

SUSTAINABLE PROSPERITY – AN INTEGRATED APPROACH FOR VOLT EUROPA AND BEYOND

How does one reconcile and go beyond divisive economic viewpoints on environmental governance?

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ABSTRACT:

The Anthropocene has brought unforeseen challenges to our governance structures, questioning their very own essence. Economic architectures and their dependency on fossil fuel-induced growth have put us on a collision course with the planet's finitude. How to reconcile economic prosperity with environmental sustainability is the greatest governance challenge of the 21st century, which has not been immune to dichotomous solution pathways. This capstone project attempts to frame a reconciling policy framework entitled Sustainable Prosperity and tests its significance in the context of Volt Europa's – a pan-European political party, electoral programme development. A workshop event was organised, gathering lead members of Volt, to engage in consensus-building activities on the envisioning of Sustainable Prosperity. An updated version of Sustainable Prosperity was developed and will be further disseminated within the party via a political communiqué. Ultimately, this capstone report aims to inform Volt, and other alike political entities, on a possible approach to reconcile and go beyond divisive economic viewpoints on environmental governance.

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EEP24: European Electoral Programme for 2024

EU: European Union

ETS: Emissions Trading System

GDP: Gross Domestic Product

SP: Sustainable Prosperity

STG: School of Transnational Governance

INTRODUCTION

Can economic growth and environmental sustainability co-exist? This question has triggered heated debates in academic circles, among policymakers and beyond. The fragile coexistence between planetary and societal wellbeing leaves many disputes unresolved.

On one hand, traditional environmentalists have advocated for the potential of green growth in decoupling economic growth from environmental destruction – a narrative that has pleased most politicians’ agendas. On the other hand, radical ecologists have challenged the status quo, advancing de-growth paths to remain within planetary boundaries – an argument that has gained increased momentum outside traditional spheres of governance.

These diverging economic views have led to dichotomous approaches to environmental governance: strong vs weak sustainability, growth vs de-growth, efficiency vs sufficiency... Discontent towards our governing systems have fuelled these divisions and impeded on uniting and future-fit narratives to emerge.

This capstone report proposes a policy framework that aims to reconcile economic prosperity with environmental sustainability, to drive ‘Sustainable Prosperity’. Ultimately, it aims at answering the following question: How does one reconcile and go beyond divisive economic viewpoints on environmental governance?

At a crossroad between ecologists and environmentalists, sustainable prosperity encompasses an economic transformation that re-centers nature and combines democratic accountability, political feasibility, and economic soundness. This integrated framework aims to redefine the growth paradigm, mainstream carbon pricing mechanisms, and draw a new social contract by ensuring shared prosperity and collective decision making.

The relevance of this framework is tested in the context of Volt Europa’s political programme development ahead of the 2024 European elections. Volt Europa is a pan-European political movement that strives for a more united and federal European Union. Volt is a pertinent “lab” to assess reconciling narratives on environmental governance. Due to its pan-European membership, it embodies socio-economic discrepancies and cultural differences from across Europe that can either cement divisions on sustainability or unlock uniting discourses. This double-edged sword feature is rather unique to Volt as a pan-European political party. It has not been immune to divisive economic positionings on

environmental policies but is also trying to address these fundamental disagreements in the development of its 2024 electoral programme.

The capstone project has revolved around a workshop with Volt's leadership, organised on the 22nd of April 2023 at the School of Transnational Governance and entitled: 'Sustainable Prosperity: An Integrated Approach for Volt Europa and Beyond'. This workshop was treated as a first-hand attempt to gather members of a political entity that are in the process of defining their political positionings, and to guide them to envision a policy framework on a divisive topic such as economy-to-nature relationships. In this context, Volt can be seen as a potential vessel for change in embracing a uniting and future-fit narrative on sustainable prosperity.

The capstone report thus informs about the context and organisation of the workshop, its objectives, outcomes, and methods used. It takes the form of a facilitation guide that can be replicated to engage in consensus-building activities on the topic of sustainable prosperity. Ultimately, it aims to kickstart the process within Volt of developing a narrative framework and policies on sustainable prosperity that reconcile and go beyond divisive economic viewpoints. The outcome of the workshop will be summarised in a political communiqué presented to Volt's membership at its next General Assembly.

The capstone report is organised as the following. It starts with a review of the literature on the different economic strands of environmental governance, highlighting the main dichotomies found in the academic and policymaking debate. Volt's exposure to the debate is then considered as well as its potential for embracing reconciling narratives.

The cornerstone of this capstone is then presented: the organisation of the workshop. The workshop's facilitation report comprises the different sessions led: presentation of the state of the art, experts' interventions, visioning framework, moderated discussions, and debates. This capstone report concludes with the agreed envisioning of sustainable prosperity and the following steps in its policy development.

LITERATURE REVIEW: THE SUSTAINABILITY DEBATE

Governance Challenges in the Age of Man

“No longer is the human species a spectator that merely needs to adapt to the natural environment. Humanity itself has become a powerful agent of earth system evolution.” (Biermann, 2012: p.4)

The impact of humankind on planet Earth and the deregulations it is causing has been referred to as the Anthropocene. This phenomenon has moved environmental concerns from the margins to the mainstream of political life through a variety of positionings (Dobson, 2007: p.2). Striking the right balance of human to nature co-evolution poses the greatest governance challenge of the 21st century.

The concept of planetary boundaries has become fundamental when discussing environmental governance and has triggered important debates. Planetary boundaries refer to a number of boundary conditions in the earth system that could, if crossed, result in a major disruption in (parts of) the system and a transition to a different state. A consensus in the scientific community has been built around defining nine key boundaries: climate change; biodiversity loss; the nitrogen cycle; the phosphorus cycle; stratospheric ozone depletion; ocean acidification; global freshwater use; land use change; atmospheric aerosol loading; and chemical pollution. These nine planetary boundaries define what Rockström et al. (2009) describe as a “safe operating space for humanity”. We are currently surpassing three threshold values: climate change, biodiversity loss and the nitrogen cycle – which are at the centre of the environmental governance agenda.

Planetary boundaries are in principle apolitical and do not determine any “limits to growth” per se, as they set the limits to the total human impact that the current planetary systems can support (Biermann, 2012: p.4). While the concept is normatively neutral, its operationalization is not. Planetary boundaries leave human societies ample manoeuvre margins for different political choices to take place within various socio-economic development trajectories (ibid: p.5).

While the traditional approach to environmental challenges has been grounded in sustainable development, this final goal of governance has left many questions unanswered and disputes unresolved. Sustainable development has been defined, at the international level, as the capacity to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs (World Commission on Environmental and Development, 1987). Sustainable development holds at its core inter and intra-generational justice. It is based on three interdependent and mutually reinforcing pillars: economic development, social development, and environmental

protection, at local, national, regional, and global levels – commonly referred to as the triple bottom line (ibid).

Yet, no global consensus has been achieved on how to weight these three pillars. The prioritisation of rapid economic growth over environmental action has proven to create an unusually polarizing international dilemma (Branstetter & Pizer, 2012: p.5).

The divisive contest on how to approach planetary boundaries and sustainable development is the product of diverging economic viewpoints. Economics has been central to the debate on environmental governance as “the mother tongue of public policy” and a ‘coloniser’ of most spheres of governance (Lazear in Hoekstra, 2019a: p.12; Raworth, 2017). The traditional economic perspective has however been challenged by more radical approaches that have penetrated spheres of influence and fuelled discontent towards our current governing systems.

The literature review will aim at identifying the spectrum of economic positionings that have emerged to address planetary boundaries and interpret sustainable development. Two main poles have been identified: the traditional environmentalist and the radical ecologist, or weak versus strong sustainability. From one side of the spectrum to its other end, the building blocks of disputes have been: what sustainability entails, the potential for economic growth and the feasibility of decoupling, its policy implications and governance structure.

Interpreting Sustainability

Traditional Environmentalists

Neoclassical economics have dominated the discipline’s schools of thought and hold a lot of weight among politicians’ circles when it comes to policy advice on environmental challenges (e.g. Nordhaus et al., 1992; Solow, 1974; Stiglitz, 1974). Otherwise known as ‘traditional environmentalists’, this economic positioning views sustainability as a matter of human welfare maintained over time. Welfare is mainly identified as consumption and its connection to the depletion of non-renewable resources (Common & Stagl, 2005b: p.323).

Sustainability thus implies that consumption can be held constant indefinitely. Its feasibility requires that natural capital – the environmental assets extracted as necessary input for production, can be reproducible or substituted by human-made capital. Sustainability as constant consumption can be achieved if the total of natural and human-made capital together remains constant over time, with human-made capital substituting for the depleted natural capital (ibid: p.378).

A combination of technological progress, a shift from goods and services, and more reuse and recycling, would reduce dependence on natural resources, enabling decoupling where material flows are delinked from economic flows (Mol, 2002: p.93). If these conditions can be prompted by market signals and the right policy toolbox, green growth would be possible (Borghesi, 2019; Döhning et al., 2023).

Radical Ecologists

Outside traditional and state-centric spheres of governance, a ‘strong sustainability’ positioning has been gaining momentum (e.g. Ayres, 2007; Georgescu-Roegen, 1975). Referred to as radical ecologists, their proponents seek to fundamentally change the status quo – as to why the ‘radical’ framing (Doyle et al., 2015: p.53). This side of the spectrum views sustainability as resilience: “the social, the economic and the environmental systems are in a position to fulfil the same functions for future generations that they fulfil for us” (Common & Stagl, 2005b: p.377).

