

Shrinkage is no solution

The Dutch government has placed the relationship between the environment and the economy firmly on the political agenda.

The task before us is to ensure that economic development is accompanied by the sustainable use of finite resources, which are currently over-exploited, and to make more efficient use of human resources, which are currently underused.

For a while it seemed that the Netherlands would succeed in achieving economic growth without putting a greater burden on the environment. In 1995 and 1996 spectacular progress was made: for instance, the waste mountain rapidly declined and emissions of most pollutants dropped sharply. The quality of water and air has improved significantly over the past fifteen years.

But that is not enough. To some extent, these gains are only apparent. There are three reasons for this. Firstly, the attempt to combine economic growth with a reduction in pollution has been only partially successful. Carbon dioxide emissions and the use of space in particular are growing just as fast as the economy. Secondly, it is becoming increasingly difficult – i.e. increasingly expensive – to take the next, radical steps towards sustainable economic growth on the basis of current environmental policy. The benefits of environmental measures in industry and waste processing and water treatment are declining. Thirdly, environmental policy is all too often of an 'end-of-pipe' character. It rectifies the environmental effects of economic growth after they have occurred, but does not prevent them happening in the first place.

Traditional environmental policy must of course be continued at the same level to maximise environmental improvements. It is equally indisputable that policy must become more source-oriented; this requires adjustments in production processes in every sector of the economy.

But much more than this is required. We must ensure that economic growth is no longer accompanied by an increase in pollution, but by a decline in absolute terms. That is the aim of the policy on the environment and economy being pursued by the Dutch government. Efforts are being made to achieve a form of sustainable development that provides prospects for the unemployed, businesses and consumers. A shrinking economy is not the aim. Internationally,

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shrinkage is inappropriate and unfeasible. In such a situation, it would be the weakest who would suffer most – i.e. the people on a low income, both in the Netherlands and in the rest of the world. Moreover, ecological values and sustainability would also come under pressure. It is therefore not a question of less economic growth, but different economic growth.

Policy on the environment and economy focuses on industry, agriculture, energy consumption, mobility and infrastructure, because these are the sectors in which the most persistent problems occur. Human needs – food, products, mobility, energy, and a clean environment – are paramount. The pattern of needs is shifting and the means to satisfy these needs are changing radically. Information technology, telecommunications, entertainment/infotainment, new recreational requirements, permanent education and other developments are leading to an expansion in the role of services in the economy. This creates new opportunities for sustainable economic growth together with a sufficient increase in jobs.

This policy involves identifying the changes and improvements required and the policy choices needed to achieve them. The cost of pollution will have to be reflected in prices and charges. Taxation must focus more on the use of raw materials, fuel, water and space and less on labour or added value. This will affect production and consumption patterns. Just as the price of labour has been the driving force behind innovations over the past hundred years, so must the environment become a guiding principle behind economic changes in the future.

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