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Green capitalism and the climate: *It's economic growth, stupid!*

Tadzio Mueller and Alexis Passadakis

'For things to remain the same, everything must change'
Sicilian aristocrat Tancredi, from the *The Leopard*

'The Chinese use the same sign for "crisis" as they do for "opportunity"'. 'Yes, "Crisitunity"!'
Dialogue between Lisa and Homer Simpson

Is green the new black?

Remember the days when 'the ecology' seemed to stand in stark contrast to 'the economy'? When capital, labour and governments stood side by side to see off the challenge articulated by 'mad' environmentalists; when to admit the reality and threat of 'climate change' would place you far beyond the realms of acceptable discourse; and when green parties were perceived as standing to the left of Social Democracy?

Alas, times and climes change. Not too long ago a small revolution took place in, of all places, conservative Germany. The local



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version of the *Financial Times*, a newspaper known around the world as the mouthpiece for the more enlightened, forward-thinking fractions of transnational capital, for the first time in the history of German journalism endorsed a party for the European parliamentary elections. Big deal, one might think, they probably endorsed the market fundamentalists in the FDP, or else they went for stability-*über-alles* by endorsing Chancellor Merkel. But not this time: 'If you want to use your vote to support meaningful change, then this time you should vote for the Green Party'. Why? Because the party is, they argue, a 'market-friendly engine of innovation' that is pushing a Green New Deal (GND) that they describe as a 'stimulus package for the ecological technologies of the future' (*FTD,* 4 June 2009).[1] And lest anyone think this is a German peculiarity, take it from the mouth of Thomas Friedman, neo-liberal *par excellence* recently turned 'green': 'Making America the world's greenest country is not a selfless act of charity or naïve moral indulgence. It is now a core national security and economic interest' (Friedman 2008: 23).

This of course raises the question of why all things green – green jobs, green growth, even a Green New Deal – in short, why green capitalism has suddenly become so attractive, not just to the editorial team of the *Financial Times Deutschland* and to Thomas Friedman, but to an increasingly broad coalition of actors ranging from Achim Steiner at the head of the United Nations Environment Programme (UNEP), to Ban ki-Moon and Al Gore, Barack Obama and green parties all around Europe, as well as an increasing number of financial capitalists and industrialists? Our hypothesis is this: viewed from the perspective of capital, as well as a number of governments, what is interesting about a GND is not whether it can, or cannot, *solve* the multiplicity of ecological crises we are currently facing – we argue that this is, in the medium term, an impossibility – but whether it can *internalise* these crises as an engine of growth and legitimation, thus solving several other crisis tendencies currently afflicting global capitalism. It is not, to be clear about this, an exercise in traditional 'greenwashing', but an attempt to kick off, at the end of the neoliberal phase of capitalism, a new round of accumulation and mode of regulation. And the point about the ecological crises, or 'biocrisis', is that it is neither solved nor ignored in a green capitalist regime, but rather placed at the heart of its growth strategy.

A world in crises: from the economic to the biocrisis

The world is currently facing not just an economic crisis but a multiplicity of linked yet relatively autonomous crisis tendencies so severe that a number of indigenous peoples' movements took the opportunity at the 2009 World Social Forum in Belem to declare the current conjuncture a crisis of the Western model of civilisation. To start, there is the political crisis that has seen not only global but also national governance institutions – from the World Trade Organization (WTO), the International Monetary Fund (IMF), to national parliaments, parties and institutionalised class compromises – haemorrhage legitimacy and public support since at least the end of the 1990s. This loss of legitimacy was briefly countered by

1 All translations into English by the authors.

the Global War on Terror, but this was at best a strategy of domination in the face of a breakdown of neo-liberal hegemony, which ended up undermining the stability of the system more than it maintained it. Second, there is the global economic crisis, the result not 'merely' of the collapse of the financial sector, but of deeper causes such as a structural lack of what Keynes would have called 'effective demand' arising from decades of successful neo-liberal class struggle from above; and of the absence of a sustainable engine of growth (Stern 2008), as a result of which more and more profits had to be made within ever shorter-lived bubbles. Third (in this non-exhaustive list), there is the energy crisis: supplies of fossil fuels, on which the global economy has been based for some 250 years, are less and less able to match demand, which will, in the medium term, lead to drastic increases in energy prices and escalating conflicts over 'energy security'.