Natural and human-made capital are complements rather than substitutes, as some parts of natural capital are unlikely to be substituted – referred to as critical natural capital. Technological progress and substitutability are limited since some intake of ‘fresh’ natural resources and some residual (non-recyclable) waste is unavoidable (Döhning et al., 2023: p.15). Viewing sustainability as resilience thus implies the protection of certain critical threshold of natural resources. Planetary boundaries are natural limits to economic growth.

Consequently, environmental constraints, such as the threat of climate change, are undermining fundamental conditions on which past economic growth has been based, namely, fossil fuel sources of energy (Victor, 2012: p.206). The Club of Rome report on the ‘Limits to Growth’ (Meadows et al., 1972) was significant in sparking a fierce debate about the sustainability of economic growth. New contributions continue to be added to this literature (e.g. Hickel, 2020; Jackson, 2016; Kallis, 2011; Klein, 2015; Latouche, 2022; Parrique, 2022; Raworth, 2017; Victor, 2018)

While traditional environmentalism holds an upper hand in politicians’ agenda, the degrowth & post-growth school saw its popularity surging as grievances with capitalism are on the rise. Growing discontent towards current modes of governance and accelerating climate change has led to the feeling of a broken “Social Contract”. Ever-increasing socioeconomic improvement over previous generations becomes unattainable (Terzi, 2022: p.8). Trust in the political elite and satisfaction with the economy has waned, fuelling an outlook for radical alternatives outside traditional spheres of governance (ibid).

Interpreting Economic Growth

Limits to Growth

The degrowth school, associated with the strong sustainability pole, is concerned with the scale of advanced capitalist economies which are deemed unsustainable seen their ecological footprint. While the ‘weak sustainability’ position argues that production and consumption levels can be brought back within planetary boundaries while pursuing growth, the ‘strong sustainability’ side argues for a certain downscaling of economic activities.

Achieving a post-growth world would require a policy lever to trigger slowdown in economic growth. This lever would imply a sharp reduction of work which poses fundamental question on social sustainability: employment, economic stability, public spending and public debt (Kallis et al., 2012). Ecological economists ask: how can degrowth be prosperous?

Ecologists propose less working hours and a development of high social value/low productivity economic activities, wealth taxing, universal basic income in order to decouple growth from jobs losses to avoid large-scale unemployment (Jackson, 2016; Kallis et al., 2012; Piketty, 2019).

Selective degrowth would be applied to contract the highly polluting sectors of the economy while expanding low-carbon intensive ones (Klein, 2015). Economic activities should be directed towards occupations that are not driven by a constant desire for profit-making, and rather focus on achieving a greater sense of well-being and fulfilment; care-giving professions, education, local businesses and cultural activities (Jackson, 2016). As Hickel (2020) advocates, freeing the population from hyper-consumerism would imply a transition to principles of sufficiency and higher leisure time by focusing economic activities on “care, craft and culture”.

Growth Redirection

Yet, the “growth” argument still holds an upper hand in the policymaking sphere. Traditional environmentalist school would advance the decoupling of economic growth from environmental destruction through technological progress, the substitutability of natural capital and market-based mechanisms. Referred to as ecological modernisation, the principles of sustainability are applied in a way that benefits corporations and capitalism. A win-win situation can be created whereby innovations are good for businesses and the environment (Doyle et al., 2015b; Mol, 2002).

A narrative framework and set of policy tools have been developed to pursue such path following the neoclassical economist tradition. Environmental challenges are perceived as the result of market

failures and ill-defined property rights which have led to inefficient allocation mechanisms. In other words, the market does not allocate scarce resources properly to generate the greatest social welfare (Hanley et al., 1997).

A large share of natural resources – such as oceans, the atmosphere –are considered global common goods: they are non-excludable, their consumption is non-rivalrous, but they have differentiated benefits that cross borders (Sabzalieva & Quinteiro, 2022). However, these features have led to a free rider problem: self-interested actors know that the common good’s supply cannot prevent them from consumption – non-rivalrous and non-excludable, while their actions to limit or contribute to the overexploitation of this good does not impact them directly. Rationale actors are likely to freeride from protecting/paying for the common good since they will still benefit from it. The phenomenon of free-riding has been framed as the ‘logic of collective action’ from which many laws have been passed to regulate the behaviour of individuals to address this ‘tragedy of the commons’ (Hardin, 1968). In other words, exhaustible assets require regulation to avoid their selfish exploitation by individuals (Hotelling in Solow, 1974).

Market failures have also been expressed in terms of externalities when the action of one agent has consequences (positive or negative) that is not accounted for in the market price (Common & Stagl, 2005a). Climate change for instance has been framed as the greatest market failure where “those who damage others by emitting greenhouse gases generally do not pay” (Stern in Benjamin, 2007).

As a result, traditional environmentalists have advanced the privatization of natural resources, where government intervention might be necessary, to allocate property rights to exhaustible resources. The government can also create and operate a market, establish quantity controls to regulate the level of activity that produces externalities, internalise externalities through taxes, fees or subsidies. Under “organised indicative planning”, a market-centric approach has been advanced to steer behaviours in the economy towards sustainable paths (Ostrom, 2015; Solow, 1974; Stern & Treasury, 2007). This logic is applied via environmental regulations, quotas on pollution and tradeable emissions permits via the creation of carbon markets, carbon taxes and tariffs. Carbon pricing, particularly, is seen as the “greener in chief” where price mechanisms drives firms to reduce pollution in a cost-efficient manner (Terzi, 2022a: p.191).

These policies would aim to steer the economy towards technological progress and continual substitution to decouple economic growth from environmental destruction (Hubacek et al., 2021: p.1).

Green growth, advanced through decoupling, has dominated the international policy agenda over the past decades; *Towards Green Growth* (OECD, 2011), the European Growth Model (European Commission, 2022), *Inclusive Green Growth: The Pathway to Sustainable Development* (World Bank, 2012), in the Sustainable Development Goals, especially under Goal 12 (UNEP, 2021).

These green deal packages take inspiration from macroeconomic models that study the implications of non-renewable resources and climate change (W. Nordhaus, 2018; W. D. Nordhaus et al., 1992; Solow, 1974).

The “decoupling hypothesis” is not without its criticism. It has been largely rebutted by ‘strong sustainability’ proponents. They argue that there is no empirical evidence supporting “the existence of a decoupling of economic growth from environmental pressures on anywhere near the scale needed to deal with environmental breakdown (...), such decoupling appears unlikely to happen in the future” (Parrique et al., 2019).

Dichotomous Approaches to Environmental Challenges

The governance of the Anthropocene has thus proven to be a land of heated debates. The question on whether economic growth and environmental sustainability are reconcilable has been unresolved.

The dominant economic system is perceived as failing us whereby “capitalism only works for the few, and is a system powered by fossil fuels” (Terzi, 2022a: p.1). The promises of economic growth have been fundamentally challenged as a broken social contract. Can we address these fundamental concerns with our governing structures without completely dismantling them? In other words, how can we go beyond this dichotomous approach to environmental governance of ‘weak’ versus ‘strong’ sustainability - to “grow or not to grow”, and build reconciling narratives on the future of our economic architecture?

Norm and policy entrepreneurs have advanced the necessity to consider the messiness and difficulty involved in addressing such a transnational challenge: assembling the required citizen pressure, political leadership, election results, consensus-building capacities, pushback against entrenched vested interests (ibid, p.10). Likewise, there is a need to understand the political reality of economic theory (Branstetter & Pizer, 2012), which requires a wide theoretical toolkit that goes beyond market paradigm, looks at the relationship between market failures and institutional failures, acknowledges the characteristics of growth more than on the intensity of growth (Nicita, 2019).

This capstone report is thus centred around the following question:

How does one reconcile and move beyond divisive economic viewpoints on environmental governance?

Building on the aforementioned arguments, ‘Sustainable Prosperity’ (SP) is advanced as a policy framework that binds environmental sustainability to economic prosperity. This capstone report will aim at conceptualising SP through an integrated approach that considers both poles of sustainability, the complexity of the problem at hand, different kinds of policy tools and multi-stakeholder engagement. The implications of SP are to be tested beyond this academic debate.

BEYOND DICHOTOMIES: THE POTENTIAL OF A PAN-EUROPEAN POLITICAL PARTY, VOLT EUROPA

Many societal actors and changemakers have become subjects to the principles conveyed by the strong and weak sustainability poles. The divisive literature context has been replicated in the public debate and penetrated all areas of governance: from transnational corporations to civil society advocacy work and media coverage on the future of the planet.

Volt Europa has not been immune to these disputed economic positionings. Volt is a pan-European party spanning 31 countries, with 22,000 members, and more than 100 elected officials across Europe. The primary ideology that binds Volt members together is not a traditional economic discourse but rather a European federalist ideal, unlike typical national liberal or socialist parties. One of Volt's founding ideals is to turn Europe into an economic powerhouse while building a just and sustainable society. This positioning has proven to trigger tensions on the difficult balancing act between economic, social, and environmental concerns, as highlighted by the sustainable development debate.

Volt's latest members' assembly exemplified its vulnerability to the sustainability contest. The assembly was created in May 2022 and randomly selected 50 party members to participate in the co-creation of a new political vision on the future of Europe. The data gathered would aim to provide insights on what may be at the root of some fundamental and continuously resurfacing disagreements among Volt members.

A key question that remained unresolved regarded the future organisation of the economy, more specifically, the central goals of economic activity. Some members advocated for wealth maximisation, efficiency, and innovation, while others advanced wealth distribution, human and ecological wellbeing, and mutual care. This line of disagreement highlights the dichotomy between the weak and strong sustainability poles, proponents of growth and technological progress on one hand, versus advocates of natural limits to material consumption and redistributive policies on the other hand.

