

Green Economies Generate Employment and Increase Prosperity

The Land of Opportunity

The economic downturn provided an opportunity for businesses in Canada to reflect on practices and priorities, and to retool and recalculate for the road ahead. As recovery begins to take hold, the words “innovation” and “sustainability” have become focal points for enterprises seeking to ensure business success and longevity. Smart businesses realize that engaging in eco-friendly practices can save money and improve efficiencies and that participating in the knowledge-based economy requires the integration of green technologies and business practices. Additionally, businesses increasingly recognize the wisdom of integrating the “triple bottom line” approach into business planning, assessing economic, social and environmental impacts and outcomes.

Green technology is necessary to meet the resource needs for today without compromising that ability for future generations. Innovative green technologies that support good environmental practice and benefit the economic bottom line are being integrated into the construction, energy, transportation and waste management industries¹, just to name a few. In addition to environmentally sound business practices, however, the green business is rapidly emerging as a power-house industry sector in its own right.

Other nations are notably ahead of Canada in both respects. Environmental technologies, goods and services have experienced impressive employment growth – 6.9% in the EU from 2006-08, compared with 1.9% in Canada – and countries like Germany, China, the US, and Italy are benefiting from environmental goods and services exports². Green business industries related to renewal energy, recycling, waste management, and biodiversity are capturing market share around the globe.

Turn Cost into Profit

A nation abundant in natural resources, Canada is often cited as neglectful of eco-friendly practices. Critics point to a perceived lack of strong environmental regulation, conventional wisdom in many other countries around the globe. Without innovation, implementation of environmentally sound business practices will inevitably raise costs. Canada need not sacrifice competitiveness for environmental improvements, though; adopting a pro-business investment lens makes them complementary³.

The United Nations Environmental Programme states that “...a green economy supports growth, income and jobs”⁴, and that the so-called “trade-off” between economic progress and environmental sustainability is a myth, especially if one measures wealth inclusive of natural assets, and not just narrowly as produced output. The results of the report indicate that while in the short term economic growth under a “green” scenario may be less than under business as usual, in the longer term (2020 and beyond), moving towards a green economy would outperform business as usual by both traditional measures and more holistic measures.

Entrepreneurs are open and eager to exploring new avenues that can preserve and sustain our environment while supporting increased prosperity. With a supportive pro-business focus, the federal government can lay the foundation for a prosperous, diverse and resilient green economy.

Take a Stand, Chart the Course

Investing in the development of a green economy accomplishes several things:

¹ ECO Canada: Defining the Green Economy <http://www.eco.ca/pdf/Defining-the-Green-Economy-2010.pdf> (page 17)

² ECO Canada: Environmental Trends 2010 Report <http://www.eco.ca/pdf/Enviro-Trends-2010-Summary-Report.pdf>

³ The Institute for Sustainability and Competitiveness <http://www.isc.hbs.edu/soci-environmental.htm>

⁴ Towards a Green Economy, UNEP 2011 http://www.unep.org/greeneconomy/Portals/88/documents/ger/GER_synthesis_en.pdf

