



GREEN CAPITALISM

Marian Ronan (Grail USA) wrote the following review of Richard Smith's book on 'green capitalism' and offered it as a Resource Paper for Grail groups and members world-wide. We readily accepted it and thank her for it. This is a subject of universal importance and consequence and Smith is one of several critics of 'green capitalism'. We hope you will read and discuss his insights. We would be happy to hear your comments.

(Editorial Committee: Alison Healey and Mary Boyd)



***Green Capitalism: The God that Failed*, by Richard Smith, (UK: The World Economics Association, 2016). www.worldeconomicsassociation.org**

Richard Smith is an eco-socialist scholar who has worked as a sailboat-rigger and carpenter as well as a university lecturer. *Green Capitalism* is a collection of his articles published previously in journals. Smith spoke once at a course I was taking; he was impressive; he also has amazing hair.

Green Capitalism lays out the ways in which capitalism is moving us toward the destruction not only of the environment but of the human species itself. At the heart of Smith's argument is the fact that capitalism is fundamentally committed to growth. We know this from experience: if the market falls, anxiety ensues; if it falls the way it did in 2008, disaster. The problem is that market growth demands not only endless energy but also endless raw material. Alas, the planet is finite.

Why, Smith asks, even as the environmental situation is getting steadily worse—with global carbon emissions now growing at a rate four times greater than in the years 1990 - 1999 and Heads of State lamenting the situation at global climate summits year after year—why are nations not doing what is needed to stop the catastrophe?

The book's first chapter traces the problem back to the origins of capitalist thinking in the work of the British economists, particularly Adam Smith.

Before the industrial revolution most production was aimed at use, not exchange. By the late 18th century, however, Britain had shifted to production for market exchange, a system governed by an 'invisible hand'. Instead of communities getting together to decide what they need, the 'invisible hand'—the profit motive—moves producers to find cheaper raw material, innovate their production methods, reinvest their profits to grow their means of production, seek out new markets, and of course, reduce wages. The 'invisible hand' increases wealth for some people but ignores the future harmful effects of the profit-making process.

In the second chapter, the author addresses claims that 'steady-state' capitalism, that is, a capitalist economy that does not grow, will solve the environmental crisis. But a steady-state (non-growth) economy is incompatible with capitalism. This is the case because 'grow or die' is the law of survival in the marketplace. A company that stops growing, that stops winning at competition, is crushed or bought out by larger firms.

Also, if there's no growth, there's no increase in jobs. If a government sets quotas on production to protect the environment, it is voted out of office; that's why none of the global climate meetings have resulted in any mandatory government actions. What we need is to shut down virtually the entire coal industry, drastically reduce the production of fossil fuels, and phase out toxic chemicals. Capitalism won't (can't) do this. Only an economic democracy based on human needs can.

In the third chapter, Smith challenges the 'green capitalism' promoted by Paul Hawken and others. They argue that such strategies as green technology (e.g., electric cars), carbon taxes, avoidance of genetically engineered products and buying of organic foods, will make capitalism compatible with environmental well-being. Smith, on the other hand, demonstrates that only a massive contraction of the industrial economy can possibly 'save the humans'; and that tiny 'green' measures, such as slightly smaller caps on plastic water bottles, don't come anywhere near meeting the problem.

Smith examines the shifts made by major environmental groups since the 1980s: from once organising big political protests to now collaborating with corporations, certifying inadequate practices as 'green' in exchange for donations. But a major problem is that huge areas of the economy simply can't be 'greened'. As Smith argues persuasively:

- Carbon tax efforts have failed because the limits set by governments were too low to make a difference.
- 'Cap and trade' efforts have failed because corporations effectively lobby governments to reduce the costs involved.
- Even more, such measures don't work because they don't put a limit on production itself; they just raise prices somewhat. The reduction in greenhouse gas (GHG) emissions that are essential to 'saving the humans' demands massive cuts in virtually

everything. This is because almost everything is made from fossil fuels: the synthetic fertilisers that drive our agriculture, the fibres in our clothes, our phones, computers, televisions, the internet.

