

# THE GREEN ECONOMY: the Wolf in Sheep's clothing

By Edgardo Lander



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## I. THE 1992 EARTH SUMMIT IN RIO DE JANEIRO 1992: SUSTAINABLE DEVELOPMENT

In 1983, when the Earth's ecological crisis was becoming ever more apparent, the United Nations General Assembly decided to create an international commission (the World Commission on Environment and Development) to analyse the planet's environmental situation and how it related to development goals. Based on this they presented a set of recommendations for action. The report, *Our Common Future*<sup>1</sup>, was submitted in 1987 and is known as the *Brundtland Report*, named after the project's overall coordinator. This report provided the basis of negotiations at the *Earth Summit* that took place in Rio de Janeiro in 1992.

It is a document plagued by contradictions. The report provides broad documentation of the severe environmental problems facing the planet. Nevertheless, it proved incapable of identifying the fundamental causes of those problems. It would not consider options that fall outside the dominant framework and the capitalist logic of unlimited economic growth. The report claims that the best way of responding to the challenges posed by the environmental destruction and poverty, which it so thoroughly diagnoses, is through more growth. It stresses the need to "revive growth" to annual rates of between 5 and 6% for the countries of the Global South.

Faced with growing criticism of the idea of unlimited growth on a limited planet, the Brundtland Report performs an extraordinary conceptual juggling act, in order to give new life to the concept of *development*, giving it the new title of *sustainable development*. This new category would, according to the report, enable the relaunching of growth across the globe and eliminate poverty, and all in a sustainable way, as technological transformations would enable production with less and less material and energy input.

1. *Report of the World Commission on Environment and Development: Our Common Future*, [<http://upload.wikimedia.org/wikisource/en/d/d7/Our-common-future.pdf>]

The concept of *sustainable development* was extraordinarily effective both politically and ideologically. It responded in terms that seemed to take into account the criticisms of the development model, while in fact reinforcing it. It functioned like a tranquilliser in that it created the illusion that effective measures were being taken to respond to the diagnosed crisis. By not questioning the logic of capitalist accumulation and the model of industrial society as the fundamental causes of the destruction of the conditions that make life possible, it provided new legitimacy to neoliberal globalisation, which began to present itself as *sustainable*, despite its overwhelmingly devastating dynamic.

Given that the environmental crisis was responded to from this perspective, it is no surprise that, 20 years later, each and every one of the problems described in the report is now far more severe, and that life on this planet is facing ever greater threats.

Today, faced with evidence of the planet's limitations, and of the terminal crisis caused by this pattern of civilisation, it is even more urgent to stop the capitalist machinery of systematic destruction, industrial society and the idea of development. Popular struggles across the world are resisting the expansion of the frontiers of *accumulation by dispossession* through opencast mining, oil extraction, massive dams, and genetically modified monoculture. These are seen as threats both to their own territories and to life on Earth. Faced with the absolute control that the governments of the industrial North and the transnational corporations exercise over negotiations at the *Conference of Parties of the United Nations Framework Convention on Climate Change*, each of these conferences has become an opportunity for gathering, mobilising, articulation and protest by a broad convergence of global movements.

These movements call for radical measures destined to stop the destructive dominant dynamics and at the same time demand payment of ecological debt, equality, and justice. They reject responses such as *carbon trading* which, as experience has shown, far from reducing greenhouse gas emissions, have simply advanced the commercialisation of the atmosphere and the creation of new sources of accumulation and speculation for finance capital.

## II. RIO+20: THE GREEN ECONOMY

In June of 2012, two decades after the last summit, the *United Nations Conference on Sustainable Development, Rio +20*, will take place in Rio de Janeiro. In preparation for this conference, governments, multilateral bodies and their complicit

scientific and academic institutions, are once again mobilising all the mechanisms of science and reproduction of knowledge and thought. Over and above the potentially very good intentions of the contributors, what is taking place is a new and sophisticated offensive geared towards limiting the debate over this terminal crisis of the hegemonic pattern of civilisation in terms that don't call into question the global operation of the political and economic relationships that today dominate the planet.

