Rich Greening - Poor Greening - the Green Economy and Economic Development

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The Green Economy concept has emerged as an important policy concept the last ca. 10 years, recently fortified with the UN Sustainable Development goals (SDGs) from 2015 which call for 'inclusive and sustainable economic growth' and the development of more 'sustainable consumption and production patterns'. The SDGs are receiving considerable attention in both developed and developing countries creating a new momentum for the sustainable development agenda globally.

Much research into globalization and the Green Economy focus on analyzing a possible catch-up of developing countries to developed countries within eco-innovation. This paper takes a different perspective in seeking to highlight changes in the conditions for eco-innovation and green business development over time and space. In seeking to unfold an evolutionary economic perspective to the Green Economy, the paper takes as a starting point that the green economy is an emerging Techno Economic Paradigm (TEP) change that is entailing important and pervasive structural changes to the global economy. The paper proposes that there are considerable sunk costs to greening which are a neglected aspects in the green economy discussion. The paper argues further that because of the sunk costs late comer countries may gain important advantages to greening. The sunk costs are due to a) comprehensive institutional change associated with the green economy and b) learning effects particularly within companies but also knowledge institutions and consumers.

The paper analyses critically the nature and extent of these sunk costs to greening over time and space and discusses their implications for developing countries. The paper proposes that if well understood the sunk costs point to some leapfrogging opportunities, where developing countries may pursue different paths to greening than the developoed countries have done. Noticeably in pursuing early a strong business rather than a traditional regulatory environmental approach. The policy implications of this are considerable as different types of policy measures and targets might be considered. The paper seeks specifically to discuss different conditions for eco-innovation in respectively rich and poor countries in the current stage of the green economic development.

The paper feeds more fundamentally into an evolutionary economic understanding of green economic change.

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