



The Political Economy of Sustainable Consumption and Production

Working Group

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(this draft is still under development and unfinished; contributions by others are welcomed)

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Synopsis:

The Political Economy Working Group of the KAN SSCP starts from the premise that unsustainable production and consumption levels are fundamentally linked to contemporary macro-economic structures and international political-economic relations. We therefore build on research which suggests that efforts to address production-consumption levels and therefore reduce resource pressure and mitigate climate change have failed to yield transformative results, precisely because they have neglected to recognize or address the economic and political structures at the very base of unsustainable production and consumption patterns. International competition, highly unequal relations of exchange and a global finance system make consumption artificially cheap at the expense of people and the planet. We realize that even the most comprehensive knowledge of these links between contemporary political economic relations and unsustainable production-consumption is difficult to translate into action precisely because production and consumption systems are so deeply embedded in dominant political and economic systems and ideologies. We therefore aim to research a wide range of plausible actions including those that work to modify production-consumption systems from within, those which leverage and exploit the contradictions inherent in current economic systems to influence change, as well as those that propose radical challenges to global trade relations, systems of economic valuation and the basic ideologies of classical political economy.

I. The Problem Statement

Recognizing the limitations of contemporary efforts to address unsustainable levels of production and consumption, we take a systems-based perspective to frame and explore the interrelated and inseparable economic, ecological and social causes and consequences of unsustainable global production-consumption levels.

a). Unsustainable Political-Economic Systems: Unsustainable levels of production and consumption are the product of much more than individual choice. They are highly influenced by political and economic systems that emerged in a fundamentally different time period. As classical political economists Ricardo and Smith observed so long ago, the *Wealth of Nations* can be built through the pursuit of self-interest and global competition. This has proven to be true for those nations with advantage. Yet Ricardo and Smith did not live in such a global world, nor were their contemporaries aware of the ecological and human costs of global economic systems that operate in the interest of national wealth accumulation alone. The problems and challenges were quite different at that time. Poverty and hard labour were widely severe while natural resources were abundant. To exploit the natural resources was a legitimate goal. Today's challenges are different. Exploitation has become overexploiting to an extent that threatens further economic development and long term wealth. Pavan Sukhdev has shown in *Corporation 2020* (2012) how companies in this process have obtained almost stronger legal right than humans. Today we face a tragedy of the commons as individual nations compete for economic advantage at the expense of the environment, economically marginal populations and future generations.

In the current dominant political economic ideology, increased labor productivity and mass consumption are celebrated as important social goals - essential for the health and wealth of the nations at the same time as they threaten the very same system. The system is knowingly stuck on an unsustainable development path. Consistent with the logical imperative of capital¹ to capture surplus value that can be reinvested, increased labor productivity and consumption have been channelled toward reinvestment in the interest of growth and wealth accumulation.

¹ Note, there is not one capital but numerous capitals held by individuals, states and corporations that compete with each other for the most attractive returns.

The power and influence of such arrangements are enabled by the power of those with access to capital to decide what will be produced and consumed, how labour will be hired and compensated and how nature will be packaged and used. In this system political power and public influence are often beholden to the priorities of profitable investment of capital.

Governmental policies on global finance (think Bill Clinton and Alan Greenspan) are crucial to this story. The globalized financial system, which over the past three decades has come to represent an increasing proportion of the overall GDP (about 8% in the US), creates money on the basis of highly leveraged debt. While it lubricates the economy and spurs what counts as growth in the short term it does so through financial speculation and the imperative of greater production and consumption. The precariousness of this arrangement has already been proven to have contributed to economic and socio-political instability on multiple scales, including the near global meltdown in 2007-2008.

This system is extremely inefficient in producing public good and improving the lives of those who need it most because in the current economy most of the benefits of growth go to the top earners. For example, in the US during the first several years after the economic collapse in 2009 90% of economic growth was captured by the top 1% of earners. Yet, politicians cling to the notion that growing the size of the economy is the best way to improve the lives of the bottom half of the society, both within and between countries.

The quasi-rationality of capital, wealth accumulation and growth continue to critically shape contemporary global society, notably patterns of production and consumption despite dire warnings that growth in energy, materials use, waste and pollution are simply not sustainable and perhaps, not worth the costs to human and ecological health.

b). Ecological degradation: The open-ended, expansive, perpetual growth of this political and economic system is possible only through blindness about the finite nature of socio-ecological systems. Even ethical norms are powerfully moulded to render a global ‘consumerist culture’ as normal and even ideal. This political economy comes with a high socio-ecological price on a finite planet. Scholars in multiple disciplines have now substantiated claims that, on a global level, contemporary systems of economic production and consumption have breached critical planetary boundaries (e.g. genetic

diversity, nitrogen and phosphorous flows) while land-system change and climate change are rapidly approaching their boundaries. The degrading and depletion of many non-renewable resource stocks, as well as of the attendant ecosystem services, far faster than they can be replenished (e.g. Rockström et al. 2009, Hoekstra and Wiedmann 2014) is part and parcel of this dynamic. The demand for resources and energy and emissions-intensive production continues to grow (e.g. Chitnis et al. 2013).