The United Nations Environment Programme (UNEP), with the contributions of experts around the world, has produced a document containing more than 600 pages that explore environmental problems in great detail<sup>2</sup>; together with a synthesis for "policy makers".<sup>3</sup> These documents, and the very concept of the *green economy* define the new framework used in almost all the multilateral bodies where debates, negotiations and policy making are currently taking place.

Is this an effective device for producing the profound transformations necessary to save life on Earth? Or, on the contrary, is the *green economy* a new tool for the global powers to appear to incorporate criticisms of the destructive model of civilisation on the understanding that the assumptions and underlying logics of this model must remain unquestioned? Does this report seek the urgent action necessary to put a brake on the devastating dominant dynamics, or, on the contrary, is its intention to calm our fears, and try to convince us not only is a transition to a green economy possible, but that that transition has already begun?

A detailed reading of the texts brings us to the unequivocal conclusion that these are not the diagnoses and responses so urgently required. Instead it is a sophisticated effort to demonstrate that it is possible to resolve the problems of the planet's environmental crises without altering the existing power structures, nor the relations of domination and exploitation. Throughout the report it is argued that the same market mechanisms and scientific and technological patterns, the same logic of sustained growth, can save life on Earth.

According to the UNEP, through a transition to the *green economy* it will be possible to relaunch the global economy with rates of growth far higher than the current model. It will be possible to create more and better employment, reduce poverty, reach greater levels of equality, meet the millennium objectives, and all in a sustainable way,

2. United Nations Environmental Programme (UNEP), 2011, *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication*, [www.unep.org/greeneconomy]

3. United Nations Environment Programme, UNEP, 2011, *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication - A Synthesis for Policy Makers*, [www.unep.org/greeneconomy].

recognising the value of nature and reducing greenhouse gas emissions. This would reduce pressure on the natural environment, allowing it to recover<sup>4</sup>, while, at the same time, creating new and profitable areas of investment that will enable global capital to escape from the crisis and increase its profits.

### III. WHAT WOULD A TRANSITION TO THE GREEN ECONOMY LOOK LIKE?

For the UNEP, one of the fundamental bases for its green economy is in the rejection of what they call the *myth* that there is a dilemma between economic progress and environmental sustainability.<sup>5</sup>

They claim that it is not a matter of questioning sustained economic growth, or the notion of progress, but of reorientating investments and technological innovation towards the green economy. Having confirmed that in the past decade “concurrent crises of different kinds” (the climate crisis, the crisis in biodiversity, fuel, food and water, and finally the financial system and the entire economy) have all accelerated, they state that the fundamental cause of all this has been the result of “the evident misallocation of capital”:

Although the causes of these crises vary, at a fundamental level they all share a common feature: the gross misallocation of capital. During the last two decades, much capital was poured into property, fossil fuels and structured financial assets with embedded derivatives, but relatively little in comparison was invested in renewable energy, energy efficiency, public transportation, sustainable agriculture, ecosystem and biodiversity protection, and land and water conservation. Indeed, most economic development and growth strategies encouraged rapid accumulation of physical, financial and human capital, but at the expense of excessive depletion and degradation of natural capital, which includes our endowment of natural resources and ecosystems. By depleting

4. “UNEP defines a green economy as one that results in *improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities*. In its simplest expression, a green economy can be thought of as one which is low carbon, resource efficient and socially inclusive.” (UNEP, 2A Synthesis for Policy Makers, p. 1)

5. “Perhaps the most widespread myth is that there is an inescapable trade-off between environmental sustainability and economic progress. There is now substantial evidence that the “greening” of economies neither inhibits wealth creation nor employment opportunities, and that there are many green sectors which show significant opportunities for investment and related growth in wealth and jobs. A caveat, however, is that there is a need to establish new enabling conditions to promote the transition to a green economy, and this is where urgent action is required of policy makers around the world.” (Op. cit. pp. 2-3)

the world's stock of natural wealth – often irreversibly – this pattern of development and growth has had detrimental impacts on the well-being of current generations and presents tremendous risks and challenges for future generations. The recent multiple crises are symptomatic of this pattern. (Op. cit., pp. 1-2)

