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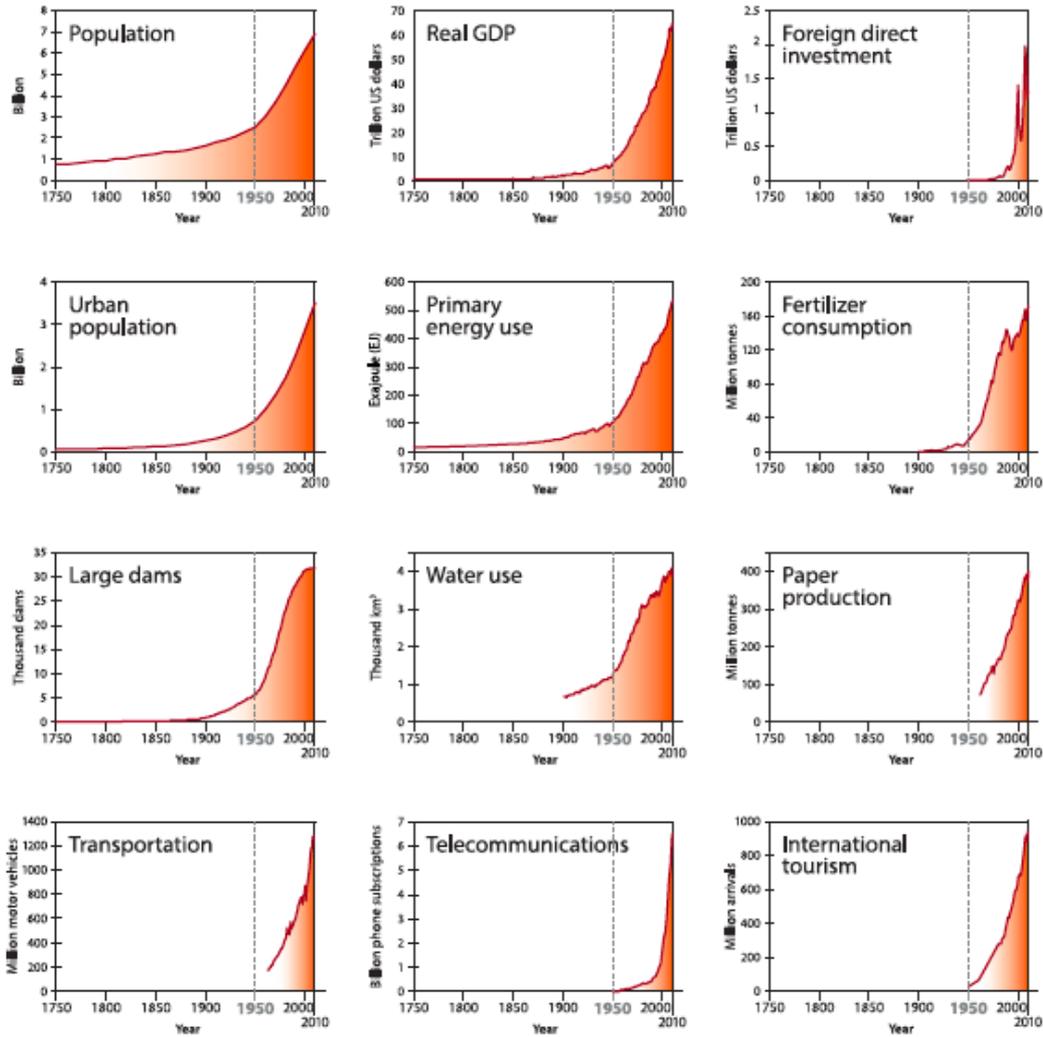
# ReTraCE

