

Green economy pitfalls and promises

What should labour demand?

There is a need to think of the green economy in newer ways that are not centred around old ideas of economic growth based on capitalist accumulation, writes **Eddie Cottle**.

‘**A**cross many of these sectors, we have found that greening the economy can generate consistent and positive outcomes for increased wealth, growth in economic output, decent employment, and reduced poverty.’

United Nations Environmental Programme (UNEP)

A new mantra for *economic growth* has been discovered over the last three years by environmental economists because of the widespread disillusionment with the prevailing economic thinking and it's called the 'Green Economy'. The key problem, identified by these economists, for the ecological crisis is the 'gross misallocation of capital', where relatively little was invested in renewable energy and protecting and conserving the environment.

The mechanisms for dealing with this 'misallocation' are in short, better public policies, including pricing and regulatory measures (such as eco-taxes) to change the market which ignores social and environmental externalities. The state in particular will further redirect public investment to green investment and greening public procurement.

The green economy as it is being discussed does not favour a state-led or a market-led economy but is applicable to both. But in the

report, it is no accident that there is no elaboration of what a state-led model can achieve comparably to a private-led model precisely because of the bias to the latter and hence the reports focus on 'growth'. The report insists 'that the greening of economies is not generally a drag on growth but rather a new engine of growth'.

Is it not true that according to leading scientists that in ecological terms *the economy* has already grown to such a scale that we have already surpassed the boundaries of climate change, biodiversity and the nitrogen cycle? Is it further not true that this ecological crisis has as its primary source, the accumulation of capital by the few at the expense of society and nature as a whole? Is it not common knowledge these days that growth has led to increased inequality and the general decline of living standards and increased precarious forms of employment on a global scale?

GREEN ECONOMY, NEW CASH COW

It appears therefore, that not only is there climate change denial, but even more dangerous is the fact that those who do believe in climate change reduce the ecological crisis to a problem of a 'gross misallocation of capital'. In so doing the globalised system of, monopoly capitalism as a system of unlimited expansion, which

cannot exist without the continuous growth of capital, is pardoned. Thus there is an abstract focus on 'green growth' rather than a concrete analysis of capital accumulation. It is therefore not difficult to understand why the call for a green economy is universally accepted by business and governments alike precisely because it merely tinkers with the system and going green is the new cash cow to be milked mostly through public funds for green investments, green procurements and bank loans!

William Stanley Jevons wrote in 1865: 'It is wholly a confusion of ideas to suppose that the economical use of fuel is equivalent to a diminished consumption. The very contrary is the truth... It is the very economy of its use which leads to its extensive consumption. It has been so in the past, and it will be so in the future.'

Alternative energy is essentially a high-tech manufacturing process of which the full supply chain from raw materials to manufacturing is still very dependent on fossil-fuels. Alternative energy manufacture relies heavily on the exploitation of rare-earth elements such as platinum, palladium, gallium, indium and lithium. If we take the example of the ground-breaking thin-film solar invented by the University of Johannesburg (and manufactured by Bosch) which is more cost efficient and flexible than silicon panels, it is reliant on indium



Demanding a just transition at a Durban COP17 march.

which is widely used in flat-screen monitors.

However, the known reserves of indium are just 13 years! In order to move to an alternative high-tech energy society the demand for a range of metals would go well beyond the levels of world production today. This extraction and production itself is reliant on fossil-fuel inputs. As Jevons's Paradox would have it, green growth and indeed green technology will lead to even more economic growth as efficiencies produce cost savings, thereby lowering prices and hence will lead to increased resource extraction instead of conservation.

But if we take as our starting point that economic growth has already outstripped the capacity of the environment and it is at a dangerous crossroad then surely we should not even be slowing down economic growth but reversing it! Besides, the new state-subsidies for green production (read accumulation), green jobs or sustainable jobs under the current thinking will still be subject to the laws of the capitalist market – a case of 'business as usual'.

Under a green economy industrialised countries will maintain their privileged position over the South even though they are characterised by an ecological overshoot, since the green economy is still based upon a market

economy objectively rooted in capital accumulation. Thus labour has developed the notion of a Just Transition towards a green economy that should be radically different from UNEP's perspective.