For UNEP, we are dealing with what they describe “market failures”. However, their response to these severe “market failures” and their extraordinarily dangerous consequences for life on the planet does not even contemplate the possibility that they might be a consequence of the growing power of the financial markets, of the increasing subjugation of any other social logic, be that democracy, equality, solidarity, or even the preservation of life, to a single criteria: the maximisation of short-term profits for capital. According to the report in question, the problem is much more limited, and could be resolved without the need for structural transformations in the operation of the system. It is just that “the markets” have been operating based on “faulty information”, which fails to incorporate the cost of “the consequences”, and is based on inadequate public policies such as “perverse or prejudicial anti-environmental subsidies”. The solutions they propose are a set of “guidelines related to the necessary policies” to achieve changes in the regulatory context, the incentives and the conditions of access to information in which the market operates. In this way, through “incentives based on the market” it would be possible to reorientate capital investment in the direction of *green investments and green innovations*.

Based on their economic models, they reach the conclusion that the transition to the green economy will be possible through an increase of “green” investments amounting to 2% of the planet's GDP. This “corresponds to less than a tenth of annual global investments”, which implies the re-allocation of investments totalling 1.3 billion dollars per year (UNEP, p. 5). According to the report:

The financial services and investment sectors control trillions of dollars and are positioned to provide the bulk of financing for a green economy transition. (Op. cit., p. 35.)

This analysis sees the future of the planet depending on States imposing policies, regulations, incentives and investments, and being able to reorientate this amount of private investments from the “brown” to the “green economy”. Operating within the dogmas of the free market, which the era of neoliberal globalisation has established as the only possible world view for the multilateral organisms and those “in charge of formulating policy”, UNEP warns that for these public policies to achieve the proposed objectives, it is necessary for investors to perceive that these green investments will increase their competitiveness. (UNEP, p. 249) This seems to be the

reason for the fact that, throughout the text, it is stressed over and over again that growth indexes and profits could be even bigger with a green economy. Thus, for example, in terms of the need to accelerate the development of renewable energy, one of the central themes of the report states that:

The financial sector treats investments in renewable energy like any other. If a project or company has an expected risk-adjusted rate of return on investment that is sufficiently high, it is considered an interesting investment... (UNEP, p. 226)

In its recognition that capital is completely amoral (it is all the same to them to invest in green technologies or destructive technologies, the only factor of interest is the rate of expected gain), the conclusion that the UNEP seems to reach is that the future of the planet depends on it being possible to formulate public policies capable of bribing investors, guaranteeing them sufficiently high profits to behave as good guardians of the planet. All this must, of course, be done within the rules of free trade that neoliberalism has imposed on a global scale. According to the report, it would not, for example, be acceptable to stimulate the development of investments and innovations in green technologies and products if those generate advantage for national producers that could be interpreted as protectionism.

It is therefore crucial for countries to combine and balance environmental protection with safeguarding market access. (UNEP, 3A Synthesis for Policy Makers, p.34)

Policies destined to defend the planet will be limited by the need to respect the sacred rights of the free market.

#### **IV. ON THE REDUCTIONISM OF THE ECONOMY**

The report recognises that the current economic model is inadequate in that it does not incorporate into its calculation of costs the consequences, which include the environmental impact, of the productive processes<sup>6</sup>. Nevertheless, it is incapable of looking beyond neoliberal fundamentalism, and cannot even entertain the possibility that human beings could relate with their environment in any other way, nor explore the significance of other cosmovisions and/or cultural patterns, such as those based on the

6. "Conventional economic indicators, such as GDP, provide a distorted lens for economic performance particularly since such measures fail to reflect the extent to which production and consumption activities may be drawing down natural capital. By either depleting natural resources, or degrading the ability of ecosystems to deliver economic benefits, in terms of provisioning, regulating or cultural services, economic activity is often based on the depreciation of natural capital." (UNEP, op. cit., p. 5)

recognition of the rights of nature or of our Mother Earth. On the contrary, radicalising the instrumental anthropocentrism that runs throughout the report, it would rather have the markets incorporate *all* these other “factors” in its economic calculation. It is therefore not a matter of questioning the fact that the fundamental decisions in society are made by “the market”, but of expanding the market’s sphere of information and action to explicitly incorporate nature into its logic of values. This requires overcoming all obstacles and resistance to the full commercialisation of nature. For the good functioning of the markets, everything must have a price, opening up new spheres for speculation and capital value. It should therefore come as no surprise that they defend the fundamental role to be played by carbon markets and the market-based Programme on Reducing Emissions from Deforestation and Forest Degradation (REDD+) In fact they don’t even pay lip service to the existence of critiques, disagreements and resistance to these flawed mechanisms..

