

THE GREEN ECONOMY: REINVENTION OR CAPITALISM IN DISGUISE?

by Pere Torres*

A 'Green New Deal', a sustainable economy: this was the great slogan when the enormity of the economic crisis made itself known. The United Nations and the European Union were among the more enthusiastic parties. They soon produced reports to this effect. It did not seem to require a major effort. The majority of ingredients have been talked about for years; in fact they have been applauded for years. Nevertheless, no political or business leader has dared go beyond the rhetoric. The reason: the healthy state of the economy. Now, however, the situation is ripe for these old ideas to be given a second hearing. I shall try to examine some of the concepts in this article that takes as read that there are four main elements to constructing a sustainable economy: the energy model, the production model, the model of wealth estimation and the fiscal model. They are inextricably linked, but in this article I shall only examine the first two. The word limit rules!

The energy model

Let us begin with a historical observation: every great economic age has depended on its own form of energy. When we were hunter-gatherers our main source of energy was muscular. When we developed stable settlements, developed agriculture, animal husbandry and the production of crafts, we were sustained by biomass, principally wood. The Industrial Revolution gave way to fossil fuels, which is where we find ourselves at present. If we are proposing a post-industrial economy, it seems logical that we must entrust it to another source of energy.

It has its own logic: every energy source has a limit to its capacity to satisfy human requirements. There comes a time, however, when demand outstrips supply and the energy goes from driving the engine to putting a brake on growth. Nowadays, the enormous quantity of fossil fuels that we consume means our reserves are rapidly declining and resources are increasingly difficult and expensive to obtain, prices increase and speculation flourishes. At the same time, massive consumption means that negative externalities are turned into problems with an enormous impact, such as air pollution in cities or climate change.

Humanity's future development cannot be sustained by fossil fuels, although it is unthinkable (and unnecessary) that they should disappear, especially natural gas, which has a satisfactory environmental behaviour. Nonetheless, they must cease to be the major part of the energy pie in order to make way for complimentary sources. The major players will be energy sources that do not emit greenhouse gases. This viewpoint is not questioned by anyone who has examined the data and understands the cause. The only uncertainty is whether it is better to wait until market forces bring about this situation, or on the contrary, encourage it to occur more quickly and, perhaps, less painfully.

To this end, a real transition towards a green economy does not consist of praising renewable energy or even of promoting it. In reality, the conditions for substituting fossil fuels with a combination of alternative sources must be established that, by offering more benefits, avoid causing the same problems.

The American economist, Jeremy Rifkin, President of the Foundation on Economic Trends, sees this proposal as being divided into four parts: relying on the superiority of renewable energies, rethinking buildings so that they contribute to the generation and conservation of energy, promoting hydrogen as a means of storage and reconfiguring transport networks and energy distribution so that they are intelligent (the so-called 'smart grids'). This is one suggestion, there are others. Nevertheless, it shows how radical the changes need to be in this field, not simply a matter of putting up wind turbines and solar panels as energy accessories.



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The production model

A sustainable economy, however, goes beyond this. If we look once again at history, the Industrial Revolution profoundly modified the working practices of agriculture and crafts. It was a true revolution in the concept and methods of production. In order to

make economic development sustainable we need another theoretical revolution in the means of production.

A STRATEGY FOR A SUSTAINABLE ECONOMY THAT DEFERS A RESOLUTE REFORM OF GOVERNANCE IS NOT VERY CREDIBLE

Here we find that ideas are more embryonic, more confused. Ideology plays an important part. For a while now, there have been a proliferation of movements that defend de-growth, slow food, self-sufficiency, local alternative currencies and so on. Now that tariff barriers are falling, it appears we are raising 'ethical' barriers that, in the name of a more 'ecological' world, call for local production, especially in the food sector. I am not sure if returning to the pre-industrial agrarian model is the optimal solution to overcoming the industrial one. For now, the few broad studies that have examined our understanding on this topic have not found significant benefits in either the nutritional or environmental aspects of such production. On the other hand, what would be the effect of this on many communities in the Third World that hope to find a way out of poverty with the export of agricultural products to the West? Here is one of the defining questions of the model: domestically produced products or global commerce? In my opinion, we still need useful tools for measuring the benefits of one or the other and the answer that must be sought depending on the product or the service. Clearly, each side is ready to defend its viewpoint. To repeat: in this area, ideology is still more influential than knowledge.

Another battle takes place over waste. The only way to overcome waste is to delete the word from the diction-

ary. When we classify a material as waste, our mind makes two associations: that it is dirty and that we should throw it away. One cannot construct a sustainable economy with these prejudices. The key is in transforming lineal design (raw material-product-waste) into circular design (raw material-product-raw material). This change has been suggested for many years now. The pioneering work led by Robert U. Ayres some twenty years ago with the United Nations University is well known. He called it 'eco-restructuring', while others give it the more generic title of 'industrial ecology'. These ideas are once more taking on a new vitality, with renewed proposals that inspire theorists who understand the language of modern communication. One could mention, for example, a book which has made a large impact, *Cradle to Cradle*, by William McDonough and Michael Braungart (North Point Press, 2002). It is an attempt to understand that everything that a business produces should be something it can sell, whether as a product for the consumer or as a raw material for another company.

Creation is another aspect of production in which fundamental change can also be detected. On one hand, as Henry W. Chesbrough explained in *Open Innovation* (Harvard Business School Publishing Corporation, 2006), large businesses are abandoning the closed culture of research and development in order to open it up, both to look for external innovation and to offer their own. We can also see confrontation between Internet users and the audiovisual sector for copyright protection. It is a serious culture shock, between a competitive vision of creation (that of industrial societies) and a cooperative, interactive vision that could become a characteristic of informational societies. In short, there are enough reasons to think that creativity



(from innovation to art) will need to learn how to generate income via other means than the current ones.

All of these questions as to the model of production, as well as many others ruled out by the brevity of the article, are those that will decide whether we move to a sustainable economy or not. Thinking that we make progress through ostentatious but marginal acts, such as eliminating plastic bags from supermarkets is naïve.

Partial conclusion

In the energy model and productive model, as with the measurement of wealth and the taxation system, the changes have to be profound, a total rethink, to be carried out even while there is doubt as to the success of the measures. For this reason we run the

risk of employing overly-conservative attitudes and succumbing to the temptation to merely pay lip service to the measures. They serve to paint the façade of the building while leaving the interior unrestored.

This gives rise to another important question: who is responsible for taking decisions? Political power or businesses? Councils or international organisations? Traditional states or national communities that wish to have the capacity to make decisions on the events that affect them? The viability of a sustainable economy also depends on how decision-making power is redistributed. In this aspect, conservatism is even stronger. At the same time, a strategy for a sustainable economy that defers a resolute reform of governance is not very credible. This brings to mind a question the French ask which seems especially pertinent: *vous dites ou vous faites?*

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