And finally there are the multiple ecological crises that are currently afflicting the globe in different ways. While the most discursively visible of these is no doubt the climate crisis, we are at the same time facing a drastic reduction in biodiversity; desertification; a fresh-water crisis; overfishing; the destruction of forests, and several more: together, they constitute a *biocrisis*, a crisis of human life (*bios*) on this planet. While each of these has its relatively autonomous immediate causes, in the final analysis they are all the result of an antagonism between the requirements of human survival in stable eco-social systems and the requirements of capital accumulation – or, more succinctly, between capital's need for infinite growth and our collective survival on a finite planet.

Crisitunity? New Deal, antagonism and green capitalism

Of all the crises named above, there is something special about the last, the biocrisis. Far from threatening to destroy capitalism, it in fact contains the promise of solving all the other major crises in one fell swoop. Recall that in a capitalist economy, crises are not necessarily negative. The Austrian economist Schumpeter thought of crises as unleashing the force of capital's 'creative destruction', a kind of radical diet that would purge the unproductive and the unprofitable and make way, after running its course, for a leaner and meaner economy to emerge at the other end. More importantly, nor is antagonism necessarily a problem – it is, in fact, precisely what is at the core of capitalism's dynamism, of its infamous ability to profane all that is holy and melt all that is solid into air. The core of the Fordist-Keynesian New Deal, which contributed significantly to the at least temporary resolution of the Great Depression of the 1920s and 1930s, lay in the fact that the antagonism between capital and labour was neither solved nor ignored, but internalised as the driving force of capitalist development.

The economic situation that prevailed during the 'Roaring '20s' in the US was in many ways not dissimilar to the situation we faced until recently: high corporate profits, a high degree of financialisation, a significant expansion of production as a result of increases in productivity. However, since wages were stagnating as a result of an 'excess supply' of labour (and in spite of increasing unionisation in the industrial workforce), at the end of the 1920s a crisis of overproduction/underconsumption hit – then, as now, there

was not enough effective demand in the system (Rupert 1995: 79-81; Negri 1988).

Keynes's often cited 'genius' – most recently by the Green New Deal Group (2008: 12) – simply lay in recognising the systemic relevance of an arrangement that was not technocratically imposed from the top, but rather emerged as the result of a multiplicity of often militant workers' struggles and of the initially mostly defensive reactions of capitals and the US government under FDR (both acting under the impression of the constant imagined threat of a Soviet-type revolution). As increasingly well-organised workers put upward pressure on wages in certain key companies – for instance, at the Ford Motor Company – these industrialists in turn put pressure on the government to generalise these high wage deals across the economy, lest they suffer a competitive disadvantage. Almost miraculously, the results of this were that a) the high wages led to an increase in purchasing power that allowed for the absorption of surplus production; b) the class antagonism, managed by the trade unions that were increasingly integrated into the emerging 'Fordist' mode of regulation, was domesticated; and c) high wages became the driving force of capitalist development as they forced companies to become ever more efficient in order to maintain their profit margins. Thus began what would later be seen as the 'golden age of capitalism'.