Technological solutions like energy efficiency gains, renewable energy development and other climate mitigation efforts are being outpaced (Hoffmann, 2016) by growth in global levels of consumption and production. These ecological and social challenges are not new but have entered a critical phase. For instance, in order to have a chance to mitigate climate change and stay well below 2 degrees warming, global emissions of greenhouse gases must be reduced rapidly in absolute numbers, starting within three years (Figueres et al. 2017). Emissions must thereafter continue to be reduced following a steep reduction curve. We find a similar case if we consider nitrogen and phosphorous flows, loss of genetic diversity or land use change.

c). Social and Ecological Inequality. Kate Raworth's concept of doughnut economics (2017) added to the planetary boundaries concept an inner social foundation. The social foundation consists of twelve dimensions derived from internationally agreed minimum social standards, as identified by the world's governments in the Sustainable Development Goals in 2015. Between social and planetary boundaries lies an environmentally safe and socially just space for humanity. There is as shown a substantial and growing body of scholarship on alternative economies (both within and beyond the capitalist system) but these movements and scholarship are still marginalized. Similarly private philanthropy and assertions of responsible capitalism are also emerging.

Empirical studies have also shown that the current systems of consumption and production, shaped around the desire for continuous economic growth, not only depend upon but also exacerbate wealth and income inequalities between and within countries (e.g. Kochhar 2015, Piketty 2014). In addition to social inequities these systems are based on and aggravate ecological injustice. It is now too apparent that the social impacts of ecosystem degradation and breakdown in ecosystem services are experienced in a highly

skewed manner along axes of race, caste, class, gender and nationality (e.g. Agarwal and Narain 1991; Martinez-Alier 2003; Mohai et al. 2009, also see EJAtlas).

The systemic inequities of these systems raise both ethical and political challenges. While many privileged global citizens consume more than their fair share of environmental goods, and are also shielded from the fallout of such consumption, a large majority barely consume at levels necessary to survive, and yet are also forced to bear a disproportionate share of the environmental and social costs of this political economic system.

Developing countries are inseparably embedded within this historical-ecological moment as nodes in the global relationships of production and consumption. If, for instance, India were to industrialize like the Japanese economy did in the past, it alone would account for, according to Singh et al (2012), 34% of the increase in the extraction of energy and material resources by 2050. Some of the socio-ecological impact of this can be alleviated if resources are made available due to substantially reduced consumption in the industrialized world. However, developing countries must chart a different path to advance a range of human well-being goals since adding another Japan-like economy with many more people is not socio-ecologically feasible. In the present formulation of international relations countries are driven by self-interest. Can this frame render forcefully enough a development strategy that makes the interests of the global *common* good resonant with national interest to take on the burden of treading an uncharted development path? This mirrors the future that industrialized countries will be called on to confront in our proposals to curb production and consumption.

Yet, some choices confronting developing countries – the vast majority of the world who are yet to enter fully into the political and economic arrangements identified above – have questions that are also different from those confronting already industrialized economies. Within developing countries (and in the opposite direction to industrialized countries) there are great disparities between a wealthy minority that falls within a global middle and higher income classes and the vast majority that struggles to make do. How developing countries can simultaneously address the interests in exploitative systems of production and consumption of a powerful and articulate minority (the influential political and policy elite) while expanding the role and consumption opportunities of the vast hitherto excluded majority is a significant challenge.

II. Formulating Research Questions to Inform Action (this section is under development and unfinished)

It is unlikely that the growing power of international business, both in the production and financial sectors, will significantly wane in the near future, or that the political power centres will change their current course of promoting growth and consumption everywhere in the world.

In this context the question confronting this Working Group is how to transform the presently highly unequal relations of exchange into fairer arrangements while at the same time reducing absolute consumption and production? How to improve the wellbeing of the people living within the bottom half of the income ladder while at the same time not increasing, and in fact reducing, the income (and consumption) of those at the very top? How to do so within a time-frame needed to avoid large-scale irreversible ecological breakdown and/or major socio-political upheaval? What are the roles of academics, business, governments, civil society organizations, and citizens-consumers in such transformation?