To sum up Chapter 3, the notion promoted by ‘green capitalists’ that there is some painless form of green economic growth is pure fantasy. Smith argues that only a ‘visible hand of direct economic planning to re-organise the world’s economy to meet the needs of humans and the environment can solve the global problems we face’.

Chapter 4 confronts the problem of ‘jobs vs. the environment’. Smith begins with the ‘extreme extraction’ crisis, resulting from every government on the planet exploiting all the resources it possibly can. Smith, a China specialist, importantly reports that China’s recent 8% annual economic growth is driven by its use of nearly half of the world’s coal, steel, copper and other resources. But USA’s use of resources is also ballooning. For example, there is a massive increase in the size of homes; there are escalating sales of heavier vehicles that consume more resources and flat screen televisions, and more electricity used for air-conditioning than the electricity consumption of the entire African continent.

Smith explains compellingly how capitalism requires growing the economy for job growth as well as for profits. When you reduce the extraction of resources, unemployment goes up. But saving the planet requires a 90 % reduction in GHG emissions and to achieve this, we have to shut down fossil fuel-related industries—not just those producing energy, but those that produce disposable, unneeded products that drive the job market.

75% of GHG emissions are emitted by manufacturing, transportation, agriculture, animal farming, deforestation, etc. The only way to achieve the essential 90% reduction is to stop disposable consumerism and produce essential products only in such a way that they will last a long, long time. We could then shift jobs from commodity production to ‘caring industries’—universal public health care, universal public education, universal organic gardening, environmental remediation, retro-fitting, upgrading and restoring existing housing, re-afforestation.

Finally, in Chapter 5, Smith consolidates his previous arguments into ‘six theses on saving the humans’. He bases these theses on the ‘Keeling Curve’, a measurement of CO₂ levels launched in 1958 which shows that emissions have increased from 0.7 parts per million (ppm) per year in the early 1960s to 2.74 ppm in 2013, the biggest increase then ever recorded. We are, Smith warns us, ‘sleepwalking to extinction’.

Thesis 1: Capitalism is driving our ecological collapse. (Global population doubled between 1950 and 2000 but resource consumption increased 600%).

Thesis 2: The solutions are ‘blindingly obvious’ but we aren’t engaging them because capitalism demands economic growth and profit, which in turn demand, self-defeating actions. For example, shutting down USA coal-fired power plants makes no difference if we export the coal so as to continue making money from it.

Thesis 3: Since capitalism is inherently incapable of changing our patterns of planetary destruction, our only option is to shift to an economy that is planned globally, nationally, and regionally. This means coming together to agree to stopping growth in the Global North; closing down the finance industry; re-organising and re-structuring in order to make the products we do need to be durable and able to be shared; investing in social needs such as

education, farming;. limiting production to what can be made and traded locally and regionally; shifting resources from the Global North to the Global South; and providing jobs to workers displaced from consumerist production.

Thesis 4: The rational planning needed to achieve all the previous changes can be done only through democratic processes. Members of communities need to come together in local, regional, national, continental and international bodies to discuss, consider and vote on the needed changes.

Thesis 5: Finally, such a democracy can work only in the context of adequate socio-economic equality and social guarantees. These can be achieved only when there is enough wealth in the world to provide every human being with a basic income, with a job that pays enough to enable a dignified life, with safe water and sanitation, quality food, education and health care.

Thesis 6: These are crazy, utopian, unachievable ideas. But what is the alternative?

The problem with *Green Capitalism* is that it repeats the same points, over and over:

Capitalism, even so-called ‘green capitalism’, simply cannot save us from planetary catastrophe. The only thing that can save us is to *stop* destroying the environment for the sake of growing the economy. Unfortunately, the only purpose of capitalism is to grow the economy.

But telling us the same thing again and again is also *Green Capitalism’s* great strength, because by the end, we really get it. Capitalist economics, which dominates the entire world, including former communist powers such as China and Russia,, guarantees the destruction of the humans and of a huge number of other living species. We have no choice, then, but to replace capitalism with an eco-democracy.

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