The divisions within Volt provide an interesting stage to address the research question elaborated above. Due to its pan-European membership, Volt embodies socio-economic discrepancies and cultural differences from across Europe which could cement divisions on sustainability. Yet, the party stands for driving collective action to resolve the complex challenges of our times by reforming the European Union towards a more united, stronger, and federal entity. Volt aims to advance policy-informed, value-driven, and pragmatic discourses that defy populist nationalism. This ideological basis holds ground to unlock reconciling narratives on environmental governance.

Volt is already taking several steps in that direction, especially in the context of the 2024 European elections. A Concilium has been created to reform Volt's economic vision and a new policy team – the College of Policy Shapers, has been formed to determine the strategic priorities of the party for its European Electoral Programme for 2024 (EEP24). These efforts seek to consider the results of the members' assembly and ultimately address the internal disputes on economic positionings. Volt has also recently adopted a policy proposal entitled: 'Energy Transition and Climate Change Policy'(2023).

A focus on Volt in the context of this capstone project also erupts from my direct engagement with the party. As an economic policy facilitator for Volt's European policy team, I have been involved in the economic visioning and the policy writing processes. I was tasked to formulate a strategic priority for the 'Economic Renaissance' policy team which I entitled: Sustainable Prosperity. This priority was elected at the last General Assembly in October 2022 to become officially part of the EEP24.

Within the framework of this work for Volt, I aim to test the integrated approach developed in the context of this capstone project on SP, using Volt as a vessel for change and potential remedy-seeker for diverging economic viewpoints on environmental governance.

Due to my position in the party, I acknowledge not being a neutral actor towards Volt. This capstone project is not an external consultation exercise, but neither is it a mere exercise of partisan participation. Rather, it is the merging of my academic research and actual policy work within the party.

METHODOLOGY : ENVISIONING SUSTAINABLE PROSPERITY WORKSHOP

As highlighted in the literature review, divisive economic views have posed critical challenges to the framing of concrete solutions to advance the ecological transition. Volt has not been immune to these tensions but is seeking to address them in the development of its political programme for the 2024 European elections.

At its last General Assembly, Volt's party membership elected 'Sustainable Prosperity' as a political priority for the EEP24. In the development of this political priority, and within the framework of this capstone project, it became necessary to consider consensus-building activities to go beyond and reconcile divisions on environmental governance. This section will thus be devoted to the problem-solving methodology that has been applied to address this challenge.

The capstone project has revolved around a workshop entitled 'Sustainable Prosperity: An Integrated Approach for Volt Europa and Beyond' that took place on the 22nd of April 2023 at the School of Transnational Governance (STG). The agenda of the event can be found in the Annex I (p.45).

The objective of this event was to bring together relevant members of Volt to converge on the building blocks and policy levers to frame SP. The participants would first be presented to a visioning framework of what SP might entail, and would have to amend, revise, and fill it with further reflections. These reflections were activated by a presentation of the literature debate, experts' interventions, and moderated discussions.

This workshop is to be treated as a first-hand attempt to gather members of a political party that are in the process of defining their political positionings, where they are guided to envision a policy framework on a divisive topic such as economy-to-nature relationships. Volt can be seen as a potential vessel for change in embracing a uniting and future-fit narrative on sustainable prosperity.

Due to its location in Florence, the workshop engaged mainly with the Volt Italia national team, having representatives of its national board, city leads and an elected representative. In addition, members of the European team of Volt were present: the Co-President of the party and the Policy Co-Leads. External guests were also invited to inspire and contribute to the discussions, namely, researchers from the STG and professionals from the field. The complete list of guests can be found in the Annex II (p.46).

As a product of the workshop, a political communiqué will be written on the agreed envisioning of SP and presented at the next General Assembly of Volt in June 2023. This political communiqué will highlight the state of the debate in Volt and the proposed pathways to reconcile environmental sustainability with economic prosperity. In addition, this political communiqué will encourage Volt's leadership – national and local team leads, to organise similar workshops to engage in consensus-building activities on the content of SP.

The remaining of the report of the capstone project informs about the organisation of the workshop, the different sessions held, their objectives and outcomes, and feedbacks on the methods used. The report can be considered as a facilitation guide. Its purpose is to be used as an inspiration model to lead similar workshop aiming at going beyond divisive economic viewpoints on environmental governance, for Volt Europa and beyond. The capstone report is a support document to the claims advanced in the political communiqué.

WORKSHOP FACILITATION REPORT

The workshop was organised as the following. The participants were first introduced to the debate in the literature on economic positionings towards environmental challenges. This first session allowed to contextualise and unpack the dichotomies around the topic. The ‘state of the art’ was followed by experts’ interventions to discuss ways to move beyond these dichotomies in policymaking and start thinking about the implications of SP. Participants were then presented to an initial version of SP, its building blocks and policy levers. This vision would be used as a basis upon which to reflect, amend, and further contribute to. Before these reflections took place, participants heard from other experts on how to envision empowering futures. Group discussions were then organised to substantiate the initial vision of SP. Finally, an audience-wide debate was held and moderated to agree on the building blocks of the vision and the next steps in its refinement.

Unpacking the Divisions in the Sustainability Debate

Deconstructing the debate would allow participants to connect their own views, political narratives, and policies, to the academic literature and understand the origins of these diverse positionings. A review of ‘the state of the art’ also allowed to consider how divisive and dichotomous sustainability has become and highlight the necessity to go beyond these divisions.

Referring back to the literature review, the two main positionings – traditional environmentalist (weak sustainability) and radical ecologist (strong sustainability), were presented as such:

WEAK SUSTAINABILITY	STRONG SUSTAINABILITY
Neoclassical economics: traditional environmentalists	Ecological economics: radical ecologists
Sustainability as human welfare maintained	Sustainability as resilience
Technological progress and substitutability of natural capital with man-made	Limitations of substitutability: critical natural capital
Green growth and decoupling: material flows delinked from economic flows	Planetary boundaries as natural limits to economic growth

Table 1: The two poles of sustainability

Summarized as the following:

WEAK SUSTAINABILITY	STRONG SUSTAINABILITY
Growth and environmental sustainability compatibility	Accept a certain downscaling of economic activities
International Political Agenda (UN, EU,...)	Growing momentum outside governing systems (civil society, NGOs, think tanks)

Table 2: Sustainability positionings and implications for governance

The policy agenda of both positionings was then highlighted.

WEAK SUSTAINABILITY	STRONG SUSTAINABILITY
<ul style="list-style-type: none"> - Technological innovation and energy efficiencies - Carbon Pricing Mechanisms - Environmental regulations 	<ul style="list-style-type: none"> - Sharp reduction of work - Less working hours, wealth tax, UBI - Selective degrowth to highly polluting sectors - Transition to "care, craft and culture"

Table 3: Sustainability positionings and their policy agendas

The radical ecologist approach was shown as gaining momentum in the public debate, tapping into the growing distrust towards the system felt by citizens, as exemplified by climate marches.

Slogans have become powerful tools to mobilize crowds and reflect a general sense of discontent towards our governing systems. The following were presented, to connect the academic and public debates:

<p>You can't have infinite growth on a finite planet. Decoupling is a myth. Technology won't save us. GDP measures everything except what we care about. Less is more. Capitalism is a rigged system.</p>
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Table 4: Slogans used in sustainability debates

While growing in their appeal, the problem with these slogans I argued, is that they accentuate the dichotomous approach to the economic governance of environmental challenges. They use very loaded concepts: capitalism, infinite growth, GDP, technology, ... Which are then turned into mobilization weapons. These concepts become obsolete and chameleon, attached to ideological standpoints more than concrete political action. For instance, arguing that capitalism is a rigged system, in and of itself holds little practical implications. It does not advance a discourse that is solution-oriented but rather purely disruptive. While it is fundamental to remain critical towards our governing systems, their complete dismantling does not advance any realistic pathway to address current transnational challenges. It avoids looking at the complexity of governing architectures, policy tools and possibility for reforms.

If a pan-European political party aims to convey a policy-informed, pragmatic and ambitious vision for the future, it must derive itself from falling into simplistic and populist affirmations on the state of the economy. Not to dismiss the power of such slogans to mobilize masses and challenge authority, but to understand these can be dangerous tools that would impede the necessary consensus-building that politics involves. Outsiders can use them to pressure governments to act, insiders should not base their political discourses on them. They should rather deconstruct the concepts these slogans refer to, in order to explain their implications, modes of functioning and potential for reform. For instance, how can the growth paradigm be reconceptualized, GDP's calculations upgraded, technology considered as necessary means but not the only one. These proposals will be further taken up in the SP framework.

In parallel to these slogans, I aimed to show how Volt has been exposed to these divisive discourses. The results of the Members' Assembly, as well as Volt's founding ideals were presented as follows:

Question to the Members' Assembly	What are the primary goals of economic activity?	
Main Responses	<ul style="list-style-type: none"> - Wealth maximization - Efficiency - Competitiveness - Growth 	<ul style="list-style-type: none"> - Solidarity - Equitable wealth distribution - Equal rights and opportunities - Ecological wellbeing
Link to Volt's political foundations	Turn Europe into an economic powerhouse	Attain a just and sustainable society

Table 5: Volt's exposure to the divisive sustainability debate

The research question of this capstone project was therefore reiterated:

How does one reconcile and go beyond divisive economic viewpoints on environmental policies?

To seek to answer this question, I argued that: our economic architecture is the product of our collective imaginations, constructed around models, statistics, predictions, theories, informing policies and encompassed in institutional settings and bureaucratic arrangements. All of which requires compromises, trade-offs and consensus to achieve deliberate action. SP aims exactly at that.

Going beyond divisions: Redefining ‘Sustainable Prosperity’ – Experts Interventions

Beyond dichotomous approaches, policy and norm entrepreneurs have sought to advance reconciling narratives to re-envision our economic architectures. This session of the workshop aimed at inviting some of these change-makers for a presentation on how they perceive SP. The objective of the session was to inspire the audience to start thinking about the implications for a reconciling vision on SP and set the scene for the rest of the workshop.

