

Critical review: reich's why growth is good



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Introduction

Reich (2010, p. 1) argues that economic growth leads to increased prosperity in the developed, emerging and developing world. The argument is focused on the negative effects of slow economic growth for the world and the environment. This article provides a unique perspective regarding the impact of growth on environment and approves of economic growth as an indicator of improving environmental and economic conditions of people throughout the globe. This essay provides a critique of the argument made by the writer in support of economic growth.

Critical Review of the Article

The importance of economic growth should be considered in context of the impact of growth on environment. It is observed that economic growth tends to negatively impact the environment during its initial phase but growth leads to positive outcomes over the long-term. The focus of governments is to first improve the economic well being of their citizens and as the economic conditions improve the regulatory authorities direct their attention towards improvement of the environmental conditions. This article correctly suggests that the negative impact of growth on the environment is the result of inadequate and poor implementation of international law regarding the protection of environment (Troy 2011, pp. 1-6).

The economic growth resulted in widespread damage to the environment in the developed world including the United States, Japan and the Western Europe during its initial phase; however, the introduction of strict environment regulation in these regions has improved the environmental impact of growth. The spread of education across the developed world has

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also raised awareness regarding the need for environmental protection and businesses have responded to consumer awareness by becoming increasingly concerned about their footprint on the environment. The consumers in developed world are not willing to purchase goods and services from businesses that fail to demonstrate corporate responsibility towards the environment. This does not imply that the negative impact of growth on the environment has reversed but there is substantial effort from the business community to develop processes and technologies that can result in a reduction in the carbon emissions produced by the business in order to support sustainable growth. Therefore, the article rightly suggests that government improve environmental laws after the population has reached a certain minimum standard of living based on economic terms (Yueh 2003, pp. 3-8).

The unprecedented economic growth over the past three decades has resulted in severe consequences for environment due to the carbon footprint of business on the surroundings. The growth of the airline industry has offered several benefits but at the expense of the environment due to the carbon emissions in the air. The airline industry is trying to reduce its carbon footprint but growth does imply increase in the demand for travel and increase in the overall emissions. This implies that, even when businesses aim to be socially responsible, growth continues to have a negative impact on the environment. Therefore, the proposition of the writer regarding the strengthening of the international law would require airlines to reimburse the damages to the environment and this process can be costly. It is also argued that economic growth automatically slows down in response to strict

international law for the preservation of the environment (Kniivila 2007, pp. 23-26).

The regulatory authorities have been reluctant to adopt strict environmental legislation as this will lead to a slowdown in economic growth. The efforts to protect the environment are reduced by a slowdown in economic growth if examined in the context of the recent global financial crisis of 2008. This does not imply that the impact of business on the environment was not reduced due to a decline in economic growth over the period. This leads to the suggestion that a decline in the economic growth leads to a reduction in the damage on the environment but at the same time creates pressures that can reduce the efforts by the business community to protect the environment against their activities. It is argued that economic growth should be maintained at sustainable levels and unmonitored economic growth does not lead to benefits to the society. Therefore, the focus of the economies and business frameworks should be diverted to the adoption of growth strategies that create a sustainable environment (IMF 2011, pp. 18-26).

The critical review of the assertions made by the article and the economic literature on growth and sustainable environment lead to the suggestion that economic growth and environment tend to be competing objectives; however, the use of sustainable technologies is a step forward in the direction of reducing the impact of growth on the environment. The governments need to adopt a model of growth that offers sustainability to the environment and as suggested by the article the developed world has the resources and the capability to facilitate the protection of environment

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by promoting strict international laws and standards regarding the environment (ODI 2008, pp. 12-18).

A slowdown in economic growth is linked to the development of competing element between economic growth and the environment due to the reduced willingness of the middle class to contribute towards the protection of the environment through the payment of taxes. This argument mentioned in the article is conflicting as it is the wealthy capitalist and corporations that are causing damage to the environment and it is the purpose of the regulatory authorities to ensure that the burden of the taxation to support environmental rehabilitation to fall on the capitalists (United Nations 2011, pp. 33-37).

Conclusion

The critical review of the article and the literature regarding growth and environment leads to the suggestion that these are competing objectives and that it is the responsibility of the regulatory authorities to strengthen international law for the preservation of environment. The article argues that growth leads to the enabling of the government and the society to pay for the environmental needs of the country; however, this assertion fails to recognise the competing goals of growth and environment. The objective is to ensure the growth is responsible and regulatory authorities in the developed world should rely on a strong mechanism for ensuring that growth is sustainable.

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