What the class antagonism was 80 years ago, the biocrisis is today, itself a product of an equally indissoluble antagonism – between capital's limitless drive for accumulation and our survival on a finite planet. The biocrisis, suitably internalised in the economic and regulatory machinery of a green capitalism, offers governments and some advanced fractions of capital the chance to at least temporarily manage the abovementioned crises. Examples in the field of politics range from the way the G-8, led by the German government, outflanked protest movements at their summit in 2007 in Heiligendamm by talking about climate change, thus avoiding the *de*legitimising strategy of the movements, and in fact managing to *re*legitimise themselves; to the World Bank's attempts to present itself as a 'green bank' (Young 2000); all the way to the military's use of climate change to push its agenda of securitisation and expansion (Wagner 2008). Economically, beyond the rather measly 'green' components of recent recovery programmes, the *Financial Times* (24 September 2009) as usual makes the case most convincingly:

> If an industrial revolution to produce energy with much lower carbon emissions gathers momentum in Copenhagen in December, there will be fortunes to be made…The scale of the task is vast. Limiting carbon dioxide emissions to the levels scientists suggest would keep global warming to no more than about 2°C would mean building nuclear power stations, wind farms and solar panels at rates never seen before.

Capitalism and the climate: it's economic growth, stupid!

It is therefore quite conceivable, though at this point far from certain, that some kind of green capitalist project (such as the GND) might indeed be able to temporarily solve the economic and other crises. But what it certainly will not be able to do is to solve the biocrisis – for it is at heart a project of

capitalist renovation, which needs must perpetuate capitalism's dynamics, of which Marx wrote, long before the advent of the neo-liberal project that the Green New Deal Group falsely sees as having caused the climate crisis (GNDG 2008: 2): 'Accumulate! Accumulate! That is Moses and the prophets' (Marx 1971: 621). Capital needs, or *is*, accumulation, and 200 years of actually existing capital accumulation has hitherto always destroyed the environment.

Why is that? Because money only becomes *capital* (rather than the coins and bits of paper we have in our pockets to buy stuff in order to satisfy a concrete want, such as hunger) when it is invested in the production of goods that are then sold in order to achieve a return on the initially invested capital. Or in short: money – production – more money. This process involves a whole range of inputs and requirements, from labour to raw materials, from machines to energy. And historically, although the relative resource intensity of capitalist production might have decreased (that is, the same product can now be made with fewer inputs of raw materials), in absolute terms, capitalist production has always required more and more and more inputs – wild-eyed dreams of a capitalist utopia of 'immaterial' growth based on services and the 'digital revolution' notwithstanding (*Guardian*, 4 May 2009). Just as the antagonism between labour and capital cannot be solved within a capitalist framework – it is, after all, the very constituent feature of the capitalist mode of production – the antagonism between capital and life in relatively stable eco-social systems cannot be solved, because there is a necessary contradiction between the infinite accumulation of capital, and life on a finite planet.

Of course, some might now respond that this argument, while possibly correct at a very general level of abstraction (in the infamous Marxist 'last instance' – the one that never comes to pass), ignores some very concrete, positive steps that have been taken in the environmental modernisation of capitalism, which have gone some way towards addressing some concrete needs and urgencies – for example, concerning climate change. International climate negotiations at the United Nations Framework Convention on Climate Change (UNFCCC), however, have precious little to do with the climate, and everything to do with haggling over percentage points of economic growth. Let us be quite clear on what global climate change policies have achieved so far. First, ecologically: since the signing of the Kyoto Protocol, not only have total global greenhouse gas emissions increased, so, too, has their rate of increase.[2] In addition, a conference held in Copenhagen in March 2009 agreed that the pace of global warming was accelerating more rapidly than hitherto predicted in the Intergovernmental Panel on Climate Change's (IPCC) worst-case scenarios (*Guardian*, 12 March 2009). If progressive supporters of the protocol now deploy the counterfactual argument that, without the treaty, things would have been even worse, then this only reveals their utter strategic despair. We do not need counterfactual arguments, but real and just emissions reductions!

Second, politically: rather than address the full range of activities that negatively impact the climate – say, trade, agriculture and most

2 http://www.sciencedaily.com/releases/2006/11/061130190831.htm

fundamentally, the 'fossilistic' industrial system – the UNFCCC maintains and reinforces the illegitimate compartmentalisation of ecological concerns into a separate and toothless regulatory regime, thus insulating other institutions such as the WTO from scrutiny and critique. In fact, the WTO's free trade policies, which usually lead to an expansion of ecologically and socially destructive industrial agriculture and increase the volume of international trade, have significantly more negative impacts on the climate than the UNFCCC's policies have positive ones. To date, the UNFCCC's political effect appears to be one of legitimating a destructive and unjust economic and regulatory system by channelling the attention of potentially critical environmental groups into meaningless negotiations; and projecting the impression that 'something is being done' about climate change, thus blunting the potential for more widespread, mass movements for climate justice to emerge.

