

Green capitalism and unjust sustainabilities

Temanummer: Klimakrisen – de næste skridt

Climate change and other global environmental challenges are pushing societies and political systems to critically reflect on the role of business as a problem and as a solution to these crises. Sustainability has become a commodity itself, to be traded, bought, sold and managed like all others. How lead firms in global value chains address sustainability issues has become a key competitive element and a source of value creation and capture – facilitating a process of ‘green capital accumulation’. In this article, I briefly examine how green capitalism is leading to new forms of inequality and provide an agenda for ‘just sustainabilities’ that can help building a social foundation for an inclusive and stable economic and productive system operating within our environmental planetary boundaries.

In the past two decades or so, ‘green capitalism’, ‘green growth’, the ‘green economy’ and the ‘circular economy’ have become popular constructs in view of addressing climate change and other pressing environmental crises (popular books include Esty and Winston 2009, Friedman 2009, Lovins, Lovins and Hawken 2007, McDonough and Braungart 2010, Schwab 2017). Yet, these approaches have failed to regulate business conduct in ways that can effectively address the climate crisis. Essentially, they have been employed to argue that the capitalist mode of production can be leveraged to solve the pressing environmental issues that arise from its very logic. We are told that new business models, innovation and technological progress can save the environment and still facilitate capital accumulation and ever-lasting growth in production. In other words, we are led to believe that green capitalism contains the seed of salvation. However, what is needed is a different way of organizing economic activity, one that is based on ‘just sustainabilities’.

From the perspective of green capitalism, tackling ever-increasing production and consumption is not a priority. The focus is on how technology and new business models can improve the efficiency of resource use, instead of decreasing the aggregate impact on the Earth and its biosphere. Efficiency in resource use should indeed improve as income in the Global South increases (Stern 2004), but this is likely to be more than compensated for by the aggregate scale effect of higher growth. While richer economies may be dematerializing, the use of energy and materials is actually moving to production facilities in developing countries rather than decreasing overall (Dale, Mathai and de Oliveira 2016). And more efficient extraction and use of natural resources



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often leads to lower prices (witness the shale revolution in oil extraction), which can prolong and even increase fossil fuel consumption and the rate of natural resource use.¹

In other words, while green capital accumulation strategies that optimize production and resource use are helping to lower the relative energy and material intensity of production, they do not address the overall ecological limits to growth because they are based on a logic of continuous expansion (Higgs 2014, Kovel 2007, Newell and Paterson 2010). To restate in slightly different terms, technological and organizational fixes (Coe and Yeung, 2015), such as cutting energy costs, improving packaging materials, minimizing transport distances and building green brand credentials, can improve *unit-level* efficiency and indeed can have important positive impacts on resource and energy use. But this does not necessarily lead to *overall* reductions when aggregate production and consumption continue to rise. Furthermore, lead firms in global value chains are placing new environmental demands on their suppliers, which comes with requests for more information on supplier cost structures and operations (Ponte 2019). In supplier jurisdictions where regulatory monitoring is poor or difficult, this can lead to *pro forma* compliance with buyer demands and certifications, while further limiting the actual impact on environmental sustainability. When profit margins decrease for suppliers (negatively affecting their economic sustainability), these demands can also have negative rebounding effects on social sustainability – e.g. driving suppliers to cut labour costs or worsen work conditions to recoup the extra environmental costs.

Green capitalism and inequality

As competitive advantage becomes denationalized and increasingly shaped by GVC dynamics, including those embedded in the management of sustainability, new winners and losers arise within and across nations (Baldwin 2016, Milanovic 2016). As contemporary capitalism creates new winners (the ‘global middle class’, mostly located in China and other emerging Asian countries) and new losers (the lower-middle class in richer countries and the very poor in developing countries) (Milanovic 2016), research on production, economic development and sustainability needs to pay particular attention to the specific consequences for these groups.

The emergence of a global plutocracy is deleterious for tackling sustainability challenges because global plutocrats can insulate themselves from the consequences of climate change and environmental degradation. Therefore, discussions on the sustainability of capitalist production need to be discussions of power relations, inequality and social, environmental and climate justice. Yet, in its current manifestation, ‘sustainable development’ (including much of the UN Sustainable Development Goals construction) has been stripped of its justice elements and has become ‘all but synonymous with “sustained economic growth”’ (Dale et al. 2016). It has embedded unfettered and apolitical

technological optimism and sustainability consumerism. Sustainability concerns, such as wildlife conservation, have become commodities to be sold and bought like any other, sometimes transformed in 'spectacle' for the enjoyment of the wealthy (Brockington 2002, Brockington, Duffy and Igoe 2012, Büscher, Dressler and Fletcher 2014, Igoe 2017). Green capitalism goes hand in hand with green and/or blue 'grabbing' that is operated through the exploitation of land and water resources (Benjaminsen and Bryceson 2012, Fairhead, Leach and Scoones 2012, Hill 2017) and constitutes a contemporary instance of accumulation by dispossession (Harvey 2004). As capitalism metamorphoses into green capitalism, it comes along with its financial imperatives, its (im)moralities and its values (Asiyanbi 2017, Bracking 2012, Dempsey 2016, Ouma, Johnson and Bigger 2018, Sullivan 2013).