Even as we seek changes to the political and economic status quo we must remember that there are hundreds of initiatives around the world that are experimenting with “alternatives” in politics, technology, organization, economics and culture. We ought to know much more about these just to appreciate their scope and judge their direction and potential for building a political economy for sustainable consumption and production. What learnings do such experiments at alternatives offer that can be creatively and valuably translated into different contexts and scales? How can we impart directionality to these small scale initiatives in order to produce synergies among them?

In addition to experiments at alternatives we must also pay attention to lessons to be learnt from creative, persistent and valiant efforts at promoting social and ecological justice here and now. This is also to acknowledge that we are not starting from zero. Some laws and legislation even as they exist today, if put into practice as they were intended to, can improve political and economic relationships qualitatively. Others, yet to be created, are the focus of vigorous social and political movements (for example, the struggle for living minimum wages, or for affordable decent housing). What is the status of such

efforts, who are these activists and their networks and how might we partner with them? How can their individual political impacts be magnified through creating shared interests, framings and momentum?

While the socio-ecological crisis is indeed ‘something new under the sun’, it may be useful to recognize that human society has lived through dramatic transformations before. The advent of democracy and rule of law, the end of slavery and colonialism, the acknowledgment of women (still ongoing in many parts) as full human beings, ascent of science and industrialization were all unprecedented transitions that altered the course of history. And, more directly relevant to the contemporary modes of production and consumption, what can we learn from such events as the Great Depression in the 1930s, which changed the consumption patterns of an entire generation and led to major structural changes in societal institutions.

In addition, the following questions are relevant for our developing research agenda:

- What structural changes in, and challenges to, the current economic system that *might* occur would create opportunities to advance SCP; and how do we recognize such changes in their early stages? These changes and challenges might include political shifts, technological breakthroughs and cultural attitudes toward consumption and wellbeing.
- How can we prepare ourselves for these changes and challenges? What research might contribute to answering the above questions, and how to put this research into action?
- What role might stimulating the growth in public goods, services and amenities play in improving the wellbeing of the underserved populations by means other than increased consumerism?
- How might the above questions be asked in the different contexts: of wealthy economies, the rapidly growing ones, and those so far left behind?
- What policies exist that work to shift the economy toward more sustainable forms? What policies have worked in specific contexts?

- Conceptual mapping - how are growing ecological, social and environmental crises interrelated? How can movements centred on each of these concerns be brought closer together to advocate for market and economic adjustments?

III. Strategies for Meaningful Action: Towards an Alternative Political Economy

Creating ecological space for developing countries and sharing of technology and capital through available prescriptions of “leapfrogging” to production and consumption systems that are less resource and emissions intensive are widely prescribed steps. They can help move developing countries to realize “fair share” of the global commons. However, our focus on the technical aspects of “leapfrogging”, “production systems” and “fair share” must be equally if not more alive to quest for a sub-national, national and global politics conducive to transformation being envisaged. In this vein, our agenda should also direct attention to the critical development scholarship emergent from the 1980s onward and the current scholarship, activism and advocacy that they have spread in many developing countries and in wider global civil society networks. These include for instance efforts to build alternatives to consumerist culture and a re-recognition and reinvention of endogenous values.

Notions of “green growth”, “green capital”, “greening the economy”, “circular economy”, “sustainable business models” divert attention from the political and economic context, by suggesting that ecological and equity issues can be solved without deep changes in the economic system. Our conceptual and methodological orientation seeks to challenge this powerful discursive construct. Doing so is imperative (Dale et al. 2016).

Ultimately, this WG will measure its success in terms of contributing to emerging ‘transformations’ in the economic, financial, and political systems. This vast, ambitious and perhaps very bold political undertaking requires partnerships with social movements seeking justice and radical change to the dominant ways in which relationships of production and consumption are structured. Partnerships between academics, environmental justice activists and labor rights activists are critical. As Larry Lohmann (2016) notes, “environmental struggles are labor struggles and labor struggles are environmental struggles”.

What are the most promising routes towards collective action? A helpful orientation to taking on these significant challenges might be found in the words of Karl Polanyi: “the secret of success lies rather in the measure in which the groups are able to represent – by including in their own – the interests of others than themselves.” (Polanyi 1934).

How can this KAN support social movements, policy researches and advocates internalize each other’s values and so create alliances and effective political coalitions? What policies and politics are feasible? What methodologies are available?

What we can also derive from Polanyi is the importance of discursive formulations and political platforms that are inclusive of the interests of diverse constituencies. This calls for collaboration with the SSCP KAN Communicating WG that also addresses discursive formulations.

To conclude, a lot more work needs to be done to further elaborate the research agenda and questions; and to further develop strategies for meaningful action. Pilot projects should be feasible, but a crucial question is how to obtain funding for these and other research and action research projects. This agenda will be further developed in the coming months and years.

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