The first speaker was Alessio Terzi, an economist from the European Commission and book author of ‘Growth for Good: Reshaping Capitalism to Save Humanity from Climate Catastrophe’. The title and content of his book speaks directly to the topic of this capstone project. Alessio Terzi seeks to deconstruct the concept of economic growth and capitalism and consider their restructuring to enable the green transition. This approach echoes a reconciling narrative where the current economic system is not destined for complete dismissal but aimed for realignment with planetary boundaries.

He contributed to the seminar through a video presentation where he was asked to address the following question: “how to leverage growth in an economic architecture aligned with climate goals?”.

The video addressed first what economic growth is and is not, and its common misunderstanding. Alessio argued that economic growth is not a concept that emerged with the industrial revolution but has rather been central to human evolution for centuries. It should be seen as a human desire for improvement rather than solely a quest for more material wellbeing imposed by capitalism. He defined economic growth as the product of innovation and technology at the service of human needs and wants, generating value and spreading across society.

This definition challenges the assumption that GDP and economic growth are basically the same . It rather argues that GDP has been used as a metric that aims to track economic growth but that requires constant updating to reflect the value generated by growth.

This line of reasoning is relevant to deconstruct misjudgements around economic growth and its connection to GDP. Indeed, a common critique in that field has been that growing material wellbeing no longer correlates with human wellbeing, while it has accentuated inequalities and has plunged our planet in a severe state of degradation (Costanza et al., 2014: p. 284). This critique speaks to the slogan mentioned beforehand on how ‘GDP measures everything except what we care about’. This holds truth in the sense that GDP fails to account for inequalities and environmental damage (Kubiszewski et al., 2013: p. 57).

Yet, if GDP is interpreted as a metric that seeks to evaluate growth but holds limitations in doing so, while economic growth is conceptualised as the capacity for human flourishing, both concepts take a whole new meaning and implications. GDP and growth thus need to be framed as evolving concepts that require constant adaptation to societal challenges and human’s capacity to prosper.

Alessio Terzi addressed this argument in his video intervention when situating economic growth in the era of climate change. If economic growth derives from a desire for improvement, value needs to be given to nature in contributing to societal prosperity. A re-orientation of the architecture that evaluates economic growth is necessary to account for nature’s contributions. As such, GDP needs to be upgraded to enable compatibility between economic growth and nature’s protection. Similarly, to have a better sense of the quality of growth that is being generated and how it is distributed across society, GDP needs to be complemented by a ‘Beyond GDP’ agenda. These policy implications will be further addressed in the vision on sustainable prosperity.

The second speaker was Jonathan Barth, co-founder and policy director at the ZOE Institute for Future-Fit Economies. He is a specialist on the European Green Deal and advises European policymakers on transformative policies. The ZOE institute is a recently founded think tank that advances policy advice and research to rethink our economic architecture to align with planetary boundaries and societal wellbeing. ZOE is a pioneer on ‘Sustainable Prosperity’ and indeed the title of this capstone project erupts from their research on the matter, which stresses the relevance of having the institute’s co-founder participate in the event.

Jonathan Barth restated the debate on decoupling and the potential of green growth, versus, the unfeasibility of decoupling and the necessity for degrowth. He then presented ZOE’s approach to go

beyond this divisive debate which he entitled: “growth-resilience”. This envisioning pushes for green growth policies with measures that would decrease demand for material consumption. It argues that decoupling might not be enough in the long-term to respect planetary boundaries. The strategy evoked would therefore be to boost innovation and liberate economies from growth dependency, merging ‘strong’ and ‘weak’ sustainability aspects.

Jonathan Barth then presented the different levels of action to unlock sustainable prosperity: the policy, governance, technical, and narrative levels. They refer to the storytelling, the metrics and accounting framework used, concrete wellbeing- and sustainability-centred policies, and their incorporation into governance mechanisms. It was argued that growing material abundance is no longer a challenge of our times, but rather “how to distribute it and make it fit into the limits of the planet”.

These different levels of action and the narrative presented by Jonathan Barth held great value to inspire the visioning framework and its various building blocks.

Vision Presentation for Sustainable Prosperity

Following the expert interventions, an introductory framework for SP was presented. It revises policy alleys from the European Union (EU) and beyond that have sought to reconcile divergent economic positionings. The visioning framework was also informed by discussions with experts in the field. It sought to embody an integrated approach by considering the two poles of sustainability, each other’s critiques, and potential for policy implications. Ultimately, it aimed at combining realistic principles with ambitious ideals.

This visioning framework was presented as a ‘cheese full of holes’, that would be submitted to the workshop’s participants’ opinions and discussions, to be put to revision in a ‘feedback and think further’ manner. SP was put under a first stress-test for consensus-building.

Driving Principles

An integrated approach to SP holds as driving principles the following: economic soundness (1), political feasibility (2), democratic accountability (3) and re-centres nature (4).

- (1) Recognises the importance of markets, prices, production and consumption modes, and their associated economic instruments as central to address environmental challenges.

- (2) Goes beyond market paradigm by acknowledging the political reality of economic theory (Branstetter & Pizer, 2012; Nicita, 2019), taking into account the complexity of politics and vested interests, the possibility for compromises, synergies, and trade-offs.
- (3) Considers the distributional impact of policies while mainstreaming collective decision-making, to ensure democratic participation, transparency, and legitimacy, recognising the fundamental aspect of maintaining a sustainable relationship with one’s electoral basis.
- (4) Encompasses the implications of policymaking on nature’s protection and nature’s contributions. Humans to nature co-dependence should act as a lens to decision-making.

Policy Levers

Taking into consideration these principles, an integrated approach to SP is built on the following **policy levers**: upgrading GDP, carbon pricing, redistributive mechanisms, binding standards, and collective decision-making.

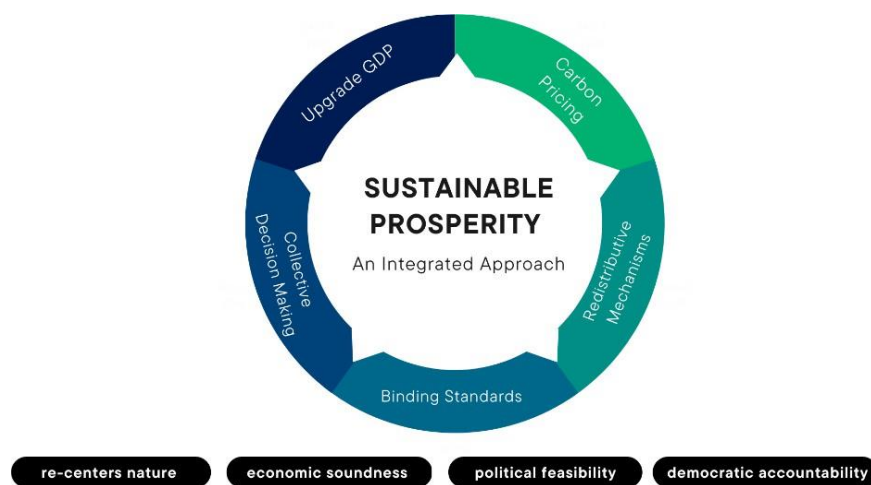


Illustration 1: Summary of an integrated approach to sustainable prosperity

Each of these policy levers is then associated to a *policy aspiration*. The implications of these building blocks will be explained in the following sections.

The policy levers discussed hereunder are primarily a kickstart and direction given to the policy implications of sustainable prosperity. Their application criteria and technical details remain to be determined by Volt, if approved.

Upgrade GDP

The use Gross Domestic Product (GDP) as a metric to measure economic growth has been central to policymakers’ agenda. GDP is “the superstar of indicators” that has become a proxy for “success” in

economic and social development (Hoekstra, 2019a: p.5). Yet, it presents fundamental limitations in accounting for growing inequalities, improvements in wellbeing, let alone environmental destruction (Kubiszewski et al., 2013). As a result, economic growth has become largely perceived as a trade-off for environmental protection and economic equalities, fuelling the ‘radical ecologist’ perspective advocating for post-growth/de-growth. If GDP is growing at the expense of our planet’s capacity to sustain us and drives unviable inequalities, its use as a measurement of economic prosperity needs to be revised.

In response to such limitations, a large array of efforts to construct a ‘Beyond GDP’ agenda – complementing GDP with other indicators, has been gaining momentum. At the international level, this movement started with the ‘Brundtland Report’ that popularised the term ‘sustainable development’ (World Commission on Environmental and Development, 1987). It was followed by various high-level initiatives such as the Stiglitz-Sen-Fitoussi report of the Commission on the Measurement of Economic Performance and Social Progress conveyed by the French government in 2009 (Stiglitz et al., 2009), the United Nations Sustainable Development Goals, or even the OECD Better Life Index (OECD, 2020).

Despite all these efforts, GDP still remains a dominant metric that surpasses other indicators in informing decision-making. The Beyond-GDP agenda has been lacking authority due its highly fragmented and heterogenous influence (Hoekstra, 2019b). A plethora of measurement systems is now available to go beyond GDP, but they all operate in relative isolation, without much coordination (ibid: p.9). Governments, civil society and corporations cherry-pick those they deem most appropriate to their actions, without following a similar methodology in these indicators’ application. As a result, GDP and its standardised, well-coordinated functioning has remained the main indicator used by decisionmakers to inform policies.

Instead of seeking to complement GDP with other indicators, one might seek to upgrade its measurement to better account for environmental destruction and protection.

A promising solution lies in the potential of **natural capital accounting to upgrade GDP**.