'Unjust sustainabilities' are part and parcel of green capitalism – the dematerialization of production in some countries is based on increased material extraction in others; land grabbing takes place under the pretext of conservation; green jobs, like brown ones, are becoming more precarious, informal and/or exploitative; and lead firms in global value chains are capturing sustainability value from their suppliers in the Global South (Ponte 2019). As long as environmental impacts of increased production are considered externalities, rather than something to be priced or taxed, business will continue operating within an economic system that places disincentives on long-term sustainability. Even the most innovative business models, such as service leasing instead of ownership of durable goods, and technological innovation, such as advances in photovoltaics, will only allow us to take one step forward while we take two steps back by scaling up production.

Consumption is also heralded as a solution to pressing environmental problems. 'Shopping for good' is alluring and simple – we can save the world just by being better buyers without requiring sacrifice, such as consuming less (Richey and Ponte 2011). Voting with our wallets is an easy substitute to exercising our citizen rights and powers. Green consumer culture is essentially a culture of consumption, where the values of society are organized through and derive from consumption. It is a culture portraying freedom of choice and consumer sovereignty, a culture of needs that are in principle unlimited and insatiable, and a culture of prioritizing the satisfaction of these needs over the limitations of our environment (Slater 1997). The myriad of labels and certifications appended on green products facilitate a grab-and-go approach to saving humanity-cum-nature.

Sustainability certifications and labels are important ways of delivering feel-good content to consumers. But green consumer culture is neither just a consumption of signs, nor is it just a reflection of an existing social order (Slater 1997). It is a site of contestation and struggle over social, cultural and environmental arrangements that underpin the mobilization of material resources. Thus, it is necessary to examine of how the production and procurement of the objects of consumption is regulated and by whom, and what specific

productive arrangements, technologies, environmental processes and labour relations underpin the provision of goods (Fine 2002).

Lead firms in global value chains, and especially retailers, apply heavy forms of 'editing' of what gets offered to consumers and how. While this was traditionally a one-way road from branded merchandisers and retailers to consumers via advertising, advances in big data analytics and point-of-sale information mean that consumption patterns can finely shape procurement choices. However, procurement officers of major retailers still have enormous power in shaping consumption trends. Walmart, for example, became the largest seller of organic produce in the US not because consumers were clamoring for organics in its stores, but because organics are more profitable. This has led to increased consumption of organic food, but also to the consolidation of organic farms and a move from an agro-ecological, diverse approach to a monoculture, input-substitution approach (Guthman 2014). Walmart, since the mid-2000s, has embarked on a broad sustainability drive to save energy, optimize packaging, transport and logistics – not because these fit with its corporate philosophy of low prices, but because its executives, influenced by 'sustainability consultants', came to see that there was profit to be made in environmental improvements (Humes 2011). Yet, as Walmart improves its unit-level energy and material consumption, it continues expanding, thus increasing its overall environmental footprint. By focusing on unit-level improvements, Walmart moves attention away from the inherent unsustainability of big box retailing – and of green capitalism more generally. These processes suggest the dominance of trajectories of value capture (Coe and Yeung 2015) rather than those of shared value (Porter and Kramer 2011).

In sum, the winners of green capital accumulation tend to be lead firms in richer countries and their financial backers, and sometimes emerging lead firms in the Global South; consumers who can discharge their environmental duty by consuming green, instead of reducing consumption; and market-friendly international NGOs and sustainability initiatives which are playing a major facilitating role in greasing the wheels of green capitalism (Ponte 2019). The losers tend to be suppliers in the Global South, especially small-scale enterprises and smallholder farmers; labour everywhere; more radical activist networks and social movements in search of long-term solutions to sustainability challenges; and international organizations and the public sector more generally (Ponte 2019).

