PO133: Foundations of Political Economy

Week Five – Growth

Increasing evidence of close linkages between global economic growth and global environmental catastrophe (sea-level rise, heatwaves, hurricanes, water shortages, atomic/chemical/plastic pollution, the loss of alpine glaciers, the mass dying of bees, the extinction of polar bears) show that environmental limits to economic growth are a defining challenge for contemporary IPE analyses. Because behind cosy calls to jointly save humankind, profound political dilemmas are lurking. Those contributing disproportionately to environmental destruction are less likely to bear its effects. And those benefitting from it will lose out in a 'local', 'green' or 'de-growth' world economy.

Task 1 – Let's talk about the texts. The three texts had a very different set of concerns. What were they motivated by? Which one was the easiest to read?

Task 2 – The Limits to Growth

In 1972 the Club of Rome published its influential book *'Limits to Growth',* which predicted the collapse of the global system by the mid to late twenty-first century on current trends. Widely criticised and dismissed at the time, the book set the agenda in criticising exponential growth in a world of finite resources at a time when the 'growth paradigm' became dominant to the economic imagination of governments in the capitalist West. The 'growth paradigm' according to Dale is "the proposition that economic growth is good, imperative, essentially limitless, and the principal remedy for a litany of social problems."[1] So, no matter the question, growth appears to be the answer.

1.1. Historically, growth has been associated with a number of social ends. Based on Dale's article, what was the ultimate goal of growth (a) in ancient civilisations? (b) in medieval Europe? (c) in 16th and 17th century Western Europe mercantilism?

➔ **(See section on 'Origins of the growth paradigm')**

1.2. Dale echoes Marxist critiques which argue that growth has become a 'fetish': in a powerful reversal of ends and means, growth is now the ultimate end of social activity, rather than the other way around. Do you agree? Is economic growth an end in itself? And if not, what is it for?

[1] Dale, G. (2012) The growth paradigm: a critique, *International Socialism*, 134, 27 March. Available from: http://isj.org.uk/the-growth-paradigm-a-critique/ [accessed 13/11/2018].

Task 2 – Are economic growth and environmental protection opposed?

While the 'limits to growth'-thesis concluded that growing beyond the physical limits of the planet would necessarily result either in managed decline or in full collapse, the business world soon countered with another idea—let markets do the work!

"Against the 'command and control' policies being advocated to keep humanity within planetary limits (such as regulations or prohibitions), economists promoted market mechanisms to achieve environmental goals. The two principal mechanisms are environmental taxes and emissions trading schemes (ETS); in each case, the cost of emitting carbon creates incentives for changing behaviour to avoid emissions. Decisions are therefore taken away from governments and regulators and left to individuals and companies."[2]

Emission trading[3]

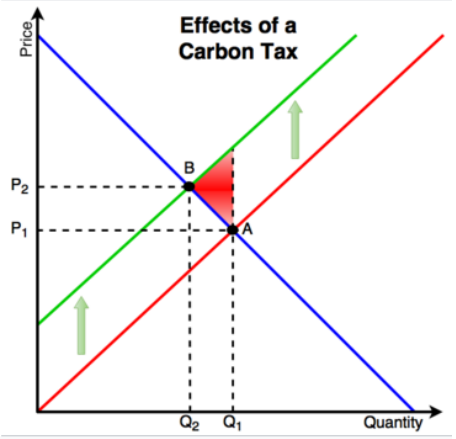

Figure 1. The implementation of a carbon tax will raise the price of fossil fuel products and reduce the demand, reducing both the amount of carbon dioxide emitted but also generating government revenue for investment in new technologies and energy alternatives.[3]

Carbon Tax

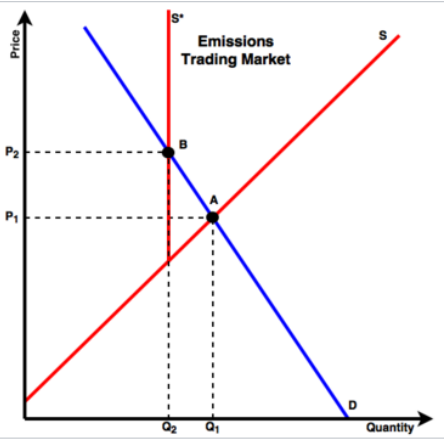

Figure 2. The effect of an emissions trading system on a market.[4]

Important disagreements persist as to whether emissions trading can indeed be effective to environmental goals. Many environmental activists and environmental justice coalitions—and indeed many political economists—think that the market approach to environmental degradation is bound to fail because it leaves a fundamental contradiction intact: Attaching a cost to pollution does not suspend the principle market rule to value profits over everything else. So, while businesses may be convinced to respect regulations, they remain indifferent to the environment. Driven to pursue profit by virtually any means, they never *abide by* the rules, they seek to transcend them. And this creates all sorts of derivative problems. For instance, carbon markets ended up causing large-scale land grabs in Africa, because rather than reducing emissions, companies started to invest in 'carbon offset production'. They bought agricultural land and turned it into tree plantations, to increase their pollution rights, thereby displacing local communities and causing multiple food crises.

Form two groups of equal size.

- **Group 1: Collect a list of arguments supporting the claim that economic growth will always be opposed to environmental protection.**

- **Group 2: Collect a list of arguments supporting the claim that environmental protection can only be guaranteed by 'green' economic growth.**

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[2] Kirby, P., O'Mahony, T. (2017) *The Political Economy of the Low-Carbon Transition: Pathways Beyond Techno-optimism*, Basingstoke: Palgrave Macmillan, p.205.