The development of such a policy lever has benefitted from a discussion with Björn Döhring, head of the unit “Models and Databases” at the European Commission’s Directorate-General for Economic and Financial Affairs. Björn Döhring is also one of the authors of: “Reflections on the Role of Natural Capital for Economic Activity” (Döhring et al., 2023), that has inspired this policy lever.

The integration of natural capital accounting in GDP measurement aims at conceptualising the contribution of natural capital to economic processes. Natural capital, as defined by the United Nations (in *ibid*: p.5) refers to “the stocks of environmental assets (including natural resources, ecosystems and a stable climate) that generate flows of goods and services into the economy.”

Natural capital is extracted for the production and consumption of goods and services in the market in the form of economic activities, that then impact natural capital in return, either positively through conservation efforts, or negatively due to the waste and pollution produced. This feedback loop between economic activity that affects natural capital, and natural capital that affects production possibilities, is illustrated by the following figure:

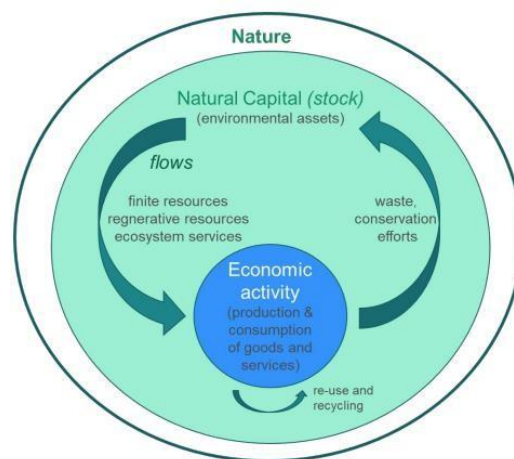


Illustration 2 : Natural Capital (Döhring et al., 2023: p.6)

Climate change, for instance, is the result of the extraction of fossil fuel – a finite resource, which is burned to produce a large array of economic activities. These emit greenhouse gases into the atmosphere – waste, and result into disturbances to climate regulation – an ecosystem service. Climate deregulation – climate change, in turn affects other forms of natural capital (i.e., biodiversity loss through forest fires due to increased heatwaves).

Natural capital accounting thus aims at measuring the interactions between economic activity and natural capital through its extraction, depletion, deregulation, and protection. It takes inspiration from Nordhaus (2018) macroeconomic and climate modelling integration. Monetary valuation is applied to the physical flows of natural capital in order to aggregate them in the GDP calculation. This accounting technique favours the comparison of benefits and costs associated to policy actions by valuing the contributions of natural capital services to the productions chains of the economy (Döhring et al., 2023: p.26).

Consequently, comparing the dynamics of natural wealth to the flow of economic output (as measured by GDP) allows to evaluate the sustainability of economic activity. It integrates the positive and negative consequences arriving from damages and protection efforts to natural assets, and ultimately the depreciation of natural capital stock and its impact on future economies. All in all, a new version of GDP can be constructed: Green Net Domestic Product.

Natural capital accounting does not come without challenges. The full inclusion of natural capital in accounting figures is at a stage of conceptual reasoning, data collection is limited while ecosystem services valuation is rather complex. As Björn Döhning pointed out in our discussion, there lacks a tradition of inter-disciplinary work between climate scientists and economists.

Currently, the World Bank (*Natural Capital*, n. d.) and the United Nations (*System of Environmental Economic Accounting*, n. d.) are leading data collection, statistical coordination and pilot projects, with the support of the European Union. Yet, a significant push by policymakers, pressure by civil society and support from the private sector, would be required for a paradigm-shift to GDP measurement to occur.

The development and adoption of **Green Net Domestic Product** is thus the first policy proposal of the SP agenda. This proposition is centred around the necessity to align measurement and valuation of economic progress with the planet's ability to sustain us. Upgrading GDP aims to drive the principle of recentring nature (4) and fulfil the aspiration:

Sustainable prosperity redefines growth to account for nature's contributions and leverages nature's protection.

Carbon Pricing

It is commonly argued among economists that climate change is the result of a market failure where ecological costs are not reflected in market prices. As such, putting a price on carbon has been a central and efficient aspect of climate policy (Carattini et al., 2018). Prices are effective transmitters of information when it comes to influencing behaviours in the market, all the way to individual producers and consumers. While this approach was initially advocated by environmental economists (weak sustainability side), according to Common & Stagl (2005: p.324), ecological economists have also come to agree that a tax is a possible response to this market failure.

This section has benefitted from discussions with Peter Vis and Prof. Jos Delbeke, former officials in the European Commission's Directorate-General for the Climate, and leading policymakers in the development of carbon markets.

It was discussed that a carbon tax remains a largely unpopular tool for carbon pricing, diminishing the principle of political feasibility (2) of such a policy. Indeed, in the development of its climate agenda, the EU quickly abandoned the idea of an EU-wide carbon tax, in particular due to the reservations of Member States to federalise taxation policy (Delbeke, 2019: p.14). Likewise, public opposition remains a main obstacle to carbon taxes (Carattini et al., 2018).

As such, the EU opted for a different kind of pricing mechanism by cap setting and emissions trading via the Emissions Trading System (ETS). The ETS operates by defining quantities of pollution allowed – cap setting. These quantities are then quantified in allowances – permits to pollute, which are reduced progressively to allow emissions reductions, and made tradeable to offer cost-efficiency – emissions trading (Delbeke, 2019: p.14).

The EU ETS allowed to reduce emissions by 26% between 2005 and 2017, in the sectors of the economy it covers – power/energy, aviation and manufacturing, representing 45% of total emissions (ibid). A debate remains though amongst economists whether the EU ETS has created enough incentives for significant emissions reductions, as 'strong sustainability' proponents might agree.

To fulfil the driving principles of sustainable prosperity, a clear position on the EU ETS has to be elaborated to pursue political feasibility (2) and economic soundness (1).

Indeed, one of the main obstacles of the EU ETS is its lack of covering for other sectors of the economy, which still represent 55% of EU emissions. Emissions trading is efficient for sectors driven by a strong economic rationale but is harder to administer in households and SMEs. Likewise, this market mechanism does not consider distributional impacts or political realities on the ground (ibid: p.16).

The first limitation is already addressed in Volt's 'Energy Transition and Climate Change Policy' (2023), which this visioning framework on sustainable prosperity will take up.

Volt stands for **covering 100% of emissions in the EU with “an expanded EU ETS** which shall cover the vast majority of sectors under one universal cap and one uniform price, **complemented by a carbon tax** for such emissions where that is the more effective or efficient instrument”.

This policy lever fulfils the economic rationale of internalising the costs of emitting greenhouse gases into market prices, and thus pursues economic soundness (1) .

Mainstreaming carbon pricing mechanisms to the entirety of economic sectors aims at the following aspiration:

Sustainable prosperity ensures that it will become be economically unviable to be a heavy polluting firm.

Redistributive Mechanisms

Yet, the distributional impacts of a comprehensive carbon pricing framework must remain central to this vision to unlock political feasibility (2).

Indeed, a recurrent argument against the extension of the ETS is its “political suicide” character that risks triggering a “Europe-wide movement similar to the Yellow Vests in France” (Kurmayer, 2022). This challenging aspect for the EU ETS was recurrent in my discussions with Peter Vis and Prof. Jos Delbeeke, from whom this section has benefitted.

By increasing the price of carbon-intense products, carbon markets create a burden that falls disproportionately on lower-income groups. With the combined effects of the war in Ukraine and the economic downfall created by the pandemic, risks of stagflation are attendant. Tackling the distributional effects of carbon pricing is fundamental to the success of carbon neutrality ambitions (Borghesi & Ferrari, 2022), and thus necessary in the framing of this vision.

In other words, as climate policies are likely to become more stringent, their design should assess differential vulnerability, and enhance rather than diminish the capabilities of those who are most vulnerable (Bevins et al., 2014).

This aspect is mentioned in the ‘Funding and Social Transition’ section of Volt’s policy (*Energy Transition and Climate Change Policy*, 2023), but lacks emphasis. An integrated approach to sustainable prosperity thus aims to re-centre a climate equity perspective.

This policy lever thus proposes to embody redistributive mechanisms to carbon pricing schemes by earmarking revenues towards social support combined to industry’s transition and innovation deployment.

Carbon pricing mechanisms, being a tax or an emissions trading system, generate revenues – through the extraction of the tax itself or the auctioning of allowances. Earmarking refers to the legally declared designation of these revenues for a particular purpose, associating the costs directly with the benefits (Borghesi & Ferrari, 2022).

Currently, the EU ETS revenues are distributed to all Member States and “urges” them to spend at least half for climate- and energy-related purposes. In 2020, 72% of the ETS revenues were actually devoted to climate and energy goals (ibid). The EU has advanced some efforts towards redirecting part of these revenues via the Modernisation Fund (2%), lower-income Member States (10%), and the Social Climate Fund (25%) – set up under the ETS2 covering road transport and buildings, to be established in 2025. This combination of EU and MS use of revenues has led a rather patchy framework of redistributive mechanisms, as illustrated in the figure below.