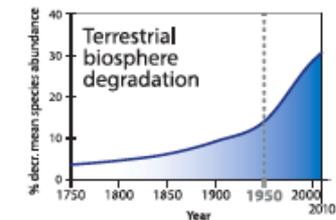
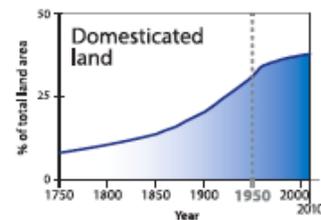
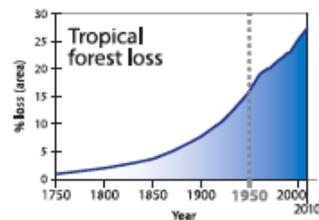
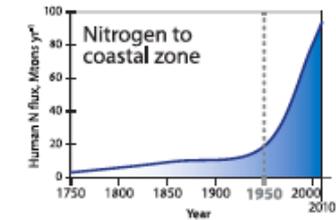
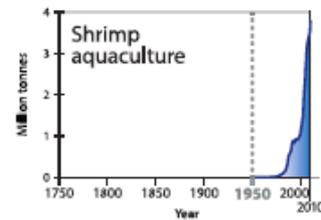
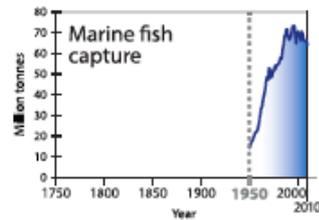
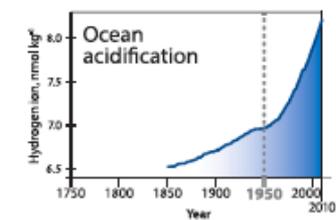
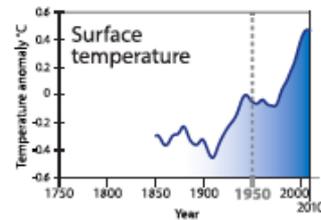
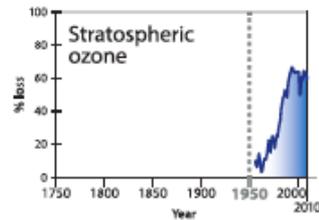
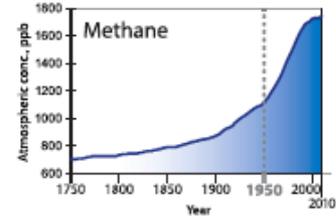
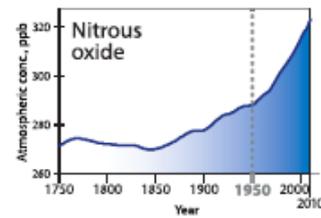
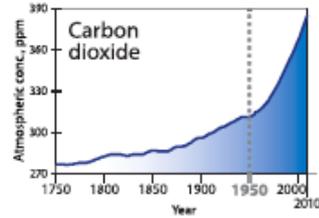
Realising the Transition towards the Circular Economy

A critique of circular economy:  
Neoliberal capitalism and  
sustainability  
Murat Arsel  
ISS-EUR

**1<sup>st</sup> ReTraCE Network School**  
**Sheffield, 3-7 June 2019**







# Capitalism



“The bourgeoisie in its reign of barely a hundred years, has created more massive and more colossal productive power than have all previous generations put together. Subjection of nature’s forces to man, machinery, application of chemistry to agriculture and industry, steam navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalization of rivers, whole populations conjured out of the ground – what earlier century had even an intimation that such productive power slept in the womb of social labor?”

- Marx and Engels (1848)

# What to fix?

- Political systems:
  - Redirect government function for the purposes of sustainability (not competitive economic growth)
  - Increase inter-national agreements/move beyond nation states
- Socio-cultural systems:
  - Eco-theology
  - Gender equality
  - Rights of nature
  - De-modernize/De-grow
- Technological systems:
  - Intensive adaption of existing technologies
  - Green technologies
- Economic systems:
  - Abandon capitalism
  - Reform capitalism

# Is circular economy possible?



- Physical arguments
  - Ecological economics: Georgescu-Roegen and the 4<sup>th</sup> law of thermodynamics
- Economic arguments
  - Sociology: Schnaider and the treadmill of production
- Political arguments
  - Political economy: neoliberal conservations

## Victories over nature

**Let us not, however, flatter ourselves overmuch on account of our human victories over nature. For each such victory nature takes its revenge on us. Each victory, it is true, in the first place brings about the results we expected, but in the second and third places it has quite different, unforeseen effects which only too often cancel the first.**

**—FREDERICK ENGELS**

## Second Contradiction of Capitalism



“The combination of crisis-stricken capitalism externalizing more costs, the reckless use of technology and nature for value realization in the sphere of circulation, and the like, must sooner or later lead to a 'rebellion of nature', that is, to powerful social movements demanding an end to ecological exploitation”

James O'Connor (1988: 32)

# Crisis of capitalism



“The current global development model is unsustainable. We can no longer assume that our collective actions will not trigger tipping points as environmental thresholds are breached, risking irreversible damage to both ecosystems and human communities”

United Nations Secretary-General’s High-level  
Panel on Global Sustainability 2011

# Sustainable development



- “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland 1987)
- Issues:
  - Are needs static?
  - Can we find a universal definition of ‘needs’?
  - Who decides?
- “...a buzzword largely devoid of content” (Esty, 2001)
- “...if you think about sustainable development long enough, you begin to see how it includes the challenges of the entire world” (Wapner, 2003)

# Politics of sustainable development



- Debate about the how not the if of continuing along capitalist industrialisation at the global scale
- Cause of environmental degradation: wealth or poverty?





