

# On the Myth of Green Economies Being Always a Win-Win: Reconciling Growth, Sustainability and Justice

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## Abstract

The green economy is often portrayed as a win-win solution that reconciles economic growth with environmental sustainability. However, this narrative is increasingly contested, especially within the framework of capitalist market systems. This paper critically examines two dominant pathways toward a green economy—green growth and transformative green economy (TGE)—to assess whether green economies truly deliver win-win outcomes. Drawing on recent literature, case studies such as Shein’s greenwashing practices and Germany’s Energiewende, and long-term policy implications, the paper argues that while green economies hold promise, they are not inherently equitable or sustainable without structural reforms and robust governance.

## Keywords

Green Economy, Green Growth, Transformative Green Economy, Greenwashing

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## 1. Introduction

The concept of a green economy has gained traction as a response to the long-standing tension between economic growth and environmental degradation. It seeks to reconcile the tension by ensuring that economic activities remain within ecological limits while promoting social well-being (Khan et al., 2021). Theoretically, this model offers a win-win scenario: economic prosperity aligned with environmental stewardship—simultaneously decarbonizing production and preserving natural systems. However, such optimism is not universally shared. Many critical scholars question whether such a reconciliation is possible within the

structural logic of capitalism, which prioritises accumulation and profit maximisation over ecological and social integrity. In other words, they argue that within capitalist frameworks this harmony is often elusive.

This article critically examines whether green economies can truly deliver win-win outcomes. In view of the fact that the green economy is not a monolith but encompasses divergent narratives, each with distinct assumptions, mechanisms, and implications, it explores the contradictions and tensions embedded in attempts to green capitalist economies by drawing on the two broad narratives that have shaped green economic thinking—**green growth** and **transformative green economy (TGE)**. The discussion begins with interrogating green growth as a market-oriented response to environmental challenges, showing how it can foster greenwashing and undermine genuine sustainability. Then it considers the transformative green economy, a more interventionist and socially inclusive approach that seeks to address equity concerns through state-led transitions. The final section reflects on the long-term trajectory of green economies, arguing that while short-term trade-offs are inevitable, strategic government action and social mobilisation can move societies closer to a genuine green transformation. To facilitate the discussion, this paper compares and contrasts Shein's fast-fashion operations and Germany's Energiewende transition, which represent the distinct expressions of the green growth and TGE paradigms, respectively. Shein exemplifies the logic of a market-driven green transition, where firms respond to rising consumer awareness of sustainability by making green claims that generate reputational benefits but often fall short of delivering real impact. On the other hand, Germany's Energiewende illustrates a state-led transition in which government planning and regulation as well as substantive public investment play central roles. This paper contends that green economies are not inherently win-win; rather, their success depends on the extent to which they challenge or reproduce the underlying structures of capitalist production and inequality.

## 2. Greenwashing under Green Growth

The green growth narrative has become a dominant framework for environmental policy since the late 2000s. It posits that economic growth and environmental protection are not only compatible but mutually reinforcing. Advocates argue that the current market economy is most efficient in solving environmental problems via promoting competition among businesses, which drives the shift to green production technologies due to the growing consumer demand (Khan et al., 2021; Gibbs, 2024). Within this framework, the role of government is largely facilitative, and government intervention should remain minimal, limited to addressing negative market externalities through market-based policies like environmental pricing (Wymer and Polonsky, 2015; Khan et al., 2021). That is, policies such as carbon pricing, tax incentives, and tradable permits are designed to internalize environmental costs while preserving economic dynamism (Wymer & Polonsky, 2015). At the core of this vision lies the idea that green growth promises an ecological

modernisation of capitalism, one that retains the growth imperative but substitutes cleaner inputs, renewable energy, and circular production systems for traditional, resource-intensive ones. In other words, economic output can be separated from environmental impact through efficiency improvements and technological advancement. Accordingly, economic growth and environmental protection are seen as compatible (Gibbs, 2024).

