

GREEN ECONOMY-THE SOURCE FOR A SUSTAINABLE GROWTH

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Abstract

The challenges to which we are confronted at a global level, translated by intensified trade relations and economic development are at the forefront of the realities we face today. Providing a high standard of living and a better quality of life is impossible without natural capital to provide us the support we need. Implementing a development model that harmonizes economic, social and environmental interests caused the long-term approach in terms of the sustainable development concept. Green economy comes in response to the pressures that we deal both at macroeconomic and microeconomic level through competitiveness and sustainability character which helps in achieving these goals.

Key words: *green economy, natural capital, economy, sustainability*

JEL Classification: Q2, Q57

1. INTRODUCTION

The challenges to which we are confronted at a global level, translated by intensified trade relations and economic development are at the forefront of the realities we face today. Providing a high standard of living and a better quality of life is impossible without natural capital to provide us the support we need. Implementing a development model that harmonizes economic, social and environmental interests caused the long-term approach in terms of the sustainable development concept.

Green economy comes in response to the pressures that we deal both at macroeconomic and microeconomic level through competitiveness and sustainability character which helps in achieving these goals.

Ensuring a sustainable development in which the three dimensions are supporting each other, meaning that the economic, the social and ecological approach benefits from an integrated point of view, facilitates the transition to a new dimension, namely that of a green economy.

2. THE GREEN ECONOMY

The green economy has experienced over the years many approaches and definitions, the first of which being recorded in the report of the British Government entitled "Blueprint for a Green Economy", in which there is highlighted the relationship between sustainable development, economic progress and how they were implemented through adopted policies³.

United Nations Environmental Programme defines the green economy as:

→ is that which results in improved human wellbeing and social equity, while reducing significantly the environmental risks and ecological scarcity.

Through the three components to which is reported to that we have shown in the figure below, respectively human well being, ecosystem and the economy, each of which is covered

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³ UNDESA (2012), *A guidebook to the Green Economy*, Division for Sustainable Development.

by one important objective, namely⁴:

- Enhancing social equity and fair burden sharing, regarding the the social and human capital;
- Maintaining the ecological resilience for the natural capital;
- Improved resource efficiency, regarding the manufactured and financial capital.

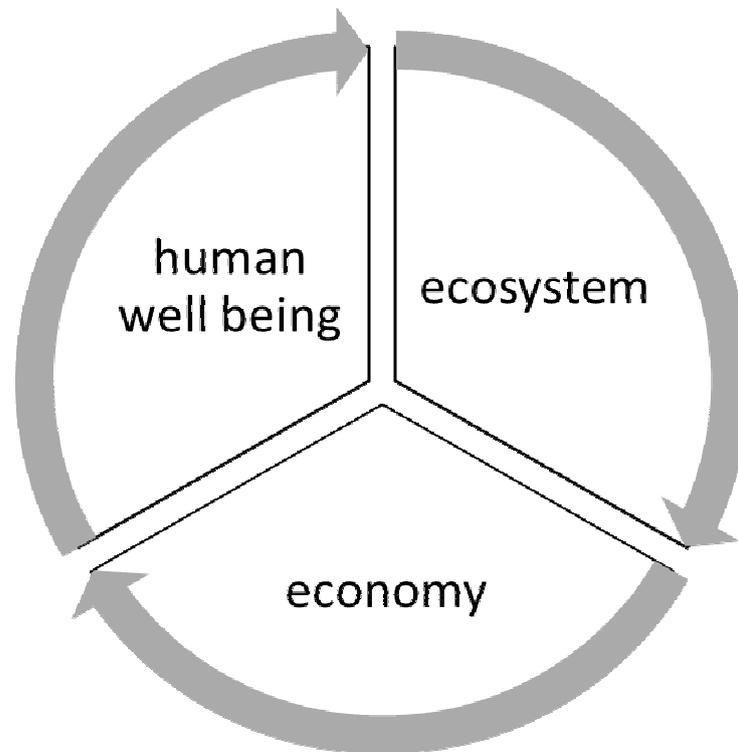


Figure 1. Green economy

Source: own interpretation upon *EEA, Green Economy* (<http://www.eea.europa.eu/themes/economy/intro>)

The interactions exhibited between the items above are taken into consideration based upon the economic activity characterized by production, consumption and trade relations, with the basis of natural capital as the main supplier of resources, but also as the main receptor negative effects it entails, represented here by pollution. The felt size of the impact depends on the extent to which, in the manufacturing sector, measures to recycle, reuse or replacement are put into practice.

Regarding the production sector, the ability to streamline the entire process is key to reducing the environmental impact of products and production processes effectively.

The two areas, the economic activity and the related natural capital are influenced, at least to the level of regulation of the public sector, respectively by policy-makers in the field, be it about those responsible locally, regionally or globally.

Integrating the environmental dimension in the process of preparing the various policies it represent an actual step that those involved in the decision making support it through various plans and implementing measures.

⁴ European Environmental Agency, Green Economy (<http://www.eea.europa.eu/themes/economy/intro>)

1. ENVIRONMENTAL AND RESOURCE PRODUCTIVITY

2. NATURAL ASSET BASE

3. ENVIRONMENTAL QUALITY OF LIFE

4. ECONOMIC OPPORTUNITIES AND POLICY RESPONSES

Figure 2. Green growth indicators

Source: OECD, *Green growth indicators*

The OECD green growth indicators:

1. Environmental and resource productivity
→ key aspects that ensure the transition to a low-carbon and efficient use of natural resource.
2. Natural asset base
→ This group of indicators is designed to highlight the natural capital base and the extent to which it is held within ecological terms of quality, quantity and value.
3. Environmental quality of life
→ within this group of indicators we can find data on how environmental conditions and risks interact with the welfare and quality of life and how the leisure services provided by natural capital support welfare.
4. Economic opportunities and policy responses
→ within this group we can find indicators that address on one side results and trends replicating policies in the field with tools that make the transition and obstacles to sustainable growth (taxes and subsidies environment) and, on the other hand examines the economic opportunities associated with the sustainable growth.

3. CONCLUSION

Green economy, just as it is called, is an ecological approach of conventional economy that emphasizes the environment and which seeks to determine economic growth and development by ensuring a balance with ecological system.

Increasing welfare and reducing inequities in the context of meeting social needs of future generations is part of the objectives undertaken in this context.

Taking into consideration that the global state of the environment measured in terms such as emissions or systems of production and consumption, poverty, use of natural resources, it suggests an overall favorable situation, the solution of an economy which

suggests taking into account the efficiency related attributes, sustainability and concern for future generations can be a feasible answer to all these problems.

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