## **V. THE MULTIPLE GAPS**

In all its hundreds of pages, the UNEP presents many possibilities for altering patterns of production, industry, agriculture, the organisation of cities, construction systems, transport. It also brings together a wide range of rich experiences in alternative technology, renewable energy and new regulatory regimes that exist in different parts of the world. This shows that there are many processes around the world today seeking alternatives to the destructive logic of the hegemonic models of production and consumption. This should be recognised as an important contribution made by the report to debates on alternatives. Nevertheless, the gaps in the report are much more notable.

Corresponding to the superficial approach that characterises most documents of this kind, this report completely ignores all the most controversial issues, creating a fictional world that does not operate responding to powerful interests, but on the idea of political leaders building consensus for the benefit of all.

An example of the issues not touched upon is the case of war and the military industrial complex, one of the most devastating dynamics, in human and environmental terms, existing in the world today. Given the massive amounts of material and energy it consumes for the manufacture and transport of military equipment, and through the impact, and long-term consequences, of their use in military conflicts, it must be considered a central dimension of the reigning logic of destruction. Yet this issue is apparently taboo, and cannot be mentioned in international bodies without offending the United States.

Even more fundamental is the complete absence of any consideration of the significance of the extraordinarily unequal power relations that exist in today's world, and the interests that are at play in the operation of this global system. The report repeatedly refers to *policies*, but never to *politics*, never to *power*. In political terms, the authors declare themselves to be neutral, and state that the "green economy does not favour one or other political currents, as it applies to all economies, be they controlled by the State or by the market" (UNEP, p. 5). The authors of this report appear to live in a fantasy world in which governments are democratic and make their decisions based on the will of the majority and the welfare needs of current and future generations. They seem to believe (or they would have us believe) that the existing political regimes and the so-called "policy formulators", are able to impose norms of behaviour on the corporations and the financial markets. They seem to assume that finance capital and the transnational corporations that are operating as active agents of the accelerated devastation of the planet, do so not because that is how they seek to maximise their profit margins in the short term, but because they do not have enough information, or because the signals they receive from the regulatory frameworks within which they operate are not clear enough.

These authors opt to ignore the fact that the capacity of existing political systems to establish regulations and restrictions to the free operation of the markets – even when a large majority of the population call for them – is seriously limited by the political and financial power of the corporations. This is particularly evident in the United States. No environmental regulatory policy and no international commitment can be assumed by the government of that country if it does not have the prior approval of the major corporations potentially affected by the measures. In fact, these corporations have the capacity to veto the policies with which they do not agree. They demonstrate this powerfully in the way the United States has been prevented from making any commitment to reduce greenhouse gas emissions in the United Nations climate change negotiations, and in the way they have prevented the passing of even the most timid environmental regulations that have been proposed in recent years. For governments, the political cost of affecting corporate interests is simply too high.

The structural adjustment programmes with which European governments have responded to the current crisis, that have even included constitutional reform in Spain, are being implemented to respond to the ever more precise demands coming from "the markets". This is leading to new steps to undermine any notion of democracy and towards growing levels of concentration of both wealth and power in decision-making on a global scale.

In these conditions, the list of recommendations and political proposals that the UNEP calls on the governments of the world to negotiate and implement is nothing more than the naïve expression of very good intentions, without any possibility of altering the current course of the planet. No proposal based on completely ignoring contemporary geopolitical realities has any hope of making a significant contribution to the global struggles we face today.

The resistance movements in struggle around the world today are all too aware of this fact. It is therefore very unlikely that they will be fooled by the false promises of the *green economy*.

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