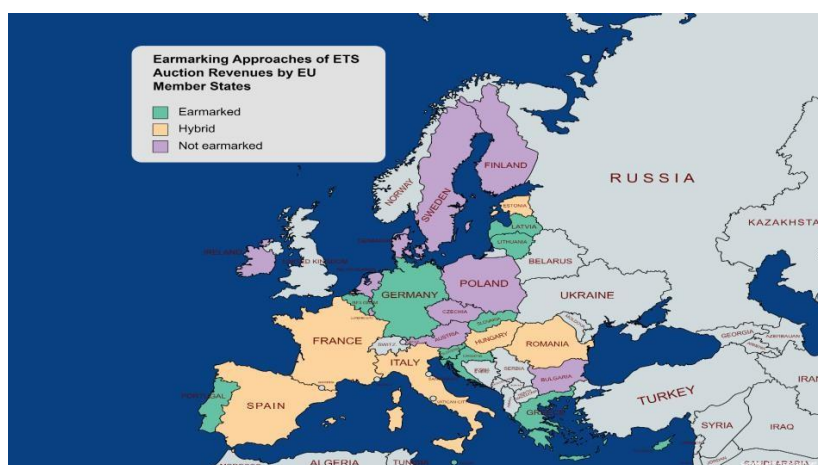


Illustration 3: Earmarking approaches of EU ETS revenues by Member States (Borghesi & Ferrari, 2022)

Taking inspiration from the Next Generation EU fund - post-pandemic recovery plan, a binding target was set with a minimum 37% of spending that have to be dedicated to climate objectives (Tagliapietra & Lenaerts, 2023). This policy lever revisits such an approach and advances an **all-encompassing earmarking system with EU-binding guidelines to redirect the totality of revenues from the EU ETS towards the green transition: R&D, social support schemes and innovation deployment.**

Best practices from outside Europe can be observed to advance this earmarking framework: carbon credits and industry’s competitiveness support in British Columbia (Strategy, n. d.), or California’s binding regulation to dedicate 35% of revenues towards environmentally disadvantaged and lower-

income groups (« California Cap and Trade », n. d.). The establishment of these redistributive mechanisms for Volt is to be further developed.

The combination of restrictive carbon pricing with all-encompassing redistributive mechanisms aim to scale down polluting sectors of the economy, while enabling low-polluting sectors to expand and ensuring distributional effects are accounted for. This approach pursues the ‘strong sustainability’ path and is ‘growth-resilient’ as Jonathan Barth put it, by equipping industries to transition to energy-efficient paths.

The policy aspiration that the ‘redistributive mechanisms’ policy lever seeks to fulfil is two-fold:

Sustainable prosperity embodies shared prosperity by employing redistributive mechanisms and supports innovation deployment to ensure industries' transition.

Binding Standards

So far, the visioning framework has advanced the upgrade of GDP for encompassing natural capital and addressed market failures via carbon pricing mechanisms and their redistribution. Polluting activities are accounted for, limited and reduced, but not banned per se. Recalling the ecologist’s perspective, critical natural capital is to be preserved in order to protect a certain threshold of natural resources and avoid crossing irreversible tipping points. Addressing such a critical point raises many questions with regards to its political feasibility. For instance, is a total ban on fossil fuel extraction practically plausible? What activities are considered “too” harmful and to be turned illegal?

Due to the sensitivity of such questions, the visioning framework does not develop on the following but rather asked the participants of the workshop to address them further in the discussions. Still, as a political aspiration it entails the following:

Sustainable prosperity supports binding regulations to ensure compliance and swift action.

Collective Decision-Making

To boost the political feasibility of binding regulations, collective decision-making is to be considered to ensure stakeholders’ representation in the application of environmental policies. This policy lever aims to address the transnational aspect of sustainable prosperity and converges with the binding regulations policy lever.

The complexity of global supply chains and the growing power of transnational corporations have dramatically eroded the state's regulatory capacities on environmental harm (Cotterrell, 2012; Mueckenberger & Jastram, 2010; Scherer & Palazzo, 2008; Tuori, 2014; Zumbansen, 2012). Most of corporations' environmental governance is the result of in self-governance and non-binding norms through the development of codes of conducts and voluntary market-based certifications (Renckens, 2020: 2).

This approach to sustainability has been largely criticised for its lack of accountability mechanisms, its implementation deficits, let alone companies cherry-picking sustainable actions that deem most profitable and easier to address (Scherer & Palazzo, 2008; Gneiting & Mhlanga, 2021: p.291).

Public-private partnerships (PPPs) come as a potential remedy for these regulatory gaps and the demand for bolder action on environmental governance. In the literature and as of the United Nations, PPPs are defined as “voluntary agreements between public and nonstate actors on a set of governance objectives and norms, rules, practices, or implementation procedures” to pool financial resources, capacity-building, knowledge, and expertise, to tackle a specific issue at stake (Andonova, 2017: p.1; United Nations, 2023). This dual authority characteristic informs contestations of authority and legitimacy between the public and private spheres (Andonova, 2010).

The voluntary feature of PPPs have however exposed this governance tool to many critiques, one being the lack of meaningful contributions by the private sector due to a lack of benchmarks and robust accountability mechanisms (Gneiting & Mhlanga, 2021).

Nevertheless, under binding mechanisms and a set of mainstreamed rules, PPPs could take a different turn if corporations were bound to dedicate a part of their dividends on green initiatives decided in partnership with the state. PPPs could also embrace more stringent mechanisms for evaluation and monitoring under the state's capacity, while allowing corporations to contribute meaningfully and transparently to environmental action. These green initiatives could be decided based on the “craft, care and culture” sectors advanced by the ecologist perspective, such as educational programmes on sustainability, community gardens' development, local artisan initiatives ... They could also advance technological progress as advocated by the environmentalist perspective. For instance, Jenkins et al. (2021) advocated for carbon takeback obligations on fossil fuel extractors and importers that would require them to invest in carbon capture and carbon storage to compensate their polluting activities.

An additional instrument that could powerfully boost collective decision-making on SP is participatory budgeting. Within the framework of public-private partnerships, a democratic layer can be added by engaging with citizens on which green initiatives are to be funded by corporate dividends.

Participatory budgeting refers to the participation of non-elected citizens in the conception and/or allocation of public finance (Sintomer et al., 2008). This powerful democratic tool can take many forms but, in this context, citizens would be participating in the decision making around the allocation of corporate dividends on green projects. They would be consulted to pick which initiatives could be receiving these funds. If PPPs are mainstreamed at local, national and European levels so can assemblies of citizens on their budgetary practices.

Under carbon pricing mechanisms and participatory PPPs, corporations' *raison d'être* could take a U-turn. They could finally fulfil their role of "partners" in advancing the sustainability agenda by acting in a comprehensive regulatory framework that would minimise free-riding and greenwashing, while involving civil society's greater participation.

The policy lever of **binding and participatory public-private partnerships** would enable to advance the following political aspiration:

Sustainable prosperity draws a new social contract by mainstreaming collective decision-making processes.

All these policy levers and aspirations were presented and summarised as a basis for addressing sustainable prosperity. They remain opened to consultations by members of Volt and further development on more specific characteristics.

Envisioning Empowering Futures – Experts Interventions

Following the presentation of the visioning framework for SP, the audience heard from two experts on how to envision sustainable and empowering futures. These interventions aimed at informing and inspiring the audience for the group discussions that followed.

Professor Kalypso Nicolaïdis was invited to discuss democratic participation in economic decision-making. Prof. Nicolaïdis is an expert on 'transnational democracy' and has worked extensively with the EU, specifically on the Conference on the Future of Europe and its associated citizens' assembly.

The concept of ‘circular democracy’ was presented, advocating for exploiting the connectedness between spaces and levels of democratic practices in all their guise (Nicolaidis, 2022). By setting off a process of genuine public accountability, circular democracy aims to connect public revenues/taxation with representation and participation while ensuring radical transparency. Prof. Nicolaidis advocated for integrating the wealth of collective intelligence in deploying the EU resources, which goes for the EU ETS, the NextGen EU funds, ...

This intervention also echoed the last policy lever on collective decision-making and the importance of integrating civil society’s voice in the directions taken by public spending, well beyond elections.

To follow was Professor Gaby Umbach, whose expertise lies in the field of strategic foresight and sustainable development. Prof. Umbach proposed a methodology to envision sustainable futures through systems thinking - understanding sustainable development as the interaction of four overarching complex systems: global economy; social interactions (trust, inequality, support); earth processes (incl. their changes); governance (regulation, governments and businesses). The integration of these four systems greatly aligns with the policy principles that mark the foundation of the sustainable prosperity framework.

Prof. Umbach also presented the strategic foresight technique of ‘visioning/backcasting’ which enables anticipatory governance through future-oriented ideas. This type of foresight analysis aims at envisioning the future by defining a preferred direction. A roadmap of policy objectives is elaborated based on medium to long-term actions necessary to achieve the desired direction (Wilkinson, 2017).

This expert intervention helped to re-situate the complexity and multisectoral basis that sustainable prosperity entails while providing tools for envisioning future-fit economies.

Envisioning Sustainable Prosperity – Group Discussions and Debate

The audience was then invited to get into group discussions to revise, update and think further on the implications of the vision presented, while considering the state of the art of the debate and the experts’ interventions.

In order to guide their discussions, the visioning framework was summarised in a mind map alongside a list of questions to consider, which can be found under Annex III (p.46-48).

Some questions were directed towards the overall implications and building blocks of SP, while others were specific to the different policy levers. The participants had to consider the ‘what, how and when’

of sustainable prosperity, encompassing aspects of systems thinking inter-sectional approach and strategic foresight.

Overall, the participants were very receptive to the vision presented and had no big disagreements with regards to its proposed policy directions. The necessity for a stronger emphasis on the social aspects of sustainable prosperity was voiced as well as the integration of an international dimension. Due to time limitations, the group discussants did not get to go into depth on the strategic foresight exercise and time targets. Still, every policy aspiration was discussed, approved, or amended and new policy levers were introduced.

Upgrade GDP

The policy aspiration associated to greening GDP was modified to include social considerations (underlined):

Sustainable Prosperity redefines growth to account for nature's contributions and societal wellbeing while leveraging nature's protection.

It was proposed that GDP should not only be upgraded to Green Net Domestic Product but also be complemented by other indicators that would consider wellbeing and shared ownership. The concept of Gross National Happiness was proposed but mainly dismissed due to its cultural sensitivity. The complementing indicators for societal wellbeing remain to be determined.