Third, economically, which is where things get interesting. In very short: without the UNFCCC, the idea of emissions trading would almost certainly not have become global 'best practice' in official climate politics as quickly, or as universally (recall that the EU was initially opposed to emissions trading, but was convinced to accept it by a man who would later receive a Nobel Prize for a slideshow). But given its relative lack of ecological utility, why has the system become so attractive to so many players? Quite simply because it offers a brilliant (if partial) short- and medium-term fix for the problem of over-accumulated financial capital: the 'ecological' consulting firm Point Carbon calculates that the global market for emissions rights will grow from its current almost measly US$ 100 billion to US$ 2,000 billion by the end of this decade. Notwithstanding the uselessness of economic forecasting, particularly in a recession, that is a lot of potential investment of dubious ecological but of definite economic value.

There have, however, been two processes in the last 30 years that have generated ecologically significant emissions reductions. Rather than government intervention or green modernisation, these have been economic crises, that is, drastic reductions in economic growth. First, this occurred during the breakdown of the growth-oriented economies of the Eastern bloc, where a 40 per cent reduction in Soviet GDP coincided with a roughly 40 per cent reduction in emissions (Harrison 2001: 3; Smith 2007: 22). Second, during the current global economic crisis: citing a report by the International Energy Agency (IEA), the *Financial Times* (21 September 2009) writes that 'CO_2 emissions from burning fossil fuels had undergone "a significant decline" this year – further than in any year in the last 40…Falling industrial output is largely responsible for the plunge in CO_2'. Of course, this is not meant to suggest that an uncontrolled breakdown in the global economy, with all the social devastation this would wreak, is currently desirable. But it does point to the need for a collectively managed, just process of degrowth of the global economy; of, particularly in the global North, *shrinking* our overdeveloped economies.

Open ends

Where to go from here? The call for 'degrowth', for the want of a better word, has some unpleasant undertones. On the one

hand, there are its political shortcomings: how would a strategy that aims to shrink the economy gain the support of trade unions, which by and large remain wedded to the Fordist growth compromise (since they are unable to fight for more, what is there for them to distribute but the benefits of growth?)? How do we start leaving fossil fuels in the ground if the miners sitting on top of them are, with good cause, fighting for their livelihoods by trying to extend coal mining and supporting the myth of 'clean coal' (as happened in the British climate camp in 2008)? On the other hand, there is the fear, especially when articulating a critique of growth from a position in the global North, that this ends up resurrecting Malthusian discourses of 'overpopulation', where – generally – 'post-reproductive wealthy white men' lecture 'the poor' on how they should have fewer children (*Guardian*, 29 September 2009). Finally, there is the small matter that we are currently living through an enforced period of degrowth (the world economic crisis), and because in a capitalist economy this necessarily takes the form of a crisis (because capital that does not grow ceases to be capital), many are likely to ask whether degrowth does not simply mean more crisis, more austerity – and even more upward redistribution of wealth and power.

To be sure, there will not be easy answers to these questions. Clearly, the intellectual task is to create convincing concepts for a global economy that does not rely on constant growth – in other words, for a post-capitalist macroeconomics, if the slight misnomer be allowed (compare, Sustainable Development Commission 2009). But, unsurprisingly, writing papers will not be enough. Whether in regard to the question of North and South, or that of 'environmentalism' and workers' rights, the directions in which we will have to look can only emerge from collective struggle, because it is in struggling together that we become capable of recognising each other and internalising each other's interests. As another movement in another time once put it, *caminamos preguntando*.

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