‘GREEN GROWTH’: SOUTH KOREA’S PANACEA?

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ABSTRACT

To overcome the global economic crisis, many governments enacted comprehensive stimulus packages in the beginning of 2009. Parts of these recovery plans were devoted to ‘green’ economic programmes to account for the environmental sustainability of future growth policies. According to the United Nations Environmental Programme, two-thirds of these ‘green’ stimulus packages have been committed in the Asia-Pacific region. South Korea’s ‘green’ share of its recovery scheme amounts to 80 percent, which represents the largest share in the world. This ‘green’ stimulus package is part of the country’s so-called Low Carbon Green Growth strategy, which President Lee Myung-bak announced on the occasion of the 60th anniversary of the foundation of the Republic of Korea. ‘Green Growth’ was accordingly set to become South Korea’s development paradigm for the coming decades. However, the ‘Green Growth’ concept appears to be double-edged, raising questions the government has not answered yet. This paper examines the objectives of ‘Green Growth’ and reviews the implications of this strategy on other policy areas. It identifies potential pitfalls and raises questions regarding the consistency of the concept itself.

1 INTRODUCTION

In 2008 the global economy was confronted with what some observers called an unprecedented global economic crisis not seen since the late 1920s, when the stock market crash on Wall Street led to the ‘Great Depression’ (e.g. World Bank 2010: 58). Many governments enacted comprehensive economic stimulus packages in the beginning of 2009 to overcome the economic downturn. The members of the Organisation for Economic Development and Cooperation (OECD) and major emerging economies such as China, Brazil and Russia pledged to spend in total US$2.193 trillion to reanimate their economies (OECD
Among the OECD, the size of the fiscal package of the Republic of Korea (ROK—South Korea), which comprised tax cuts, government investments, and transfers to the private and industrial sectors, was, at 5 percent of its Gross Domestic Product (GDP), the second highest after the United States (US) (ibid.: 5).

Parts of the global recovery plans were devoted to ‘green’ initiatives and economic programmes intended to account for the environmental sustainability of future growth policies. According to the United Nations Environmental Programme (UNEP), two-thirds of these ‘green’ stimulus packages have been committed in the Asia-Pacific region. South Korea’s ‘green’ share of its total recovery scheme amounts to 80 percent, which is the largest share in the world (HSBC 2009: 13). This ‘green’ stimulus package is part of the country’s so-called Low Carbon Green Growth strategy (hereafter ‘Green Growth’), which President Lee Myung-bak outlined in August 2008 on the occasion of the 60th anniversary of the foundation of the ROK. In his speech Lee declared the strategy of ‘Green Growth’ would become the national development paradigm for the next 60 years, succeeding the ‘Miracle on the Han River’ (Lee 2008). Through massive investments in ‘green’ technologies and industries, South Korea would transform its current growth model, based on the consumption of fossil fuels such as oil and coal, into a more sustainable concept that would consider the compatibility of economic growth and environmental protection.

In terms of economic theory, ‘Green Growth’ can be rooted in the Keynesian economic model, after which instruments of the government’s and the central bank’s fiscal and monetary policies should be applied to ease the impact of external shocks on the national economy. Especially during the global economic crisis many governments implemented Keynesian economic policies and intervened accordingly in their economies. The symbiosis of economic growth and development with environmental preservation appears to have emerged as a strategic priority for governments and international organisations around the world. The OECD (2009b) in its ‘Declaration on Green Growth’ laid out a strategy to assist its members to ‘identify the policies, the incentives and the frameworks that can achieve clean resource efficient, low carbon economic growth and development’, according to OECD Secretary-General Angel Gurria (Gurria 2009). The scope of ‘Green Growth’ addresses key economic issues such as human resource development (‘green collar jobs’), investment (‘green financ-