

## **Green growth is essential to any stimulus**

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**Economic stimulus is the order of the day. This is as it must be, as governments around the world struggle to jump-start the global economy. But even as leaders address the immediate need to stimulate the economy, so too must they act jointly to ensure that the new de facto economic model being developed is sustainable for the planet and our future on it.**

What we need is both stimulus and long-term investments that accomplish two objectives simultaneously with one global economic policy response – a policy that addresses our urgent and immediate economic and social needs and that launches a new green global economy. In short, we need to make “growing green” our mantra

First, a synchronised global recession requires a synchronised global response. We need stimulus and intense co-ordination of economic policy among all main economies. We must avoid the beggar-thy-neighbour policies that contributed to the Great Depression. Co-ordination is also vital for reducing financial volatility, runs on currencies and rampant inflation as well as for instilling consumer and investor confidence. In Washington last November, G20 leaders expressed their determination “to enhance co-operation and work together to restore global growth and achieve needed reforms in the world’s financial systems”. This needs to happen urgently.

Stimulus is intended to jump-start the economy, but if properly conceived and executed it can also launch us on a new, low-carbon path to green growth. Some \$2,250bn (€1,750bn, £1,569bn) of stimulus has already been announced by 34 nations. This stimulus, along with new initiatives by other countries, must help catapult the world economy into the 21st century, not perpetuate the dying industries and bad habits of yesteryear. Indeed, continuing to pour trillions of dollars into carbon-based infrastructure and fossil-fuel subsidies would be like investing in subprime real estate all over again.

Eliminating the \$300bn in annual global fossil fuel subsidies would reduce greenhouse gas emissions by as much as 6 per cent and would add to global gross domestic product. Developing re-newable energy will help where we need it most. Already, developing economies account for 40 per cent of existing global renewable resources as well as 70 per cent of solar water heating capacity.

Leaders everywhere, notably in the US and China, are realising that green is not an option but a necessity for recharging their economies and creating jobs. Globally, with 2.3m people employed in the renewable energy sector, there are already more jobs there than directly in the oil and gas industries. In the US, there are now more jobs in the wind industry than in the entire coal industry. President Barack Obama’s and China’s stimulus packages are a critical step in the right direction and their green components must be followed through urgently.

We urge all governments to expand green stimulus elements, including energy efficiency, renewables, mass transit, new smart electricity grids and reforestation, and to co-ordinate their efforts for rapid results.

Second, we need “pro-poor” policies now. In much of the developing world, governments do not have the option to borrow or print money to cushion the devastating economic blows. Therefore, governments in industrialised countries must reach beyond their borders and invest immediately in those cost-effective programmes that boost the productivity of the poorest. Last year, food riots and unrest swept more than 30 countries. Ominously, this was even before September’s financial implosion, which sparked the global recession that has driven a further 100m people deeper into poverty. We must act now to prevent further suffering and potential widespread political instability.

This means increasing overseas development assistance this year. It means strengthening social safety nets. It means investing in agriculture in developing countries by getting seeds, tools, sustainable agricultural practices and credit to smallholder farmers so they can produce more food and get it to local and regional markets.

Pro-poor policy also means increasing investments in better land use, water conservation and drought-resistant crops to help farmers adapt to a changing climate, which – if not addressed – could usher in chronic hunger and malnutrition across large swaths of the developing world.

Third, we need a robust climate deal in Copenhagen in December. Not next year. This year. The climate negotiations must be dramatically accelerated and given attention at the highest levels, starting today. A successful deal in Copenhagen offers the most potent global stimulus package possible. With a new climate framework in hand, business and governments will finally have the carbon price signal businesses have been clamouring for, one that can unleash a wave of innovation and investment in clean energy. Copenhagen will provide the green light for green growth. This is the basis for a truly sustainable economic recovery that will benefit us and our children's children for decades to come.

For millions of people from Detroit to Delhi these are the worst of times. Families have lost jobs, homes, healthcare and even the prospect of their next meal. With so much at stake, governments must be strategic in their choices. We must not let the urgent undermine the essential. Investing in the green economy is not an optional expense. It is a smart investment for a more equitable, prosperous future.

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