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We can either pursue sustainable economic development or face the prospect of no development at all – warns **Prof. Bogusław Fiedor** of the Wrocław University of Economics and Business, chairman of the PAS Committee on Economic Sciences.

Is there a way to align economic growth with environmental protection?

BOGUSŁAW FIEDOR: I suggest rephrasing this question to: why is it necessary to align economic growth with environmental protection? To answer it, I'd like to start by quoting the well-known German environmentalist Ernst Ulrich von Weizsäcker, founder of the Wuppertal Institute (*Wuppertal Institut für Klima, Umwelt, Energie*). He has repeatedly argued that the twenty-first century will be a century of the environment – or else there will simply not be any twenty-first century.

Contemporary socioeconomic development can be considered in the context of various threats and technological, developmental, cultural, and demographic megatrends. The former include environmental threats of an almost existential nature, including global warming and the depletion of the ozone layer, which is integral to the survival of life on Earth. They

are coupled with deforestation and desertification, a colossal yet hard-to-quantify loss of biodiversity, and dwindling reserves of fossil fuels and other natural resources. These threats have the potential to bring about the collapse of our civilization as we know it, and definitely to end the existence of our species. For the past 30 years, the Intergovernmental Panel on Climate Change (IPCC), the foremost international authority on these matters, particularly climate change, has published reports that consistently highlight a nearly unanimous consensus among scientists concerning the long-term consequences of these threats.

Certainly, there are some grounds for optimism. The international community has launched an extensive effort to halt the rise in the Earth's average temperature and achieve climate neutrality. This involves reducing greenhouse gas emissions to a level that falls within our planet's capacity for their absorption. However, these initiatives alone won't suffice – micro-level

actions are also necessary. There's talk of a mounting awareness among individual consumers and households, albeit varying across different countries. Poland is trailing far behind Germany or Switzerland in this regard, but we can also see signs of a growing environmental awakening. Certainly, we're witnessing a surge in pro-environmental attitudes within the corporate sphere, especially among big businesses.

Does this mean that companies stand to benefit more from being environmentally friendly?

The pursuit of low-emission and eco-friendly solutions is often motivated by ethics, a deepening understanding and awareness of environmental issues. However, the decisive role here is played by the rising microeconomic viability of such solutions, particularly in the face of soaring energy prices and the growing number of fees and taxes associated with the use of environmental resources and assets. All these factors create a stronger incentive for businesses to adopt pro-environmental measures. This is coupled with the pursuit of new technologies geared towards protecting the environment and conserving resources.

Also, I've also noticed a rising environmental awareness among stock market investors, with environmental indices making their way onto the Warsaw Stock Exchange. This means that companies that exert adverse environmental impacts are beginning to be seen as financially unreliable. Consequently, investing in or providing loans to such businesses is asso-

ciated with greater risk. I'd sum this up with a quote by Milton Friedman (who received the Nobel Prize in Economic Sciences in 1976, as one of its first recipients). Back in the 1970s, he wrote in *The New York Times*, "The only business of business is business." This means that boosting profits and shareholder value is the only goal of businesses and also the true core of corporate social responsibility. Personally, I'd rephrase that statement as, "Green business can also be business." There's ample empirical evidence to support the idea that eco-friendly enterprises can also yield profits.

What is sustainable development?

Sustainable development has at least 200 different definitions, but they all converge on a certain idea that harks back to the definition formulated in the 1987 report commissioned for the World Conference on Environment and Development, chaired by Gro Harlem Brundtland during her stint as Norway's prime minister. At its core, this definition stresses that the needs of the present generation should not be met at the expense of future generations. This shows clearly that intergenerational equity is the fundamental criterion for sustainable development. This can also be seen through the lens of existing inequalities in living, working, and leisure conditions among nations or regions.

Additionally, long-term sustainability involves maximizing prosperity and well-being not just in the





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present but also across generations. Moreover, there are operational definitions, such as those proposed by prominent environmental economists David Pearce and Kerry Turner. They argue that development is aimed at maximizing the net benefits, which means that we must also factor in the related environmental and social costs (losses), while preserving the quality and availability of environmental resources, including intangible ones, for the sake of future generations.