- “Poverty is a major cause and effect of global environmental problems. It is therefore futile to attempt to deal with environmental problems without a broader perspective that encompasses the factors underlying world poverty and international inequality”

# Brundtland report

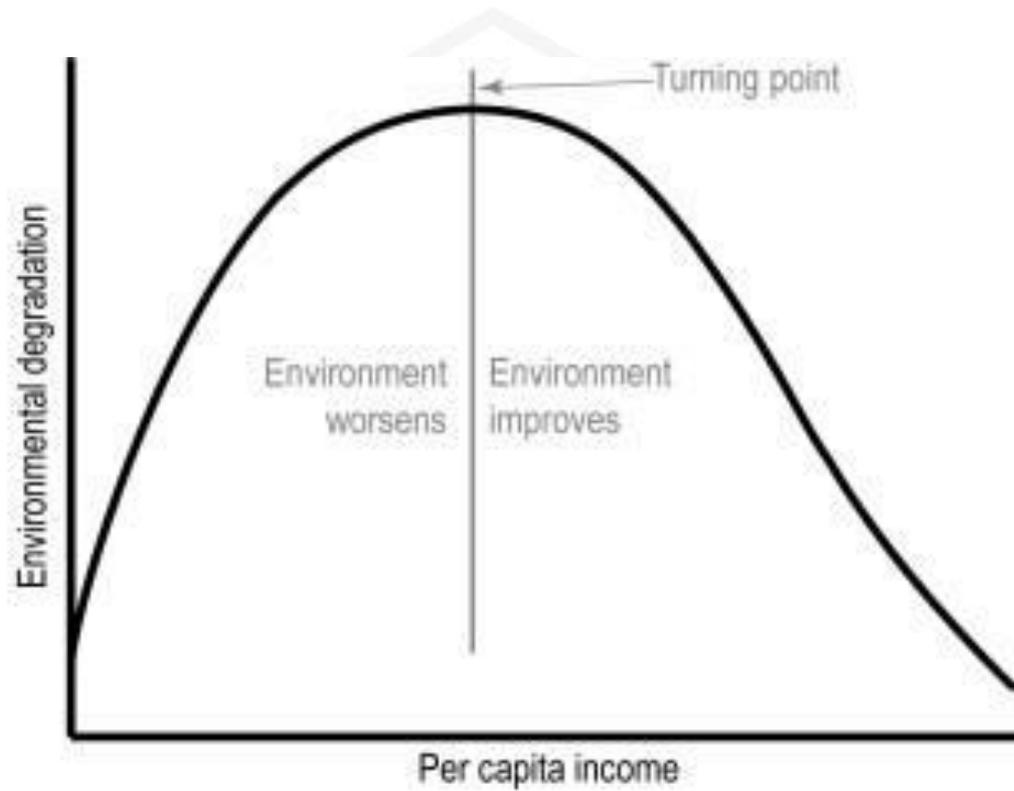


- “If large parts of the developing world are to avert economic, social and environmental catastrophes, it is essential that global economic growth be revitalized. In practical terms, this means more rapid economic growth in both industrial and developing countries, free market access for the products of developing countries, lower interest rates, greater technological transfer, and significantly larger capital flows, both concessional and commercial” (1987:89)

# Short time horizons

- “Degradation of these [environmental] resources reduces the productivity of the poor - who must rely on them - and makes the poor even more susceptible to extreme events...Poverty is also a factor in accelerating environmental degradation, since the poor, with shorter time horizons...are unable and often unwilling to invest in natural resource management...” (1996)

# Environmental Kuznets curve





- **‘Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication’ (UNEP 2011)**
- **Two central arguments:**
  - **Humanity is living beyond its means**
  - **Move to a green economy can be profitable**
  - **“In its simplest expression, a green economy is low carbon, resource efficient, and socially inclusive. In a green economy, growth in income and employment should be driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and eco-systems” (p. 16)**

# Environmental regulation

- Command and control
- Market-based instruments



# New political economy for SD



“The Panel therefore argues for using the power of the economy to forge inclusive and sustainable growth and create value beyond narrow concepts of wealth. Markets and entrepreneurship will be a prime driver of decision-making and economic change.

The Panel argues that by embracing a new approach to the political economy of sustainable development, we will bring the sustainable development paradigm from the margins to the mainstream of the global economic debate.”