1. **Establishes Canada as an environmental leader:** Canada's reputation regarding environmental issues has been in a downward spiral since the onset of large investments in the oil and gas sectors. Currently, Canada is ranked 15th out of 17 developed countries in terms of environmental leadership⁵ Strong investment in green business can portray to the nation and the globe that Canada has the ability to put that same energy and focus into emerging industry, and prosper in new ways. Using incentives, low-interest rate loans, and enhanced education and training programs, the government can lay the foundation of a diverse and resilient Canadian economy. "Countries like the U.S. and the U.K. are aggressively ramping up energy efficiency," says Green Communities Canada, "which creates green jobs, improves competitiveness, and generates huge bill savings as well as major environmental benefits."⁶
2. **Diversifies the economy:** Canada is a resource nation, and a trading nation; however, fluctuations in commodity prices can create tremendous economic volatility. Moving to a more balanced, stable economy is a priority, and investing the development of eco-business opportunities constitutes a critical component. "The potential for green diversification is significant," says Canada West Foundation.⁷ In the 2008 report *Ensuring Canadian Prosperity in a Changing Global Economy*⁸, author Vera Martynkiw says, "In order to maximize its international commercial success... Canada should invest in environmental research and technology and become a leader in cleaner energy technology. By protecting the environment, Canada would create an entire new industry and would secure its long-term prosperity." Muscular investment in new markets with a proven global foothold such as green technology and eco-commerce can support a resilient, stable, strong economy in Canada.
3. **Creates skilled jobs:** The United Nations Environmental Programme (UNEP) 2011 report *Towards a Green Economy* finds that in a number of important sectors such as agriculture, buildings, forestry and transport, a green economy delivers more jobs throughout the short, medium, and long terms than business as usual. In sectors whose capital is severely depleted, such as Canadian fisheries, greening may necessitate the loss of income and jobs in the short and medium term to replenish natural stocks, but this is to prevent the permanent loss of income and jobs in these same sectors. In such cases, transitional arrangements are needed to protect workers from negative impacts on their livelihoods. A green economy can generate as much growth and employment as a brown economy, and outperforms the latter in the medium and long run, while yielding significantly more environmental and social benefits. ECO Canada's report *Defining the Green Economy* states that "greening the economy... will be a major stimulus to employment" through "the adaptation and reallocation of existing jobs, and the creation of new jobs."⁹
4. **Attracts foreign investment:** Attracting investors requires innovative thought and the generation of fresh opportunities. The global momentum around eco-commerce continues to build. Clean technologies are already the third largest sector for venture capital after information and biotechnology in the United States, while green venture capital in China more than doubled to 19 per cent of total investment in recent years¹⁰. Although the bulk of the investments required for the

⁵ The Conference Board of Canada <http://www.conferenceboard.ca/hcp/details/environment.aspx>

⁶ Green Communities Canada <http://greencommunitiescanada.org/pages/News.php>

⁷ The Green Economy and Economic Diversification, Canada West Foundation 2010 <http://cwf.ca/projects/the-green-economy-and-economic-diversification>

⁸ Department of Foreign Affairs and International Trade Canada 2008 <http://www.international.gc.ca/cip-pic/discussions/prosperity-prosperite/ediscussion/11.aspx?lang=eng>

⁹ ECO Canada: Defining the Green Economy <http://www.eco.ca/pdf/Defining-the-Green-Economy-2010.pdf>

¹⁰ Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon World, www.ilo.org/global/What_we_do/Publications/.../index.htm

green transformation will come from the private sector, public policy will also have a leading role to play in overcoming distortions introduced by perverse subsidies and externalized costs, and public investment will be required to jump-start an effective transition to a green economy. In select circumstances and over defined periods, rational use of subsidies can facilitate the transition to a green economy. Taxes and other market-based instruments can be used to stimulate the necessary investment and innovation for funding the transition. And while the scale of financing required for a green economy transition is large, it can be mobilized by smart public policy and innovative financing mechanisms.

5. **Reduces costs and improves efficiencies:** Economic well-being is improved when organizations are enabled to identify waste and inefficiencies in processes, products and services and find cost-saving solutions to those issues. Furthermore, rather than imposing costs on business to promote compliance with environmental reforms, developing eco-business creates opportunities to profit.
6. **Preserves our natural resources and sustains our way of life for future generations:** Green technology will be necessary to meet the resource needs for today without compromising the ability of future generations to meet their own. With a low-carbon energy future we will reduce the need for non-renewable resources with the implementation conservation and use of renewable ones. Reduced energy costs to run businesses across the country will improve efficiencies and productivity. Clean air and water will improve public health and lessen the burden on the public health care system.

As with all business, there are many risks and challenges along the way. Moving towards a green economy will require Canada's leaders, civil society and leading businesses to engage in this transition collaboratively. It will require a sustained effort on the part of policy makers and their constituents to rethink and redefine traditional measures of wealth, prosperity and well-being. However, Canada can put its enterprising culture to good use to improve its environmental track record and capture a share of a burgeoning global market.

Recommendations

That the federal government:

1. Establish sound policy frameworks that optimize potential for eco-business success to attract venture capital and private investment in green technologies, reducing subsidies for brown economic activities which are already established & proven to be economically self sufficient.
2. Reassess regulations impacting capital initiatives to remove obstacles to investment.
3. Prioritize government investment and spending in areas that stimulate the greening of technologies and systems in all sectors and industries.
4. Educate producers and consumers to incent a shift in preference toward green investment and innovations that promote environmental sustainability.