Finally, in the field of economics, we have different frameworks for understanding the sustainability of development and growth. The most notable distinctions emerge when we compare the mainstream neoclassical economics with ecological economics and sustainability economics. Neoclassical economists talk about the principle of weak sustainability of growth in both anthropological capital and natural capital. Weak sustainability means that we can, to a large extent, compensate for the loss of natural capital that inevitably occurs in the process of development with an increase in anthropological capital, such as infrastructure investments, new machinery, and technology. This concept is sometimes metaphorically referred to as an intergenerational “ecological bribe.” In contrast, ecological economists and sustainability economists talk about the principle of strong sustainability. From this perspective, the potential for replacing natural resources with human-made resources is limited, and the relationship between anthropological and natural capital leans towards complementarity rather than substitutability. As a result, the term “sustainable development” serves to organize various facets of human activity – natural, socio-institutional, economic, and

spatial – while highlighting the critical importance of intergenerational equity, or the principle holding that we should not diminish the total capital available for future generations.

What is “degrowth”?

Degrowth is a concept that entails a shift in the way we approach economic development. It highlights the significance of development, but not necessarily through unrestrained consumption growth. In today’s world, such development is not only feasible but also indispensable. Traditionally, growth was synonymous with the exploitation of resources and limited access to resources for coming generations, environmental degradation, a constant rise in the consumption of energy resources, and so on. It was characterized by a prevalent focus on maximizing utility through a utilitarian and hedonistic approach. Degrowth isn’t about hindering growth. It means pursuing growth that respects the renewability of resources.

Turning this into a practical reality requires a consensus among scholars, which we already have, as well as political determination, which is also largely there. However, what truly matters is the significance of the microeconomic aspect. Thankfully, empirical research, especially in the fields of behavioral economics, sociology, and anthropology, points to a rising recognition of environmental concerns among individual consumers. As they reach a certain level of prosperity, demand for environmentally friendly solutions grows. However, the most fundamental challenge lies in the fact the majority of developing countries have yet to reach such levels of prosperity. As a result, they will naturally prioritize growth and



development, which will lead to increased consumption of resources, in particular energy resources. This poses a significant concern, as the greatest environmental threat we currently face, namely climate change, is closely tied to energy production and consumption and has a global nature.

Development creates material conditions for pro-environmental changes, but achieving real change depends on the state taking an active role. Examples include tax incentives to stimulate investment in renewable energy or broadly-understood education for the environment and sustainable development. In the 1969 report entitled “The Problems of Human Environment,” the then UN Secretary-General U Thant stressed the need to address environmental problems globally. With its current economic practices, humanity is on a collision course with disaster, living at the expense of future generations. Environmental degradation, much like war, starts in people’s minds.

One practical way to quantify the environmental debt we’re passing on to future generations involves measuring the ecological footprint, or the quantity of natural resources required in the production and consumption of goods and in the assimilation of the associated pollution by ecosystems. The ecological footprint for the entire world should be one, but it’s currently double that. In countries like the United States, it surges to a staggering 4–5 times that level. In nations like Poland or China, it exceeds two. Unless we reduce our ecological and carbon footprint, we’ll soon see its impact across various domains. It’s crucial to keep this in mind. Consequently, halting climate change and environmental degradation depends on

our capacity to transform our cultural and microeconomic practices.

What will economic life look like in 20–30 years’ time, if we do follow a path of sustainable development?

I can’t predict the future, but I do advocate for what I call a constructivist approach to development, namely one centered around the idea that we should actively work to shape and influence the future, instead of only predicting it. Ideally, our actions should be aligned with the goals of sustainable development. When it comes to the critical challenge of global warming, as outlined in the Paris Agreement, the goal is to limit the rise in the Earth’s temperature to a maximum of 1.5°C above pre-industrial levels and reach climate neutrality by 2040–2050. Although it might not seem that way at first glance, this isn’t too difficult from a technical standpoint, but it does require international cooperation. The European Union is trying to lead the way, but the emissions from European countries represent just a modest 10–15% of the world’s total. We live in an era marked by fundamental uncertainties that are not only environmental, but also cultural and socio-economic in their nature, so there’s no way to predict the combined and interrelated effects of these factors on our civilization. I am pessimistic about what lies ahead if we fail to stop climate change. Its effects are already significantly affecting the world’s poorest countries, particularly those in the Sahel region. However, in the decades to come, we will experience them on a global scale, including within individual countries like Poland.

INTERVIEW BY JUSTYNA ORŁOWSKA, PHD

Further reading:

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