[3] Pictures available from: https://energyeducation.ca/encyclopedia/Carbon_tax_vs_emissions_trading.

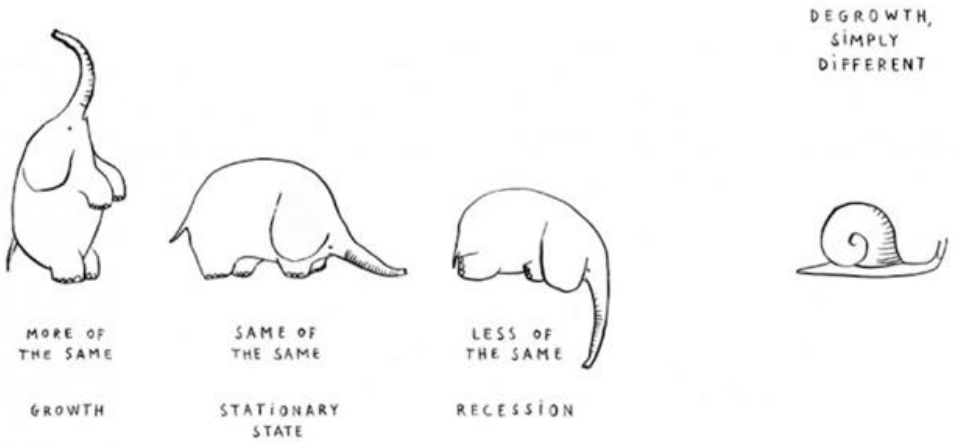
Task 3 – Global De-Growth Hack

In a desperate attempt to bring global warming to a halt, the EUs member states have decided to cap all their citizens' income at £15'000 pounds per year.

You are invited as creative disruptors to the 49th session of the Intergovernmental Panel on Climate Change (IPCC 49) from 14-18 May 2019, in Kyoto, Japan. And you are asked to provide the 'mobile app for the £15'000 pounds' which helps solving some of the problems this radical measure is undoubtedly going to raise.

Develop a 90 seconds pitch according to the following structure:

1. **The problem you are trying to solve and your target audience.**
2. **The name of your team and your product.**
3. **The solution you have come up with and how it will change the world for the better.**



Appendix: Climate Change is happening!

Extracts from Kirby and O'Mahony (2017), p.9:

Observed Changes in the Climate System

'Warming of the climate system is unequivocal, and since the 1950s, many of the observed changes are unprecedented over decades to millennia. The atmosphere and ocean have warmed, the amounts of snow and ice have diminished, and sea level has risen' (IPCC 2014c: 40).

- *Atmosphere*: 'Each of the last three decades has been successively warmer at the Earth's surface than any preceding decade since 1850' (40).
- *Oceans*: 'Ocean warming dominates the increase in energy stored in the climate system, accounting for more than 90% of the energy accumulated between 1971 and 2010 with only about 1% stored in the atmosphere' (40).
- *Ice and snow*: 'Over the last two decades, the Greenland and Antarctic ice sheets have been losing mass. Glaciers have continued to shrink almost worldwide (high confidence). Northern Hemisphere spring snow cover has continued to decrease in extent (high confidence)' (42).
- *Sea level*: 'Over the period 1901–2010, global mean sea level rose by 0.19 [0.17–0.21] m. The rate of sea level rise since the mid-nineteenth century has been larger than the mean rate during the previous two millennia' (42).

Drivers

'Anthropogenic greenhouse gas emissions have increased since the pre-industrial era driven largely by economic and population growth. From 2000 to 2010 emissions were the highest in history. Historical emissions have driven atmospheric concentrations of carbon dioxide, methane and nitrous oxide to levels that are unprecedented in at least the last 800,000 years, leading to an uptake of energy by the climate system' (44).

- *GHG concentrations*: 'Atmospheric concentrations of GHGs are at levels that are unprecedented in at least 800,000 years. Concentrations of carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O) have all shown large increases since 1750 (40%, 150% and 20%, respectively)' (44).
- *Human activities*: 'About half of the cumulative anthropogenic CO_2 emissions between 1750 and 2011 have occurred in the last 40 years' (45).

Attribution of Climate Change Impacts

'The evidence for human influence on the climate system has grown since AR4 [previous IPCC report in 2007]. Human influence has been detected in warming of the atmosphere and the ocean, in changes in the global water cycle, in reductions in snow and ice, and in global mean sea level rise; and it is extremely likely to have been the dominant cause of the observed warming since the mid-twentieth century. In recent decades, changes in climate have caused impacts on natural and human systems on all continents and across the oceans. Impacts are due to observed climate change, irrespective of its cause, indicating the sensitivity of natural and human systems to changing climate' (47).

- Human influence: 'It is extremely likely that more than half of the observed increase in global average surface temperature from 1951 to 2010 was caused by the anthropogenic increase in GHG concentrations and other anthropogenic forcings together' (48).
- Observed impacts: 'In recent decades, changes in climate have caused impacts on natural and human systems on all continents and across the oceans. Impacts are due to observed climate change, irrespective of its cause, indicating the sensitivity of natural and human systems to changing climate' (49).

Extreme Events

'Changes in many extreme weather and climate events have been observed since about 1950. Some of these changes have been linked to human influences, including a decrease in cold temperature extremes, an increase in warm temperature extremes, an increase in extreme high sea levels and an increase in the number of heavy precipitation events in a number of regions' (53).

Exposure and Vulnerability

'The character and severity of impacts from climate change and extreme events emerge from risk that depends not only on climate-related hazards but also on exposure (people and assets at risk) and vulnerability (susceptibility to harm) of human and natural systems' (54).