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Issues Brief 2013 #2: Reducing Emissions Generates Wealth

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Issue
Reducing greenhouse gas (GHG) emissions is good for the planet - but can it ever be good for the pocketbook? Cities around the world are putting that assumption to the test, and proving that reducing emissions can generate wealth – and improve health too.

Background
Seventy per cent of people will live in cities by 2050 (WHO), which means emissions reduction plans must work in urban areas. A survey of 110 global cities by the non-profit Carbon Disclosure Project (CDP) shows that many have already taken action, often far ahead of national-level policy. Examples in the report include:

- In Los Angeles, retrofitting traffic and streetlights saved the city $11 million a year.
- Washington, DC retrofitted 5400 DC Housing Authority housing units, saving $3.9 million a year in electricity and $2.4 million in operational and maintenance costs.
- 77 percent of reporting cities are undertaking adaptation measures to safeguard communities, e.g. storm-water management to reduce flooding, and heat wave preparation

In addition to direct savings, other wealth-generating projects include public transit, green space, and efficient infrastructure. This attracts investors, who then create jobs and wealth. For example, walkability raises real estate value. Greater efficiency is also cost-effective. Europe and Asia produce more than double the GDP for every tonne of GHGs emitted than North America. East Asian and Latin American cities also outperform North America's.

The CDP report outlines the cost of failing to adapt. Hurricane Sandy caused $19 billion in damage to New York City. The risk of a similar storm there will increase 40 per cent by the 2050s due to climate change, so New York has convened a Special Initiative for Rebuilding and Resiliency.

Many other studies back the findings of the CDP report. To cite just a couple:
- In Copenhagen, one of the CDP cities, 44 per cent of clean tech companies grew in 2010, while only 9 per cent had a decline. From 2004 to 2009, green tech exports grew by 77 per cent, while manufacturing declined by 12 per cent.
- In Woking, just outside London, UK, power is generated by solar and heating and cooling plants, saving about 5.4 million pounds from 1990 to 2005.

Conclusion

Contrary to the belief that reducing emissions means reducing wealth, green initiatives have already brought economic and health benefits to cities. However more research is needed to conclude that cities are likely to grow their economies *faster* by taking action to combat climate change.

Recommendations

- Increasing efficiency is a proven cost-saver, especially in buildings and lighting.
- Investing in green space, walkability and public transit helps attract business.
- Weigh the potential costs of going green against rising local costs of climate change.
- Consider the additional efficiency already demonstrated around the world.

References

- Carbon Disclosure Project (2013) Wealthier, Healthier Cities: How climate change is giving us wealthier, healthier cities.
- Measuring the potential of local green growth – An Analysis of Greater Copenhagen (2013) Organisation for Economic Co-operation and Development (OECD)
- World Health Organization **(**WHO**),**

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