In spite of its theoretical appeal, green growth has been widely criticised for enabling greenwashing—the strategic use of environmental rhetoric and imagery by corporations to project an illusion of sustainability while continuing unsustainable practices (Jones, 2019; Glavas et al., 2023). Because green growth leaves the profit motive intact, firms are incentivised to adopt the appearance rather than the substance of environmental responsibility. A prominent example is Shein, the Chinese fast fashion giant. The company has been accused of greenwashing by capitalizing on popular sustainability discourses such as “recycled materials and packaging”, “vegan brand” and “decent salary” to market its “EvoluShein” collections (Kenk, 2022; *Contemporary Fashion*, 2022); in fact, investigations have revealed the business using non-recyclable materials and violating labour laws (Takedomi Karlsson and Ramasar, 2020; BBC, 2021; Kenk, 2022). Shein recorded an 81% increase in carbon emissions alongside with 43% growth in revenue between 2022 and 2023, suggesting that economic expansion remains tightly coupled with environmental degradation (*Sustainability Magazine*, 2025). Such a contradiction between the company’s false claims of sustainable practices and actual environmental impacts, and its sales benefits from greenwashing thus demonstrates clearly how greenwashing can become a competitive advantage within market economies. At its core, greenwashing is encouraged because green growth operates within the profit maximization framework of capitalism. It allows firms to maintain low production costs, without adopting expensive green technologies, while gaining market competitiveness against real green products as consumers seek cheaper options that also deliver the “emotional comfort” of ethical consumption (Glavas et al., 2023).

Although green growth anticipates that economic growth can be decoupled from environmental degradation, absolute decoupling remains difficult to achieve—even in the absence of greenwashing (Gibbs, 2024). One key reason is the “rebound effect”, where the efficiency gains are offset by increase in consumption due to money reallocation (Parrique et al., 2019). In other words, while adopting more energy-efficient products can conserve resources, it may ultimately lead to higher overall consumption. This occurs as lower energy costs make goods more affordable for extended use, and savings on energy bills can create additional demand for less efficient products (Rosenbaum, 2019). Hence, this reveals the limitations of only relying on market-driven solutions and the needs for a structural transformation of the economic system.

### 3. Social and Equity Challenges

The Transformative Green Economy (TGE) represents a more interventionist and

socially conscious alternative to green growth. Rather than relying primarily on market mechanisms, TGE attempts to reform the economic system without renouncing its growth by prioritizing well-being, equity and sustainability in green economic transition (Khan et al., 2021). It moves away from the growth-dependency model of green growth and instead promotes a broader definition of prosperity that emphasizes other important dimensions of life beyond GDP. TGE also stresses the proactive role of governments in guiding the transition through investing in green technologies, offering green stimulus for green growth, and implementing Green New Deals to ensure just transitions for all (Khan et al., 2021). That is, governments are seen not merely as facilitators but as active agents capable of shaping markets, creating green jobs, and ensuring that the benefits and burdens of the transition are distributed fairly. Therefore, the TGE approach provides a more incremental transition in addressing the core concerns of promoting sustainable economic growth and ensuring social equity and well-being.

Initiated in the early 2000s, Germany's Energiewende offers a compelling illustration of the transformative green economy in action. The policy aims to phase out nuclear and fossil fuels, expand renewable energy capacity, and improve energy efficiency, while maintaining economic competitiveness. The government has played a central role in steering its green economic transition to align with the broader national goal of carbon neutrality. Through the huge investment in green technologies and offering a mix of subsidies, tax incentives and feed-in tariffs, the government has substantially lowered production costs for businesses and encouraged private-sectors to invest in renewable energies, which are now the cheapest form of energy in the country, and energy-efficient infrastructures (GTAI, 2023; CEW, 2024a), thereby creating significant market opportunities for green businesses (GTAI, 2023). A great number of jobs have been created in this new sector (Delta Institute, n.d.), with 387,700 people employed in 2022—a 15% increase from the previous year (CEW, 2024b). Beyond question, it demonstrates that government intervention can create new markets and opportunities while advancing environmental goals.

Nevertheless, the TGE is not immune to challenges for moving away from nuclear and fossil fuels has created unemployment in traditional energy sectors, e.g. in mining regions like Rheinland and Lusatia (IPPR, 2020). For affected communities, the transition has been far from a win-win: whilst the national economy benefits from a booming green sector, local economies face unemployment, identity loss, and socio-economic disruption. Accordingly, even though the transformative green economy progresses from the major focus on economic growth towards a more inclusive sustainable development that enhances justice and the well-being for most in society (Khan et al., 2021), there are still some marginalised communities being left out or displaced in the economy. To mitigate these adverse effects, the German government introduced just transition measures including retraining programs, early retirement schemes, and regional development funds to diversify local economies (WRI, 2021; Delta Institute, n.d.). Some former mining

areas have rebranded themselves as hubs for tourism, cultural heritage, and clean technology industries. These policies underscore that achieving an equitable green transition requires more than technological substitution; it demands deliberate social planning and long-term investment in people and places.

