Growth Good {Dedev Specific}

Growth good—achieving maximum growth leads to better environmental conditions

Arrow et. al 95 (‘Economic Growth, arrying Capacity and the Environment” By Kenneth Arrow, Bert Bolin, Robert Constanza etc… Published for the Second Asko Meeting for the Beijer International Institute of Ecological Economics and the Royal Swedish Academy of Scientists for a substantive dialogue among ecologists and environmentalists and economists discussing economic growth and carryin capacity) <http://www.precaution.org/lib/06/econ_growth_and_carrying_capacity.pdf> LH§

National and international economic pol- icy has usually ignored the environment. In areas where the environment is beginning to impinge on policy, as in the General Agree- ment on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA), it remains a tangential concern, and the presumption is often made that economic - growth and economic liberaliza- tion (including the liberalization of intema- tional trade) are, in some sense, good for the environment. This notion has meant that economy-wide policy reforms designed to promote growth and liberalization have been encouraged with little regard to their environmental consequences, presumably on the assumption that these consequences would either take care of themselves or could be dealt with separately. In this article we discuss the relation between economic growth and environ- mental quality, and the link between eco- nomic activity and the carrying capacity and resilience of the environment (1). Economic Growth, Institutions, and the Environment The general proposition that economic growth is good for the environment has been justified by the claim that there exists an empirical relation between per capita income and some measures of environmen- tal quality. It has been observed that as K Arrow is in the Department of Economics, Stanford University, Stanford, CA 94305, USA. B. Bolin is in the Department of Meteorology, University of Stockholm, 106 91 Stockholm, Sweden. R. Costanza is director of the Maryland lnternational lnstitute for Ecological Eco- nomics, University of Maryland, Box 38, Solomons, MD 20688, USA. P. Dasgupta is on the Faculty of Econom- ics, Cambridge University, Cambridge CB3 9DD, UK. C Folke is at the Beijer lnternational lnstitute of Ecological Econom~cs, Royal Swedish Academy of Sciences, Box 50005, S-104 05 Stockholm, Sweden. C. S. Holling IS in the Department of Zoology, University of Florida, Gaines- ville, FL 3261 1, USA. 6.-0. Jansson is in the Department of Systems Ecology, Un~verslty of Stockholm, S-106 91 Stockholm, Sweden. S. Levin is in the Department of Ecology and Evolutionary Biology, Princeton University, Princeton, NJ 08544, USA K.-G. Maler is director of the Beijer lnternational lnstitute of Ecological Economics, Royal Swedish Academy of Sciences, Box 50005, S-104 05 Stockholm, Sweden C. Perrings is head of the De- partment of Environmental Economics and Environmen- tal Management, University of York, York YO1 5DD, UK. D. Pimentel is in the Department of Entomology and Section of Ecology and Systematics, Cornell University, Ithaca, NY 14853, USA income goes up there is increasing environ- mental degradation up to a point, after which environmental quality improves. (The relation has an "inverted-U" shape.) One explanation of this finding is that people in poor countries cannot afford to emphasize amenities over material well-be- ing. Consequently, in the earlier stages of economic development, increased pollution is regarded as an acceptable side effect of economic growth. However, when a country has attained a sufficiently high standard of living, people give greater attention to envi- ronmental amenities. This leads to environ- mental legislation, new institutions for the protection of the environment, and so forth. The above argument does not, however, pertain to the environmental resource basis of material well-being, a matter we shall return to subsequently. S o far the inverted U-shaped curve has been shown to apply to a selected set of pollutants only (2, 3). However, because it is consistent with the notion that people spend proportionately more on environ- mental quality as their income rises, econ- omists have conjectured that the curve ap- plies to environmental quality generally (4).

Growth key to reducing emissions—expert analysis’ prove

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Accelerating the spread of economic freedom is another useful tool in reducing the growth of greenhouse gas emissions, Montgomery and Bate argue. Economic freedom is highly correlated with per-capita income, economic growth and life expectancy, according to the Economic Freedom of the World Index developed by the Fraser Institute. Economic freedom is likewise highly correlated with increased energy efficiency. Removing barriers to trade and foreign investment, protecting property rights and removing subsidies to state-run enterprises are examples of policies that could make a significant difference in the growth of global GHG emissions. (Chapter 12) A new framework for climate change policy to replace the flawed Kyoto Protocol is advocated by Brian Fisher of the Australian Bureau of Agricultural and Resource Economics. Policies to address human induced climate change, without compromising countries’ capacity for development, must adhere to three principals: environmental effectiveness, economic efficiency and equity. Achieving environmental effectiveness requires that all large emitters, including those from the developing world, must be included within any climate change regime, if GHG concentrations are to be stabilized. Economic efficiency means embracing all opportunities for mitigation, facilitating market based solutions, recognizing the vital role of technology, and allowing enough time for a country’s capital stock to turn over in the normal replacement cycle, so as to avoid the costs of premature obsolescence. Meeting the goal of equity requires that: (1) climate change policy allows countries to use the resources required to achieve social and economic development, (2) there is no coercion, and (3) barriers to transferring existing clean energy technology to developing countries are removed. (Chapter 13)

