

Permanent Secretary Hannele Pokka
Ministry of the Environment

Growth in Transition Conference, 24 September 2010
Vanha ylioppilastalo

Ladies and gentlemen,
Dear conference participants!

I am honoured to pass on the greetings of **Paula Lehtomäki**, Minister of the Environment. The Minister regrets that she cannot participate in an event and discussion so topical and interesting to both the scientific community and political decision-makers.

In a way, I am fortunate that our Minister was unable to attend: I now have the opportunity to be here in her stead. The theme of this conference reminds me of the 1970s. Back then, as young students we strongly believed that growth had reached its limits. We demanded that industrialised countries move towards a greener society that took better account of living in balance with nature. Of course, these statements were directed at the United States and Western Europe. Environmental issues were also discussed in connection with the Soviet Union, at least in the student newspaper Ylioppilaslehti. But at the time, in Finland at least, we trusted that socialism would be able to resolve these problems or at least we didn't speak about their problems aloud.

In the 1970s, our enthusiasm for zero growth was based on the Limits to Growth report by the Club of Rome. In addition, the first United Nations environmental conference was held in Stockholm. There is an anecdote that concerns a certain Finnish lecturer in economics. After the Stockholm conference, he was so convinced of the importance of environmental economics that he burned his economics books. However, upon becoming an assistant professor and then a professor of economics, he was forced to rebuild his book collection.

We, the students of the 1970s, graduated, started work and put our talk of zero growth behind us. It seemed there was little use for this in a society devoted to increasing consumption, building the market economy and expanding global competition.

Thirty years have now passed and climate change is a cause for global concern. The global energy system is at a crossroads. This is because consumption and supply trends are unsustainable ecologically, economically and socially. In the 1970s, humanity's ecological footprint exceeded the Earth's biocapacity for the first time. Last year, it exceeded the Earth's biocapacity by 40 per cent. By 2020, it is estimated that it will take around 1.7 Earths to support humanity's need for renewable natural resources. Humankind currently uses 50 per cent more natural resources than thirty years ago. Raw material consumption amounts to approximately 60 billion tonnes a year. At the current rate, twenty years from now we will be consuming over 100 billion tonnes of natural resources. Ecological diversity and ecosystem services are diminishing at a terrifying pace.

It is now time to debate the quality of economic growth and putting limits to it – ecological conditions for a green, sustainable economy. Today, we have the opportunity to listen to three professors, who have the ear of people in government.

In today's world, governments and international actors are interested in a green economy. There are hopes that this will help solve global economic, energy and environmental problems.

The European Union, OECD and the United Nations Environment Programme (UNEP) have launched political processes to address acute crises. These processes also aim to find more sustainable alternatives to current economic policies. In 2012, the United Nations sustainable development conference, Rio+20, will be held. At this conference, political conclusions will be drawn on the relationship between the green economy and sustainable development.

We Finns do not yet have the answers to getting through this economic watershed. However, at all levels, we have begun the debate on how to move forward.

Natural resources represent an opportunity for Finland. Indeed, our country could develop into a forerunner in the sustainable use of natural resources. To create growth on the basis of natural resources, we need to develop our competencies, material efficiency and the bioeconomy. We also need to make use of regional resources. The use of natural resources must be combined with environmental protection in a way that is sustainable ecologically, socially and culturally.

The Finnish government is undertaking several projects to address Finland's future challenges. The winter before last, a broad-based group of experts handed a proposal to the prime minister for a new natural resources strategy. Their work was then continued by two working groups: the bioeconomy working group led by the Prime Minister's Office and the working group on mineral strategy led by the Ministry of Employment and the Economy. In the foresight report on climate and energy policy, Finland has committed itself to reducing emissions by 80 per cent, from their 1990 level, by 2050.

In many ways, the Finnish sustainable development process sets an example. This is reflected in Finland's high rankings in international comparisons. However, a high ranking today does not guarantee long-term success. That is why the direction we take in our future development is important.

Ladies and gentlemen,

In environmental protection, the current economic crisis has again sharpened criticism of economic growth. The debate has begun on how the economic system might be changed to enable stable economic development and well-being, without continual growth and the related material consumption. Instead of economic growth, there is now talk of degrowth. This discussion will continue here.

In the market economy, actors continuously aim to increase productivity by saving on energy and raw materials. At the same time, they aim to expand the market for their products. This leads to an increase in the total consumption of raw materials. It also explains why the rebound effect, or increased consumption, tends to offset reductions in the environmental load. These offset reductions are achieved by improving the environmental qualities of individual products.

The degrowth view emphasises that we must voluntarily simplify our way of life. We must steer a course towards an ecologically sustainable, socially just, equal society. As the citizens of industrialised countries, we must soon cut down our material consumption in any case. It would therefore be best to do so in a systematic manner. We should prepare in advance and avoid being forced to adopt even more difficult solutions.

So far, no detailed alternative models have been presented to replace the economic model based on continuous growth. When we talk of reducing growth, in many cases it is unclear what kind of growth should be reduced. Is it a question of economic growth being harmful in itself? Or just economic growth based on material consumption? Economic growth in itself can be considered harmful, if it increases greed and selfishness. In such a case, social rather than environmental problems are in question.

In global terms, the greatest challenge is to eliminate poverty in developing countries. This is why spurring economic growth remains a key task in such countries. However, there is no reason to copy models directly from the West. The climate policy question always returns to how much the industrialised countries should reduce their emissions, to enable economic growth and a good standard of living for all in developing countries. How much should industrialised countries increase their energy and material efficiency, so that there are enough natural resources for developing countries and their growing needs?

In the end, this is not only a question of values, but also of economic structures. Unless we address the economic mechanisms that underlie environmental problems, the environmental crisis cannot be solved within the current economic system. This is true, no matter what our values are.

Dear conference participants, esteemed experts,

I wish you all a wonderful conference day and fruitful discussions.