#### 4. Looking in Long Term

Although greenwashing is often considered a bad practice that misleads consumers into buying fake “green” products, it can be leveraged to promote sustainability (Glavas et al., 2023) for the emergence of greenwashing indicates that society has taken the first step towards going green (Woolley, 2020). Dale Vince, founder of “Britain’s greenest energy company” Ecotricity, pointed out that the rise of greenwashing reflects a shift in companies’ attitudes—businesses are now concerned with sustainability in a way they were not before (CNBC, 2023). He saw this as a progress and that, in the near future, firms will move from greenwashing to making actual, meaningful actions (CNBC, 2023). On the other hand, the use of greenwashing tactics by leading firms can have a ripple effect on the industry, forcing other competing firms to promote sustainability too (Gerner, 2020). Subsequently, consumer awareness towards environmental issues rises and sustainability becomes the new social norm (Maushart and Snaje, 2017; Glavas et al., 2023). Hence, under the ratchet effect, firms must transform their production to fulfil their green promises, whereby initial symbolic commitments evolve into substantive changes over time (Glavas et al., 2023). Moreover, media act as “watchdogs”, exposing firms suspected of greenwashing to the public (Xu et al., 2025). Such accusations function as negative signals to investors, undermine corporate credibility, and often result in firms being penalised through adverse stock market reactions (Xu et al., 2025). In response, governments have also implemented stricter regulations to curb greenwashing. As a result, to rebuild trust, restore their reputation and comply with government regulations, companies are eventually compelled to adopt genuine environmental improvements and align their practices with the claims they made. For example, Shein has announced investing 200 million euros in environmentally friendly fashion startups in Europe after being accused of greenwashing (ESG Dive, 2024). In this sense, greenwashing can be seen as a catalyst for green transformation (Holmes, 2017), and the theoretical green growth that leads to a win-win solution may be achievable when supported by effective regulatory frameworks targeting greenwashing.

Similarly, to address the unemployment problem, the German government has offered retraining programs for coal workers to help them enter a new sector, early retirement options, and financial aid to minimize the impact of structural shifts (WRI, 2021). Fundings are also provided for coal regions to diversify the economy and promote tourism based on the existing coal heritages, creating new job opportunities while retaining the cultural significance of these places (Delta Institute, n.d.). Consequently, a win-win green economy that enhances the well-being of the whole society may still be attainable in the long run, through iterative learn-

ing, policy adaptation, and sustained political commitment.

## 5. Conclusion

The promise of the green economy rests on the seductive notion that environmental sustainability and economic prosperity can reinforce each other (Khan et al., 2021). Yet, as this analysis has shown, such outcomes are far from guaranteed. The green growth paradigm, with its faith in market self-regulation and technological efficiency, often falls short of genuine sustainability and reproduces the very contradictions it seeks to resolve. Its susceptibility to greenwashing, as exemplified by Shein's case where environmental rhetoric masks ongoing ecological harm, rebound effects, and persistent inequality, reveals the structural limits of capitalism's environmental reform.

In contrast, the transformative green economy offers a more plausible pathway toward a just and sustainable future, as seen in Germany's *Energiewende*. By foregrounding social equity, public investment, and state leadership, it acknowledges that markets alone cannot deliver the scale or fairness of transition required. Nevertheless, even transformative models operate within constraints imposed by growth-oriented economic systems and political resistance from entrenched interests because transitions inevitably produce social and regional dislocations that require active government mitigation and long-term planning.

Ultimately, whether green economies achieve win-win outcomes depends less on the colour of growth than on the depth of transformation. Incremental reforms and corporate rebranding are insufficient; what is required is a fundamental re-configuration of production, consumption, and governance to align economic activity with ecological limits and social justice. Hence, governments, businesses, and civil society must collaborate to ensure that the green economy does not become another vehicle for exclusion, but a genuine pathway to sustainability.

All in all, win-win outcomes remain possible in the long run, but only if societies embrace the hard political work of redistribution, regulation, and reimagining prosperity beyond GDP. The green economy is then not a destination but a contested and evolving process: one that must continually negotiate between profit and planet, growth and justice, rhetoric and reality.

## Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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