*From The report of the United Nations Secretary-General's High-level Panel on Global Sustainability*

# Better policies?

“Existing policies and market incentives have contributed to this problem of capital misallocation because they allow businesses to run up significant, largely unaccounted for, and unchecked social and environmental externalities. To reverse such misallocation requires better public policies, including pricing and regulatory measures, to change the perverse incentives that drive this capital misallocation and ignore social and environmental externalities” (UNEP 2011: p. 15)

# Capitalism to the rescue



“The world does not need to choose between averting climate change and promoting growth and development...Tackling climate change is the pro-growth strategy for the longer term, and it can be done in a way that does not cap the aspirations for growth of rich or poor countries” (Stern et al. 2006: Executive summary, i-ii)

“Action on climate change will also create significant business opportunities, as new markets are created in low-carbon energy technologies and other low-carbon goods and services. These markets could grow to be worth hundreds of billions of dollars each year, and employment in these sectors will expand accordingly” (Stern et al 2006: Summary of conclusions, viii)

# Externalities

- Positive externalities:
  - Planting flowers in your garden
- Negative externalities
  - Emitting toxic waste
- Solution?
  - Bring these into market dynamics

# Neoliberalism

- An international ‘project’ to ‘liberate’ capitalism of social, political and other constraints (especially state intervention) (Harvey, 2005)
- Not simply increasing dominance of markets nor diminishing of state presence/power
- “economisation of the social, materialised either through the naturalisation of economic processes or technocratisation of their governance or both” (Madra and Adaman 2016)

# Neoliberal environmentalism

- Naturalness of the market
- State (and regulation for public benefit) is political, distorting – undesirable
- Externalities are not undesirable because they damage nature but because they derail the operation of the market!
- Leave it to the market
  - Establish property rights over nature (and natural processes)
  - Commodify nature
  - Commercialize it
- Win-Win-Win solution

# Criticisms

- Commodification
- Valuation



“But labour, land and money are obviously *not* commodities [they are not produced for sale]. Labour is only another name for a human activity which goes with life itself... nor can that activity be detached from the rest of life...; land is only another name for nature, which is not produced by man... The commodity description of labour, land and money is entirely fictitious.”

“What we call land is an element of nature inextricably interwoven with man’s institutions. To isolate it and to form a market out of it was perhaps the weirdest of all undertakings of our ancestors”

# Zero Price

“In general, however, one should not shy away from providing the best available estimates of value for a given context and purpose and seeking ways to internalize that value in decision making. Indeed, the TEEB study calls for assessing and internalizing such values wherever and whenever it is practical and appropriate to do so. A failure to do so is unacceptable: namely, to permit the continued absence of value to seep further into human consciousness and behaviour, as an effective ‘zero’ price, thus continuing the distortions that drive false trade-offs and the self-destructiveness that has traditionally marked our relationship with nature” TEEB, 2010: 12,

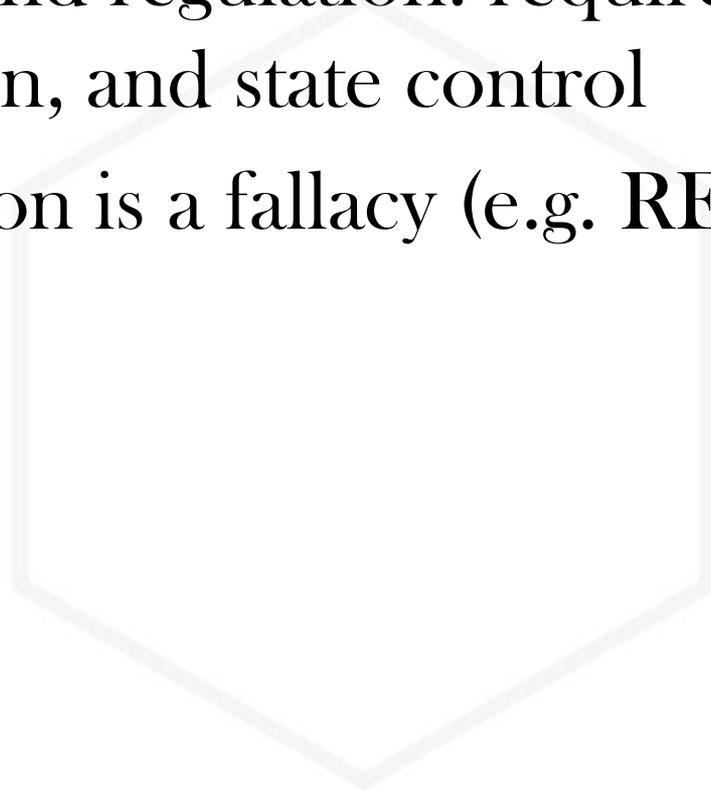
# Neoliberal environmental policy

- Carbon trading
- Carbon offsets
- Payments for environmental services
- Species banking
- Eco-tourism
- Conservation marketing

# Transition to circular economy within neoliberalism



- Transition and regulation: requires downsizing, redistribution, and state control
- Self-regulation is a fallacy (e.g. REDD+, PES)



# Critiques of neoliberal conservation



- Not about environmental protection?
- Regulatory challenges
- Ahistorical and apolitical
- Performativity
- Ethical concerns
- Impermanence

# What if it works?

- It still fails!
  - Inequality

