



**Scottish Environment LINK Economics Group  
Briefing on the Economy, September 2016**

**Action now towards a low-carbon circular economy could create employment opportunities and increase wellbeing and economic prosperity.** Recent studies show the potential positive impacts, in terms of jobs and areas of growth, of moving to a circular economy<sup>1</sup>; and the job opportunities that could be part of a new low carbon economy<sup>2</sup>.

**The future of the economy is underpinned by a healthy environment.** The evidence on climate change and biodiversity loss is irrefutable and there is global realisation that drastic action is needed. If we fail to take action the economic, as well as environmental and social, costs will be significant - Stern's well known review of the Economics of Climate Change found that the benefits of strong and early action on climate change would far outweigh the costs of not acting<sup>3</sup>. Scotland has ambitious carbon emission targets and aspiration to be a leader in this area, and international obligations on biodiversity. Economic policy needs to change to be compatible with this.

- A new economic strategy should set out how it will mobilise economic development to move towards a low carbon circular economy, compatible with enhanced ecosystem health.

**Public and private investment needs to be redirected into low carbon and sustainable infrastructure and enterprises.** LINK member bodies would like to see:

- Government infrastructure spending focused on energy supply and transport infrastructure and buildings' energy efficiency that will enable Scotland to be world-leading in terms of reduced carbon emissions.
- All investment in infrastructure planned with a view to social and environmental returns.
- Innovative ways of increasing the flow of investment into the infrastructure needed for a low carbon and sustainable economy.
- Investigation into ways to implement the proposal for a national Scottish investment bank to channel this investment.

**The economy is not an end in itself, it is a means to wellbeing and should operate within the carrying capacity of the environment.** LINK would like to see the relationship between policy areas reflect this:

- The economic strategy should be informed by and not undermine Government strategies that protect our ecosystems (Climate Change Act, Biodiversity Strategy). It should serve strategies pertaining to wellbeing and be aligned to contributing to their outcomes.

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<sup>1</sup><http://www.zerowastescotland.org.uk/sites/default/files/Scotland%20and%20the%20Circular%20Economy%20%28a%20Report%20for%20the%20Scottish%20Government%29.pdf>

<http://www.wrap.org.uk/sites/files/wrap/Employment%20and%20the%20circular%20economy%20summary.pdf>  
[http://www.zerowastescotland.org.uk/sites/default/files/ZWS645%20Beer%20Whisky%20Fish%20Report\\_0.pdf](http://www.zerowastescotland.org.uk/sites/default/files/ZWS645%20Beer%20Whisky%20Fish%20Report_0.pdf)

<sup>2</sup> [https://greenscot/sites/default/files/Policy/Jobs\\_in\\_Scotland\\_New\\_Economy.pdf](https://greenscot/sites/default/files/Policy/Jobs_in_Scotland_New_Economy.pdf)

<sup>3</sup> [http://webarchive.nationalarchives.gov.uk/http://www.hm-treasury.gov.uk/independent\\_reviews/stern\\_review\\_economics\\_climate\\_change/stern\\_review\\_report.cfm](http://webarchive.nationalarchives.gov.uk/http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_report.cfm)

**A focus on GDP growth alone drives the economy away from sustainable development.** GDP assesses levels of economic activity, with no regard to whether it is socially desirable activity, and does not assess the economy's contribution to wellbeing. It does not assess the effect the economy is having on the environment or on the stocks of assets on which it draws. Evidence shows no correlation between life satisfaction and GDP once certain income levels are attained<sup>4</sup>.

**Simon Kuznets:** "Distinctions must be kept in mind between quantity and quality of growth, between its costs and return, and between the short and the long term. Goals for more growth should specify more growth of what and for what."<sup>5</sup>

**Joseph Stiglitz:** "Any good measure of how we are doing must also take account of sustainability."<sup>6</sup>

LINK member bodies would like to see:

- The success of our economy discussed in terms of key criteria such as resource efficiency, carbon emissions, quality jobs and fair incomes, as well as GDP and other targets and indicators in the National Performance Framework.
- A cross-party initiative akin to the All Party Group on Limits to Growth at Westminster.

**The resource content and environmental impact of production and consumption needs to fall drastically.** Our environmental impact is largely related to the scale of our consumption – the sheer quantity of raw materials that are being used up. This is acknowledged by the Sustainable Development Goals (no. 12) and the SG National Performance Framework Outcome: *Reduce local and global environmental impact of our consumption and production*. Adopting a more circular economy has the potential to reduce the environmental impact of the economy. LINK member bodies would like to see:

- The principles and aspirations of the Government's strategy *Making Things Last* embodied in all economic policy and informing Scotland's Economic Strategy.
- An ambitious Circular Economy Bill including binding targets on raw material consumption and waste.
- Government being active in incentivising circular practices.
- Promotion of practicable methodologies for assessing the environmental benefits and costs from new developments and investment programmes.

**There needs to be a Just Transition** in which those who work in sectors which will contract, vanish or change have opportunities for comparable employment in new or growing sectors. LINK member bodies would like to see:

- An industrial strategy, with links to investment plans and skills development, to ensure that an active and planned approach to a Just Transition is taken.
- Training and conversion programmes which ensure that the workforce has the skills needed for the growth sectors of the new, sustainable economy.

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<sup>4</sup> <http://voxeu.org/article/gdp-and-life-satisfaction-new-evidence>

<sup>5</sup> Simon Kuznets, the creator of GDP, in 1962

<sup>6</sup> Joseph Stiglitz, Nobel Prize 2001, member of Scottish Government Council of Economic Advisors

<https://www.theguardian.com/commentisfree/2009/sep/13/economics-economic-growth-and-recession-global-economy>