Carbon Pricing

Policy levers were added to not only price carbon, but also other materials used in supply chains to encourage circular economy and materials' use efficiency. By considering the material footprint of supply chains, the value throughput should be included in the pricing mechanisms.

This policy lever would therefore become carbon and material pricing. Which materials and their pricing levels remain to be determined.

The policy aspiration therefore becomes:

Sustainable prosperity ensures that it will become economically unviable to be a heavy polluting and intensely resource-extractive firm.

Redistributive Mechanisms

With regards to the redistributive mechanisms associated with carbon pricing, the substance was largely agreed on. Some points were raised to emphasize on social support with regards to the availability of public services, such as smart and green transportation. A social safety net was also mentioned to enable ‘the right to fail’, which is primordial in innovation development and to encourage entrepreneurship.

Regarding innovation, the deployment of green and energy-efficient technologies was emphasized while some concerns were raised in relation to emerging technologies that risk hampering the green transition.

The associated policy aspiration thus becomes:

Sustainable prosperity embodies shared prosperity by employing redistributive mechanisms and supports green innovation deployment to ensure industries' transition.

Binding Standards

As this section was less developed in the initial visioning framework, strict limitations on certain behaviours were discussed. The audience was in favour of putting limitations on private rights to pollution where damaging environmental conduct by individuals should be punishable by law. For instance, the idea that private jets should be banned received consensus. This kind of positioning will remain subject to further discussions due to its political sensitivity.

The policy aspiration can still be modified and further concretised into:

Sustainable prosperity supports binding regulations ~~to ensure compliance and swift actions to~~ limit environmentally damaging behaviours by individuals.

Collective Decision-Making

In reference to Prof. Nicolaïdis’s intervention, the participants reiterated for radical changes in our governing modes to support Euro-to-local connections. They argued for a pan-European and value-driven social contract that encompasses regional differences.

Additional policy levers were citizens’ assemblies, the creation of a ‘débat public’, support for sustainability educational programmes, to emphasize on the inclusion of citizens’ voices and their active participation in decision-making.

The associated political aspiration becomes:

Sustainable prosperity draws a new pan-European social contract by mainstreaming collective decision-making processes and circular democracy.

International Dimension

It was also argued that there should be an international layer to the vision. While sustainable prosperity here is discussed with regards to the EU mainly, it should still consider the impacts of its policies outside its borders and its foreign policy implications.

The carbon border adjustment mechanism (CBAM) was discussed in line with the EU's strategy to limit carbon leakages and consider the international effects of its carbon pricing mechanisms.

A new policy aspiration can therefore be added:

Sustainable prosperity considers the international dimension of its policies to support a green and fair transition beyond Europe.

This upgraded version of SP is summarised in the Annex IX (p.49).

Outcomes and Next Steps

More workshops are to be organised to engage with the different levels of Volt's membership to face the divisive realities of the sustainability debate and seek to go beyond them. Indeed, this workshop engaged mainly with the Volt Italia team due to its location in Florence.

A collective effort of awareness-raising and consensus-building is necessary to achieve a uniting vision on SP. This workshop was a kickstart to this movement and an example of the practices that can be used to reconcile divisive views: deconstruction of the dichotomies, experts' interventions, moderated discussions, and debates. In addition, the vision presented held enough room for improvements to be sought, and layers added. Still, it contained valuable pillars to give direction to the discussions.

The updated version of SP can be put to test in other settings of the party. This will be encouraged via the political communiqué, that will be presented to the General Assembly of the party in June 2023, and through the use of the capstone report as a facilitation model.

CONCLUSION

The governance of environmental challenges has been framed by divisive economic discourses which have impeded on reconciling policy paths to emerge. The (un)feasibility of decoupling economic growth from environmental destruction established a line of disagreement which spiralled into dichotomous approaches for environmental governance. A clear-cut division emerged between radical ecologists versus traditional environmentalists, ‘weak’ versus ‘strong’ sustainability poles.

This capstone project proposed Sustainable Prosperity as an integrated approach that reconciles economic prosperity with environmental sustainability. It aimed to go beyond diverging economic viewpoints on environmental governance and address the fundamental disagreements found in the literature and beyond.

This integrated approach was driven by principles of democratic accountability, political feasibility, and economic soundness while re-centering nature. Its policy levers aimed to redefine the growth paradigm, mainstream carbon pricing mechanisms, and draw a new social contract by ensuring shared prosperity and collective decision making.

The relevance of this visioning framework was tested in the context of Volt’s political programme development and to help the party address some of the fundamental disagreements amongst its pan-European membership.

As a cornerstone of the capstone project, a workshop was held at the School of Transnational Governance, hosting lead members of Volt to converge on the driving principles and policy levers of Sustainable Prosperity. Following experts’ interventions, discussions and debates, the participants agreed on a vision for Sustainable Prosperity that will be presented under a political communiqué at Volt’s next General Assembly.

The procedure applied to build consensus and define Sustainable Prosperity has been detailed in this capstone report and aims to be replicated further in the Volt and inspire similar exercises beyond the party.

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ANNEXES

Annex I – Workshop Agenda

Time	Topic	Speaker
10:00 - 10:15	Welcome of the invitees and registration	
10:15 - 10:20	Start and Introduction by the hosts	Prof. George Papaconstantinou (EUI) Claudio Lanza (Volt) Sarah Tegas
10:20 - 10:30	Contextualisation of ‘Sustainable Prosperity’ and its challenges	Sarah Tegas
10:30 - 10:45	Unpacking the divisions in the climate debate: out there & in Volt	Sarah Tegas
10:45 - 10:55	BREAK – refreshments provided	
10:55 - 11:45	Going beyond divisions: Redefining ‘Sustainable Prosperity’ *Expert interventions* <ul style="list-style-type: none"> - <i>Video presentation</i> - Reshaping growth for good (10:55-11:15) - <i>Online Intervention</i> - The building blocks of sustainable prosperity (11:15-11:45) 	Alessio Terzi (European Commission/Science Po) Jonathan Barth (ZOE Institute for Future Fit Economies)
11:45 - 12:00	BREAK – refreshment provided	
12:00 - 12:20	Vision Presentation for Sustainable Prosperity	Sarah Tegas
12:20 - 13:00	Envisioning empowering futures *Expert interventions* <ul style="list-style-type: none"> - <i>Online Intervention</i> - Participatory democracy in economic decision-making (12:20 – 12:40) - <i>Online Intervention</i> - Framing a new vision for the growth paradigm (12:40 – 13:00) 	Prof. Kalypso Nicolaidis (EUI) Prof. Gaby Umbach (EUI)
13:00 - 14:30	LUNCH BREAK (provided at Buontalenti)	
14:30 - 15:15	Envisioning Sustainable Prosperity *Group Discussions* - reflections on the presented vision and further development of its policy implication	All audience members (online + in person)
15:15 - 15:45	Presentation by each group & feedbacks	All audience members (online + in person)

15:45 - 16:00	BREAK	
16:00 - 16:45	Moderated Debate	All audience members (online + in person)
16:45 - 17:00	Conclusive remarks	

Annex II – List of Guests

1. Barisone Carla	EUI, STG Master Student / OECD
2. Bravo Figueiredo Ines	Volt Europa Policy Co-Lead
3. Bollen Olette	Volt Netherlands Partnership & Network Team
4. Caciagli Giulia	External guest (Banca di Pisa e Forncette)
5. Canavesio Eliana	Volt Italia Co-President
6. Essigner Mattea	Volt Europa College of Policy Shapers
7. Floridi Matteo	External Guest
8. Giovannelli Stefano	External Guest (UniFi)
9. Hahn Ada	EUI, STG Master Student
10. Ifwanga Tyala	EUI, STG Master Student
11. Javadi Mahmoud	EUI, STG Master Student
12. Lanza Claudio	Volt Europa Policy Co-Lead
13. Meloni Elisa	Volt Italia Board Member
14. Minio Paluello Lorenzo	Elected Representative – Municipal Council I Rome
15. Pagnini Alessandro	External Guest (UniFi)
16. Panini Silvia	Volt Italia Board Member
17. Pugliese Luca	Volt Genova City Co-Lead
18. Romana D'Antuono Francesca	Volt Europa Co-President
19. Scuzarello Esteban Octavio	EUI, STG Master Student
20. Stefani Lorenzo	Volt Firenze City Co-Lead
21. Vigna Anna Chiara	EUI, STG Master Student

Annex III – Vision Discussions Moderation Template

Guiding questions:

- What are the building blocks of sustainable prosperity that inform the policy toolbox? What does the economic architecture look like? What governing principles inform decisions? *what?*
- What needs to change (banned, regulated, limited, incentivised) to achieve sustainable prosperity? Think about what behaviours, and by whom? *how?*
- What is the timeline for these changes to occur to achieve climate neutrality by 2050? When do they start, and when do they reach their full capacity? *by when?*

Filling in the policy aspirations and levers:

(A) Re-centre nature / Growth mechanisms: how can the growth paradigm account the economy and nature's inter-dependencies?