JUST TRANSITION

A just transition towards a green economy provides the *opportunity* for deeper transformation of the global system that includes the redistribution of power and resources towards a more just and equitable social order. A more long term perspective for a truly 'eco-socialist civilization' still has to be developed.

To this end the immediate demands for a Just Transition (*SALB 35.5*) can only be *state-led*. The global crisis is not over and the private sector will therefore increase its competition for the earth's resources despite lip service to sustainable development imperatives. Over the past 30 years the role of the state has been cut back as direct financier, energy developer, energy supplier, researcher and inventor of technology. The time has come for the state to take its rightful place and lead society towards a Just Transition.

The financing of a renewable energy path cannot be led by the private sector or in the hands of the World Bank, International Monetary Fund and other financial institutions who are committed to the market

imperative and corporatisation of the public sector. Not only will this lead to the increased debt position of countries, especially in the global South, but will ensure that a public roll-out of renewable energy is hampered, delayed or unaffordable to citizens.

The global crisis is a private sector crisis. There has to be an alternative public sector driven financing arrangement in which the profit motive does not prevail but within an understanding of 'a shared but differentiated future'. The need for a publically-driven financial alternative is paramount and will make ecological reparations to the South realisable.

Many of the economic sectors, including energy, were privatised and managed under expensive and wasteful public-private partnerships, especially in the water and energy sectors where short-term shareholder interests dominate. Where necessary the state should (re)nationalise industry in public interest especially in the construction and energy sectors for the sake of the *common good*. The re-development of the building sector within government and especially at municipal level is central to begin a programme of upgrading energy efficiency, and energy renovation of existing buildings.



Climate justice march during COP17.

State investment programmes should therefore be to build and develop public capacity so that dependency on so-called green procurement to the private sector is dramatically reduced. Countries of the North should not create new investments because of their ecological overshoot and instead only focus on low rates of maintenance, while countries of the South should be allowed to invest in socially necessary new investments and maintenance. Thus, in the North a strategy of de-growth should be employed.

Eco-technology development should in principle be for collective good and not for the market which seeks to make a profit, otherwise the price premium will not allow countries to afford an alternative renewable energy path. Public sector production is necessary as an avenue to ensure sustainable roll-out of an alternative *planned* energy production and supply sector.

In this situation the market-based notion of intellectual property rights shall have to be challenged and the state should resume its leading role in developing alternative research and development in the construction sector and in research on renewable energy, renewable materials, energy-efficient facilities management, and waste management.

The need to control carbon emissions and protect and regenerate our ecosystems implies a *democratic planned system* where all citizens are able to participate from the local community level upwards internationally. This will ensure effective planning of life's *basic needs* all over the world, sharing the resources equitably amongst different countries and embarking on a process of sustainable development for all.

TRANSFORM GLOBAL PRODUCTION

The global fetish with growth defined in gross domestic product (GDP) and a means for job creation should give way to a measurement of 'social growth' in terms of targets for housing, health, education, access to services, and even in terms of leisure, happiness and well-being. It demands a transformational change in global production and consumption *systems* to make our societies and workplaces sustainable and to safeguard and promote *decent work for all*.

The global South must be given the space to develop their productive forces in an environmentally sustainable way as many countries still lack adequate infrastructure for basic service provisions such as water and sanitation, roads, social housing, safe public transport and electricity generation based on renewable

sources. This kind of social growth will only happen if economic life is made much more democratic and more responsive to social and environmental needs.

We have to note that 20 years since the Earth Summit was held in Rio in 1992 no progress has been made towards a sustainable future. It is undeniable today that economic growth is the main driver of ecological catastrophe, but it has to be recognised that it is at the same time underpinned by capital accumulation. The irony is that even those progressives who believe in a green economy can imagine the collapse of our planet but cannot imagine a life without capitalism.

According to the Living Planet Report, the *only* living example of sustainable development is in Cuba, which not only has a high human development but also a sustainable ecological footprint. Is there a reason that the UNEP, environmental economists forgot to mention the advances of this state-led democratically-planned economy? For if they looked closer they would have discovered that the main driver of this sustainability is *de-accumulation!* ^{LB}

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