Towards just sustainabilities

Ideationally, current discussions of 'just sustainabilities' have important insights to offer in the search for a new economic development model for humanity. Enacting systemic and radical alternatives requires creating new imaginaries of production and nurturing new sustainability cultures (Gibson-Graham, 2006, Parr, 2012). The idea of just sustainabilities is based on 'the need to ensure a better quality of life for all, now and into the future,

in a just and equitable manner, whilst living within the limits of supporting ecosystems' (Agyeman et al., 2003: 5). It is framed in the plural to reflect the multiplicity of alternatives that can be tuned to different realities and follow different paths – in rural or urban areas, in the Global North and the Global South, with more social democratic or libertarian notes, and under cooperative or municipal forms of ownership and production. Denmark is well placed to leverage on existing strengths in these realms, but its government needs to re-think its 'green investment' strategy away from the strictures of the green economy and technology – for example by enacting metrics of GDP that include environmental externalities to measure growth from a sustainability perspective; by stopping oil extraction in the North Sea; and by further prioritizing public over private transport (even when the latter concerns electric vehicles).

A path towards just sustainabilities entails addressing inequality – since inequality drives competitive consumption and leads to lower levels of trust in societies, which makes public action more difficult (Wilkinson et al., 2010); it calls for focusing on improving quality of life and wellbeing, rather than economic growth *per se*; it demands a community economy and increased public production and consumption (Gibson-Graham, 2006, Gibson-Graham et al., 2013); it involves meeting the needs of both current and future generations and at the same time reimagining these needs; it demands a paradigm of sufficiency, rather than maximization of consumption; it recognizes that overproduction and environmental degradation affect the right to enjoy a decent quality of life (Agyeman, 2013); and it requires a different kind of green entrepreneurial state that caters to these needs. Again, Denmark has a long and rich traditions of efforts to minimize inequality and catering to social welfare, but these have gone into reverse in the past two decades. Key in re-establishing proper funding and implementation of these is tackling tax evasion, both corporate and personal, and a concerted effort to eliminate tax heavens internationally.

Achieving 'just sustainabilities' necessitates building and strengthening a social foundation for an inclusive and stable economic and productive system that operates within our environmental planetary boundaries (as exemplified in the 'Oxfam donut', see Raworth, 2012). Self-regulation and transparency measures that business puts in place are not enough. Governments (including the Danish government) need to *regulate* business to behave responsibly in order to maintain its social license to operate. This demands a set of mandatory standards of corporate conduct that are to be applied both within corporations' organizational boundaries and along their supply chains, (Agyeman, 2013, Gunningham et al., 2003). Finally, paying attention to what we buy and how it was produced remains important, but we as consumers cannot buy our way into a sustainable future. The imperative of growth in production and consumption is part of the problem and cannot be the solution. In other words, we need to act as responsible citizens to promote radical sustainability, not only as ethical consumers.

A future agenda for research on just sustainabilities should then involve at least two further efforts. First, the analysis of global value chains in combination with ‘global wealth chains’ (Seabrooke and Wigan, 2014, Seabrooke and Wigan, 2017). This entails tracking where value is added in material production along value chains and where it is captured and redistributed. It also requires examining how multinational corporations manipulate the distribution of functions along value chains to tax value in jurisdictions where taxation rates are lowest, and whether this in turn puts pressure on other jurisdictions to lower their tax burden on capital and increase it on labour, with regressive results (Quentin and Campling, 2018). As capital leverages nature to produce more capital, research can provide important insights on how the circulation of finance ‘in and through nature’ (Ouma et al., 2018) abets green capitalism.

Second, we need far more research on the impact, potential and challenges of existing and emerging alternative ideas, models and practices to the contemporary form of green capitalism. Some of these approaches are built around the planetary boundaries within which humanity operates (Rockström et al., 2009, Steffen et al., 2015). Others seek ‘prosperity without growth’ (Jackson, 2009) or ‘de-growth’ (D’Alisa et al., 2014), while even more radical options show possible paths towards ‘ecosocialism’ (Kovel, 2007). How are these alternative models of the economy working and where? To what extent are they reliant on community involvement, union and social activism, decentralization, cooperative forms of organization, and radical and democratic ecological experimentation (Rogers, 2013, Dale et al., 2016)? To what extent can regulation and activism can weaken or strengthen these initiatives?

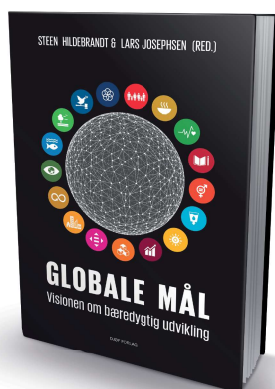
Noter

1. The British economist William Jevons showed already in the early 20th century how improvements in engine and furnace efficiency had led to higher consumption of coal, thus actually increasing the rate of its depletion Jevons, W. S. 1906. *The coal question: an inquiry concerning the progress of the nation, and the probable exhaustion of our coal-mines*. Macmillan.

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I *Globale mål* reflekterer markante stemmer over centrale temaer for global bæredygtighed: Værdighed, mennesker, planeten, retfærdighed, partnerskab og globalt forvalterskab.

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