Growth k/t improving living standards

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The urgent needs of developing countries like China, India, Indonesia and other members of the Asia-Pacific Economic Cooperation (APEC) group for increased access to energy are not being addressed by the Global Environment Facility (GEF) or the Clean Development Mechanism, according to a new report by Alan Oxley and Steve McMillan of the Australian APEC Study Center. The Kyoto approach to reducing human greenhouse emissions mandates the reduction of emissions. In the absence of alternative fuels, stabilizing emissions this way imposes vast costs on the global economy, as shown in previous sections. The Kyoto approach, if carried forward with bigger targets beyond 2012, threatens great expense to global GDP. However, these problems do not mean that APEC developing economies are unable to address the consequences of human-induced climate change. Practicable approaches to tackling the risk of climate change must permit non-industrialized and fast-growing economies access to affordable energy. Growth, not stagnation, is likely to produce technological outcomes that improve standards of living and our capacity to deal with risk.

Maximal growth slows down carbon emissions

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With growing industrialization and a higher level of economic development, muscle energy is replaced by various sorts of industrial energy. Use of this energy grows very rapidly at rates exceeding the rates of GDP growth. Since hydrocarbons are one of the most easily available and transportable sources of this energy, they are widely used. The share of hydrocarbons in energy consumption thus tends to increase as per capita GDP grows (**Figure 2-15**). With growth of the share of hydrocarbons in energy consumption, the carbon intensity of GDP rises as well (**Figure 2-16**). The correlation between levels of economic development and the carbon intensity of GDP is non-linear. It is best described by the Kuznets curve – an upside-down Latin U-shaped correlation. As the share of hydrocarbons in total energy consumption approaches 100 percent (**Figure 2-15**) and the country attains a level of economic development typical in advanced economies (now approximately US$15,000-20,000 at purchasing power parity in 1999 prices) (**Figure 2-14**), the pace of increase in the carbon intensity of GDP begins to slow down. The carbon intensity of GDP then continues to remain stable for some period of time.

Growth k/t climate change policies

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However, the fact that changes in GDP are used to assess climate change costs and policies cannot be denied. Tol (2009) provides a summary of 13 estimates of the “welfare impact of climate change expressed as an equivalent income gain or loss in percent GDP” (p. 31). Others have estimated the costs in terms of climate change mitigation and adaptation in terms of an actual reduction in GDP, expressing views such as “In an economy that is growing at 2.5% per year, a rate that is common for developed countries, spending 2.5% of GDP on climate protection each year would be equivalent to skipping one year's growth, and then resuming. Average incomes would take 29 years to double from today's level, compared to 28 years in the absence of climate costs.” (Ackerman, et al., 2009, p. 5), or as Stern (2007) writes: “…one can think of annual GDP being 1% lower through time, with the same growth rate, after an initial adjustment” (p. 249). This allowed Stern (2007) to conclude that “an annual cost rising to 1% of GDP by 2050 poses little threat to standards of living, given that economic output in the OECD countries is likely to rise in real terms by over 200% by then, and in developing regions as a whole by 400% or more.” (p. 239). The relationship between the costs of climate change mitigation and adaptation, and the rate of economic growth depends very much on what other expenditures are displaced. The use of the additional output of the economy from 1 year to the next is fundamental in determining its rate of growth. For example, if there is a signiﬁcant reduction in investment in new productive capacity because funds are diverted to unproductive climate mitigation, such as carbon capture and storage yielding no marketable output, it is implausible to assume that the rate of economic growth will be unaffected. To suggest that there will be essentially no effect on the growth rate even when climate mitigation and adaptation costs as a percentage of GDP are similar to the growth rate is unreasonable and unconvincing (Jackson, 2009, pp. 83–85).

Transition to de-development will be rough

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The point here is not so much to challenge the use of changes in GDP as a measure of the costs and beneﬁts of climate change policies or well-being in general. That has been done many times (e.g. Spash, 2007). The pursuit of economic growth remains the primary economic policy objective of most governments and it is customary to judge environmental and other policies in terms of their impact on growth. But what if a reduction in economic growth, or its elimination, even degrowth, is necessary to avoid catastrophic climate change (Weitzman, 2009)? Will this mean mass unemployment, widespread poverty, and rising government debt, as is commonly assumed? These matters are worthy of consideration while nations continue to plan and negotiate climate change strategies, and they are the topic of this paper. The paper proceeds with a discussion of the interplay of scale and intensity in determining greenhouse gas emissions. This is followed by the presentation of several macroeconomic scenarios using LowGrow, a simulation model of the Canadian economy. The scenarios considered are ‘business as usual’ which is a projection into the future of past trends, ‘selective growth’ in which differential growth rates are applied to parts of the economy according to their direct and indirect greenhouse gas emissions, and ‘degrowth’ where the average GDP/capita of Canadians is reduced towards a level more consistent with a world economy the size of which respects global environmental limits. The paper ends with a comparison of the scenarios.

