportunities and has been called the Age of Global Transformation, the Age of Green Economics by Ban Ki Moon General Secretary of the United Nations. The International Labour Organisation has a Green Jobs Programme in which its investing millions. Entire governments have staked their stimulus packages on the Green New Deal and UN has a Green Economy Initiative called GEI in which it advocates trading using green principles. Officials and practitioners, Ngos and businesses all over the globe from Korea to Kosovo to China are currently building business capacity and offering products and services which are part of the greening of the economy and the European Business Summit 2008 was called Greening the Economy and argued that all of Europe should ensure that enough venture capital and patents are created to ensure this Fourth industrial revolution can move forward and allow Europe to compete on the basis of Green Economics. Even the Lisbon Treaty has evolved into the 2020 Strategy for smart, green growth. However – the very meaning of economics will evolve to mean the management of the household -which is actually the earth and everything in it and the idea of growth – which is currently used to mean destruction is being challenged. Ever increasing GDP growth is no longer possible on a finite planet with finite resources. Growth from now on will need to mean abundance and flourishing as in nature, rather than destruction of natural and living things and calling it growth when it adds to short term financial capital but depletes natural or human capital. So an oil spill will no longer register as growth in activity but destruction of marine and other resources.

The response to the pressures of Global Environmental Change can be categorised into 5 main arenas all of which provide opportunities for rethinking our business strategies. Green Economics is the Economics of doing and above all The Economics of

Sharing - Sharing the Planet and its supplies with each other and with other species. We can't survive on the planet on our own- we really need other species for all sorts of things from – regulating the climate, to providing things to eat- to providing things to wear, and to pollinate our crops- without these Einstein said we wouldn't last more than 4 years !

Trading in Carbon and market driven changes has been led by The Kyoto Protocol and its successors allow a carbon price to be created and a market for carbon spending has been growing rapidly. The Stern Report has stated that Climate Change is the greatest market failure the world has ever seen. As a result of fears of the melting arctic and the small island states going under water, the COP 15 and COP16 climate conferences have attracted world wide attention and have changed the balance of world powers with Heads of State literally queuing up to get 10 minutes of global airtime to put their case about their needs to decarbonise and how they are going to achieve it.

Each of us on the planet will in future only be able to create about 2 tonnes of CO2 per person. The speed with which this new regime comes in is hotly debated in politics but it will come in before 2050 and some argue it needs to come in now. Since the average person from the USA uses over 20 tonnes of carbon equivalent and the average European uses 10 tonnes this represents a huge shift in each of our carbon usage. The average Chinese person is now using about 5 tonnes of carbon and the average African less than 1tonne. To achieve these massive reductions the first thing might be the introduction of rationing or its modern equivalent and certainly Regulation on many aspects of the environment is increasing rapidly and will affect businesses.

One of the biggest opportunities for business is the eco technology strategy- that is doing different things differently in a new industrial revolution where products and services become almost completely decarbonised in their impacts. New products and new ways of doing things are urgently needed for example there is a need to switch car fuel consumption to electric and battery and a new market in hybrid cars and eco innovation is one of the very few planet wide growth sectors. This market for green products of all kinds has not only survived the current recession but is currently leading the way out of it.

This new situation will also be led by different groups and will be more inclusive, for example new laws are coming in to ensure a much more representative group of people are on company boards, with Norway having laws to ensure 40% of company board members are women. Iceland found the banks that thrived were women led. Women, minorities and indigenous people were missing from business and from the economy and the reign of homo economicus for 10 000 years is now coming to an end and a more inclusive business domain is now going to be the norm with more gender balance and much more balance of power between states with a strong shift to the BRICS and Eastwards to China and India.

There is a growing awareness that the age of high mass consumption and production is drawing to a close and we are moving to an age of local and more small scale production for local needs. This age will change from large energy utilities producing vast quantities of climate changing CO2 to a whole century where local energy is produced perhaps in each persons home with a hand held unit and on a small and individual level from sustainable and renewable sources. This revolution will be much like that of the mobile phone revolution which has made communication personalised and on a personal level. Different things will be done differently- high mass production of cars will give way to car sharing, car clubs and a move to walking, cycling and using vastly increased and enhanced public transport -perhaps symbolised by the rapidly growing high speed train usage beginning to take off today. This change has perhaps been characterised by the volcanic activity which has made aviation travel much more uncertain and the train a more convenient way to do things. The rise of the slow cities, slow food and slow travel movement is now moving in to join the change in life styles for those who have the choices and is becoming popular and fashionable. So life style changes and the move towards the popularisation of the green economy is a huge global opportunity which businesses ignore at their peril as all the competition is busy with this transformation.

Some of the raw materials for this and other high tech transformations are only currently commercially viable in China, and so the race is on to create new technologies elsewhere and to find other sources of technology and resources to move the transformation forward but speed is of the essence in this new race for change and competitive advantage. As we have seen with the oil spill from BP a mistake in this new transformative era can be not only expensive but can massively impact a company' share prices and corporate well being.

However, corporations did grow and thrive in the 20th Century and perhaps we are victims of their very success in harnessing the planets resources and capital both human and natural in the service of their own needs. There are huge lessons to be learned about how to focus energy and resources and create the outcome we really all want- survivability and thus we are exploring how to do this to the best advantage of us all and how to cooperate together to ensure we all have a wonderful and new future based on harmony with the planet and enjoying comfort from the civilisation we have created around us to make things more pleasant and reliable.

The Green Economics Institute is the business that spread this message over the last 10 years and is leading thinking in this new global transformation. It has managed to completely reformulate economics and business speak into a viable and meaningful tool which is designed to help all people everywhere, prevent poverty as a given assumption, consider other species, nature and the planet and its systems. It has been modelled upon and heavily influenced by, its corporate hi tech background in global communication systems, and logistics and supply chain management, and IT. Its strategies which are participatory, cooperative and inclusive and are based on equity. It uses knowledge and methods from corporate training for business transformation, combined with robust science, from Oxford University and involvement with cutting edge business product development and leading industrial change from within as well as first hand knowledge and creation of green dialogues for 30 years. Its Director is a member of Oxford University's Environmental Change Institute, the Intergovernmental Panel on Climate Change, IPCC and also the Institute has its own delegation to the COP Process and the Kyoto Protocol and in its team it has several Nobel Prize winners and also the creator of the Carbon Market and the Kyoto Protocol economics as well as the Kyoto 2 concept. Thus it has been able to create this new trading opportunity which has spread right round the world. Information to help businesses can be found in its publications and in its academic and business journals, books and policy briefings to government and technology including the coming changes in IT!

It aims to reform Economics, and to prevent poverty at its source, to stop the mass extinction of other species, to help our own species survive, and to halt the current rapid climate change and to create a more sharing society based on social and environmental

justice and equality and inclusion.

The Green Economics Institute runs regular events to help you make sense of and understand this new business landscape and to provide you with strategies for your business to negotiate its way through this exciting new opportunity for us all. We look forward to joining with others on their exciting journey to this incredibly new and powerful age of Global Transformation - This Age of Green Economics. With regular events, offices and activities in Oxford University and Brussels in the European Area as well as very strong connections in Brazil and China the Institute is at the forefront of this global revolution and indeed its ideas are driving it forward and are being used as a leadership model by both the Dow Jones and Wall Street!

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