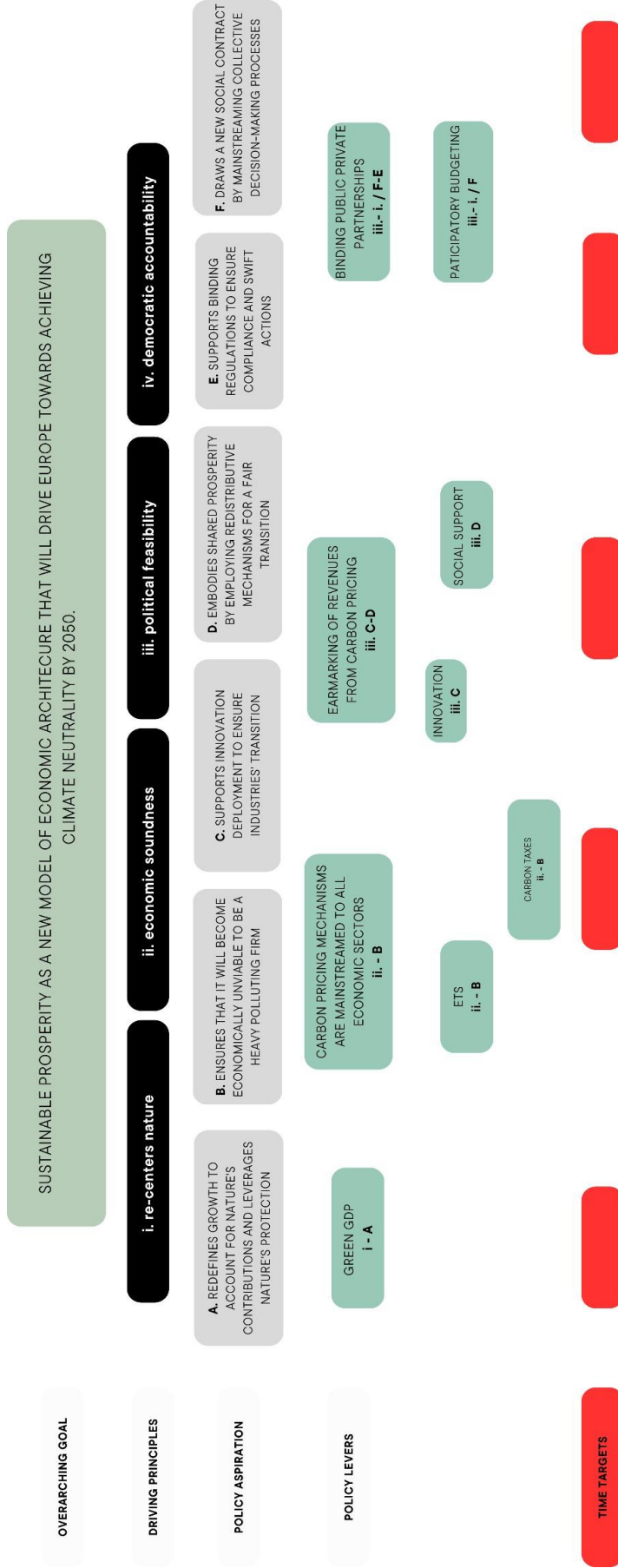
(B) Carbon Pricing: How can prices drive decarbonisation? Who should pay for polluting? How? Taxes, subsidies, emission trading?

(C-D) Shared prosperity: How can we ensure a fair transition? How can the benefits be distributed? Who are the most vulnerable to climate policy ? How should they be protected?

(E) Binding Standards: Should we ban certain activities completely? Should we enforce others? Which ones? By when?

(F) Collective decision-making: whose authority and resources are needed for sustainable prosperity? Who makes the decisions and for whom?

Vision Template:



Annex IX – Updated Version of Sustainable Prosperity

Policy Lever	Policy Aspiration
Upgrade GDP: Green Net GDP and Beyond	Sustainable Prosperity redefines growth to account for nature's contributions and societal wellbeing while leveraging nature's protection.
Carbon and material pricing mainstreamed to all economic sectors: ETS and carbon tax	Sustainable prosperity ensures that it will become economically unviable to be a heavy polluting and intensely resource-extractive firm.
Redistributive Mechanisms: earmarking of revenues	Sustainable prosperity embodies shared prosperity by employing redistributive mechanisms and supports green innovation deployment to ensure industries' transition.
Binding Standards	Sustainable prosperity supports binding regulations to limit environmentally damaging behaviours by individuals.
Collective Decision-Making: binding and participatory public-private partnerships	Sustainable prosperity draws a new pan-European social contract by mainstreaming collective decision-making processes and circular democracy.
International Dimension	Sustainable prosperity considers the international dimension of its policies to support a green and fair transition beyond Europe.

Annex X - Master Project Forms

Master Project – Provisional Topic and Supervisor

Please complete this form and upload to the assignment portal on Brightspace by 11th November.

Name: Sarah Tegas

Brief Description:

This capstone project will seek to resolve internal conflicts on economic views towards climate policies within a pan-European political party – Volt Europa. Indeed, the primary ideology that brings Volters together is not a common economic discourse but rather a European federalist ideal, unlike typical national liberal or socialist parties. This diversity of Volt's membership thus makes the party a very relevant sample to test methods on seeking to reconcile opposing economic policies to deal with climate change. Going beyond the dichotomy of orthodox/unorthodox economics would be highly beneficial, if not needed, for the party to resolve its tensions and to propose a coherent and forward-looking narrative to the economics of climate change. This leads to the following research question: How does one reconcile opposing economic views on climate policies in a pan-European political party, Volt?

Provisional Supervisor:

George Papaconstantinou, STG
Claudio Lanza, Volt Europa

Discussed with supervisor? Yes

Supervisor consented to supervise? Yes

STUDENT INFORMATION	
Academic Year	2022-2023
Student Number	2418991
Name(s)	Sarah
Surname(s)	Tegas

SELECT THE TYPE OF MASTER PROJECT	
Master Thesis	
Capstone Project	X

MASTER PROJECT	
Supervisor	George Papaconstantinou
Title	An integrated approach to sustainable prosperity for Volt Europa and beyond
Description (max. 800 words)	<p><i>Challenge to resolve:</i></p> <p>The field of public policy has been largely colonised by economics. By building strong foundations, orthodox economics have impeded on alternative schools of thoughts such as ecological, feminist, institutional to become mainstreamed. This has created a clear divide and disconnect between the disciplines both in academia and in the public debate on how to respond to the 21st century challenges ahead.</p> <p>A particular challenge on which economic views diverge is the climate crisis. The mainstream discourse is centred around ecological modernisation where policies focus on decoupling environmental destruction from economic growth through energy efficiencies and clever markets in pollution. Opposingly, more radical/ecologist perspectives would advocate for paradigm-shifting discourses acknowledging the limits to growth with planetary boundaries.</p> <p>These opposing views on economics responses to climate change are also present within Volt Europa, a pan-European political party which spans across 31 countries. Indeed, the primary ideology that brings Volters together is not a common economic discourse but rather a European federalist ideal, unlike typical national liberal or socialist parties. This diversity of Volt's membership thus makes the party a very relevant sample to test methods on seeking to reconcile</p>

opposing economic policies to deal with climate change. Going

beyond the dichotomy of orthodox/unorthodox economics would be highly beneficial, if not needed, for the party to resolve internal conflicts and to propose a coherent and forward-looking narrative to the economics of climate change. This leads to the following **research question**: How does one go beyond opposing economic views on climate policies? A case study of Volt Europa

Literature:

The relationship between economic growth and environmental quality has been the object of a large debate in the economic literature for many years (Borghesi, 2019). While there has been a myriad of efforts to develop new conceptual tools to incorporate environmental degradation in economic methods, acknowledging the limits of GDP, none has yet been concretised into a single and solid narrative mainstreamed at the global institutional level (Hoekstra, 2019). This highlights the complexity that alternative initiatives encounter to enter the mainstream debate in public policy. Hence, this also shows the social and political relevance it would have to find consensus within Volt to embody a coherent beyond-GDP framework, as this capstone project seeks to resolve.

Methodology:

The approach to go about this challenge within Volt will be conducted as a **consultancy project**. In the first place, I will exemplify Volt's divisions on economic positioning through data from the membership's values survey and the recent Members Assembly. Then, within my role in the European Policy Team, I will organise a **policy event** with the relevant actors (national, local policy leads and European policy team members). They will be introduced to a narrative/common language as the framework to encompass **policy commitments, that would together enable an economic reconciliation. This framework and policies will be** accompanied by debates, voting procedures as well as external experts' interventions.

The narrative will be developed with the aim of creating a common language among Volters, and beyond, to overcome the inherent divisions that have erupted on concepts such as growth/de-growth, neoliberalism, sustainability, beyond-GDP, and decoupling...

The **policies** will then focus on some key action that can translate the narrative developed ahead, in practical terms and show the way ahead to go beyond divisive economic views. Those policies will touch upon: carbon markets and taxes, climate equity and ecofeminism, public-private partnerships.

Student's signature



**Supervisor's
signature**



Date:

19/01/2023

Note: If your Master Project is a **Capstone Report**, you also need to enclose the “**Host organisation approval**” signed by your supervisor and the reference person in the host organisation.

This form must be submitted by the **20th January** on Brightspace.



Consent

This is to confirm that Volt Europa recognises the relevance of this project for its internal functioning and agrees with the objectives stated on it. Therefore, consents to provide the student above mentioned the needed support to carry out and complete a Capstone Report aiming to obtain his/her the Master of Arts in Transnational Governance degree.

STUDENT INFORMATION	
Academic Year	2022-2023
Student Number	2418991
Name(s)	Sarah
Surname(s)	Tegas

HOST ORGANISATION INFORMATION	
Name	Volt Europa
Address	Koninginnegracht 7, 2514 AA The Hague (The Netherlands)
Contact person	Claudio Lanza
Role	European Policy Co-Lead
e-mail	Claudio.lanza@volteuropa.org

Title	An integrated approach to sustainable prosperity for Volt Europa and beyond
Supervisor	Claudio Lanza

	
Signature	Signature
Claudio Lanza	George Papaconstantinou
Date: 19/01/2023	Date: 19/01/2023

This form must be submitted by the 20th of January along with the Master Project Proposal

