

The UK at the crossroads between a 'dirty recovery' and 'build back better'



The severity of the COVID-19 pandemic, as manifested in the number of [daily cases](#), has decreased significantly in most countries and there is light at the end of the tunnel. There are also early signs of economic recovery, even though it is too early to say which letter of the alphabet it will look like (L, V or W). The general expectation is that it will be [V-shaped](#). But for the recovery, more important than its letter shape is its colour. Will it be green, to compensate for some of the losses to the environment?

Historically, the UK has not been at the forefront in the fight against climate change, even though the risks it faces are substantial. The [UK Climate Change Risk Assessment 2017](#), a once-every-five-years risk assessment, identifies six main risks: flooding and coastal change; heatwaves and high temperature; water shortages; erosion of natural capital; food production and trade; and pests, diseases and invasive non-native species. In monetary terms, this amounts to an annual loss of about [£ 16 billion](#) to the UK economy, which could be an underestimation if the Antarctic deteriorates at a faster rate.

As a matter of regulatory and climate policy stringency, the UK had been taking the middle-of-the-road approach. Its performance remains comparable with the other developed economies. In the [Environmental Policy Stringency Index](#), the UK ranks 11 among OECD economies.

The good news is that this laggard attitude is changing, at least the political and legal side of it. Drawing on the reports from the Intergovernmental Panel on Climate Change (IPCC) and the Committee on Climate Change, the UK has become the first major economy to commit to a [legally binding](#) net-zero emissions target by 2050. As of June this year, there are about 120 countries participating in what is now called the [Race to Zero](#), though not all of them have made it legally binding, rather adopting it as government policy. In the UK, the commitment to net zero was a revision of an earlier target of reducing greenhouse gas emissions by 80% from 1990 levels. This is no doubt due to public awareness and climate concerns, with people demanding a declaration of [Climate Emergency](#). Along with 195 nations, the UK is a signatory of the [Paris Agreement \(2015\)](#). Therefore, tackling climate change is a domestic, as well as an international obligation to deliver. Obviously, climate has a global constituency.

While COVID-19 has wreaked havoc on the global economy and financial system, it led to unprecedented changes in economic and public policymaking as well as in perceptions towards the environment. Even though lockdowns and restrictions on socio-economic activities have led to a short-term reduction in [air, noise pollution and cleaner beaches](#), there are concerns that the [Dirty Recovery](#) may not only reverse environmental gains but make the situation worse than before. There is genuine reason to be concerned that in order to recoup economic losses, environmental degradation might be condoned. As reported by the *Centre for Research on Energy and Clean Air (CREA)*, *Air pollution in China has started to [over-shoot the pre-crisis levels](#)*.

In Europe and the UK, even though uncertainty associated with COVID-19 still poses immense challenges in making any [forecasts](#) and policy response, there are some good reasons to be hopeful. [Business activity](#) has shown modest growth in the eurozone and the UK economy is also on the path to [recovery](#). A full recovery would be contingent on a number of factors, including the possibility of a second wave of the pandemic, consumer and business confidence, the duration of the fiscal and monetary stimulus, and the timing of any consolidation strategy (God forbid Austerity 2.0).

This is a crucial moment. While the global economy bounces back, it is vital to contain emissions to below the levels pre-COVID. Empirical [evidence](#) based on 147 years of UK data suggests that economic growth and financial development have often resulted in environmental degradation. Reliance on non-renewable energy has been the nexus between economic growth, financialisation and environmental degradation. On the positive side, technological progress and research and development limit environmental degradation by dampening the adverse impact of economic activity on the environment. We must increase the energy efficiency of businesses, households, transportation and construction, establishing carbon capture and storage as well.

The [transition to a low-carbon economy](#) requires both conventional mitigation techniques and carbon removal technologies. The approach to the economy and environment must be guided by science. In the chancellor of the exchequer's words, there is [no trade-off between the economy and public health!](#) By this principle, there should be no trade-off between the environment and the economy. But the good news is that there can be even a win-win situation. Between [1990 and 2018](#), the UK reduced its emissions by 40% while the economy grew by over 70%, which is prima facie evidence that the trade-off can be tackled. Now emissions reduction needs to be swifter.

There are immense investment opportunities in the green economy. According to the 2018 [Global Commission on the Economy and Climate](#), the transition to a low carbon economy and a sustainable growth path can deliver a boost of US\$ 26 trillion to the global economy by 2030, creating 65 million new jobs (more than the workforces of the UK and Egypt combined). In 2019 the UK announced its [Green Finance Strategy](#) and a target of net-zero emissions by 2050. Some fear that it might be too late. The [Church of England](#) advises the country to reach net zero by 2030. Being on a par with countries like Norway, whose target date is 2030, might be challenging, but the UK must revisit its strategy in the post-COVID world. Perhaps, the Intergovernmental Panel on Climate Change's (IPCC) 2040 [target](#) would be more feasible. A crisis is too good an opportunity to be wasted, COVID-19 has afforded us that opportunity to follow a green path to recovery. Whichever letter shape it takes, it must be green.



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