Significant challenges to de-development

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While no one can say for certain that such a sustained level of reduction in GHG intensity is impossible, it is hard to imagine how it can be accomplished without enormous changes in energy and other technologies at a pace completely unprecedented in human history. And this is only to deal with climate change. There are other pressing global environmental problems (Rockstrom et al., 2009) and resource constraints that have to be overcome faster the higher the rate of economic growth relating, for example, to energy supplies (Ayres and Warr, 2009) and critical materials (Ad-hoc Working Group on Deﬁning Critical Raw Materials,2010). A slower rate of economic growth requires a slower and, arguably, more manageable rate of transformation of the economy and society at large, though very signiﬁcant challenges will remain.

Growth Good {Cap/income equality specific}

Growth equally benefits everyone—means no social inequality

Dollar & Kraay 2 (David Dollar and Aart Kraay for the Journal of Economic Growth; Dollar and Kraay are )LH§

In a large sample of countries spanning the past four decades, we cannot reject the null hypothesis that the income share of the ®rst quintile does not vary systematically with average incomes. In other words, we cannot reject the null hypothesis that incomes of the poor rise equiproportionately with average incomes. Figure 1 illustrates this basic point. In the top panel, we plot the logarithm of per capita incomes of the poor (on the vertical axis) against the logarithm of average per capita incomes (on the horizontal axis), pooling 418 country-year observations on these two variables. The sample consists of 137 countries with at least one observation on the share of income accruing to the bottom quintile, and the median number of observations per country is 3. There is a strong, positive, linear relationship between the two variables, with a slope of 1.07 which does not differ signi®cantly from one. Since both variables are measured in logarithms, this indicates that on average incomes of the poor rise equiproportionately with average incomes. In the bottom panel we plot average annual growth in incomes of the poor (on the vertical axis) against average annual growth in average incomes (on the horizontal axis), pooling 285 country-year observations where we have at least two observations per country on incomes of the poor separated by at least ®ve years. The sample consists of 92 countries and the median number of growth episodes per country is 3. Again, there is a strong, positive, linear relationship between these two variables with a slope of 1.19. In the majority of the formal statistical tests that follow, we cannot reject the null hypothesis that the slope of this relationship is equal to one. These regressions indicate that within countries, incomes of the poor on average rise equiproportionately with average incomes. This is equivalent to the observation that there is no systematic relationship between average incomes and the share of income accruing to the poorest ®fth of the income distribution. Below we examine this basic ®nding in more detail and ®nd that it holds across regions, time periods, growth rates and income levels, and is robust to controlling for possible reverse causation from incomes of the poor to average incomes. Given the strong relationship between incomes of the poor and average incomes, we next ask whether policies and institutions that raise average incomes have systematic effects on the share of income accruing to the poorest quintile which might magnify or offset their effects on incomes of the poor. We focus attention on a set of policies and institutions whose importance for average incomes has been identi®ed in the large cross- country empirical literature on economic growth. These include openness to international trade, macroeconomic stability, moderate size of government, ®nancial development, and strong property rights and rule of law. We find little evidence that these policies and institutions have systematic effects on the share of income accruing to the poorest quintile. The only exceptions are that there is some weak evidence that smaller government size and stabilization from high in flation disproportionately bene®t the poor by raising the share of income accruing to the bottom quintile. These findings indicate that growth-enhancing policies and institutions tend to benefit the poor and everyone else in society equiproportionately. We also show that the distributional effects of such variables tend to be small relative to their effects on overall economic growth.

Growth Bad

Growth increases oil consumption and emissions

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The increase in absolute terms of emissions of human-induced carbon dioxide is a distinctive feature of modern civilization (**Figure 2-9**). Decreases in the absolute volume of CO2 emissions have been observed only at times of military and political and economic upheavals of cataclysmic proportions that caused reductions in production of material wealth and human energy consumption. Such decreases can be seen clearly during World War I and World War II, global economic crises of 1921-1922, 1929-1933, 1937-1938, 1974-1975, 1981-1982, 1990- 1991, and during the crisis in transition economies in the 1990s. The reduction in world carbon dioxide emissions in the early 1980s was caused also by reduction in oil consumption as a result of world oil price shocks. Continued growth in human-induced carbon dioxide emissions is also projected for the next several years by many leading analysts and international organizations, including the International Energy Agency or IEA (**Figure 2-10**). In the 1990s, the trend towards higher nominal carbon dioxide emissions continued for most countries of the world (151 out of 198) (**Figure 2-11**). At the same time, human-induced CO2 emissions decreased in absolute terms in 47 countries. In 31 of them, lower emissions were accompanied by declining GDP per capita (**Figure 2-12**). This contraction of per capita GDP in those countries during the 1990s was caused mainly by crises of different kinds, leading to lower economic activity and lower carbon dioxide emissions in the following groups of countries: