

# POLICY PAPER 03 / 2011

HANS THIE

## EXIT NOT EXITUS

### THE RED PROJECT FOR GREEN TRANSFORMATION IN 16 THESES

Fundamental ecological challenges demand transformations that reach to the very core of the system. Increasingly, this is becoming common knowledge and is beginning to permeate the political agenda. On a good day even staunch liberals and conservatives are surprisingly insightful. Often though, this is more a kind of accommodation to the trends of «green capitalism» and «green growth» than actual clarity of thought. Unlike figures in the CDU-FDP («Black-Yellow») Coalition whose ecological flanks are clearly exposed, Social Democrats and Greens embrace the green trend. They do not merely pay lip service to it, they actually make political proposals. They formulate the contours of a consensus for change that conforms to the system: technologies have to be more resource-efficient in order to enable new rounds of growth carried by green investment.

If the Left Party wanted to infuse this growing consensus with an increased social consciousness – for example by enabling socially viable energy prices, or by demanding job security in light of the green transformations facing us – this would be both too modest an aspiration and a failure in terms of the Left Party's historical task. What is necessary is an independent left-wing paradigm for change. Not only would such a paradigm be important for the debate within German society, the Left Party's own interests require it.

Existing ideas focus primarily on technological fixes, whether this is a decoupling of economic growth from the depletion of natural resources (the German Government) or a «Green New Deal» (Green Party, parts of the SPD). They tacitly (although recently more explicitly) presuppose that, despite ecological dangers, the economy and society do not need a fundamental renewal. Nor do the other political parties recognise that social justice is a central ecological concern. Considering these limitations, it is time for socialists to sound the ecological bell. Until now, the Left Party has presented its proposals for social change in terms of social justice. This remains important in light of the current situation, but is too narrow in focus if it omits a consideration of the natural environment. Indeed, the consideration of nature also requires a concern for social justice and necessitates an egalitarian approach. The maxim of «equal rights for all» (i.e. the equal right to use resources,

and an equal responsibility to protect the environment) is the best and most effective call for change at a time when production and consumption are almost entirely being called into question; where there is a need for changes that do not occur dictatorially but democratically; and where the rate at which this needs to occur demands that as many as possible participate and feel part of these changes.

Under these circumstances, the basic principle of equal rights for all is not as radical as it first appears. At least within environmental and international climate politics its appeal is growing beyond a mere ethical concern and transforming into the demand to recognise the equal right of all to a particular environmental space. Despite the practical limitations and all the back and forth on paper, the democratic principle – one (wo)man, one vote – is given an ecological extension; one (wo)man, one piece of nature.

Beyond this, despite all the dead ends and the many failed promises, international debates and decisions have made extensive normative progress worthy of recognition. This is because in addition to a burgeoning egalitarianism (at least in principle), a further principle is taking hold: cooperation. Climate and environmental problems cannot be sufficiently dealt with through imperial politics, only through cooperation. Such basic principles are ripening on diplomatic paper, but they also have to be generalised into practical actions. What counts as a normative basis for climate politics amongst different countries needs to gain validity more generally. International measures must be nationally and regionally binding. Speedy and democratic change will only happen through fairness and cooperation.

The pressures of ecological danger allow for the articulation of a clearer and less arbitrary socialist perspective. In ecological terms a more just society is not a choice but a hard fact. The social securities demanded by the Left Party safeguard present interests, but they are also the most reliable basis from which to enact change. Only comprehensive existential security will ensure that people lose their fear of taking new directions. The big failure of the Red-Green and subsequent coalitions lay in not recognising these connections and instead drastically increasing existential misery.

The Left Party has positioned itself against this failure to promote justice. It is time to expand this profile: with its focus on social justice the Left Party effectively holds the key in its hand. The key must now be turned to open new doors and step into a space for ecologically sound economic and social development. We still need to lay the foundations with respect to policy, but like parts of a mosaic that still require a vision, the necessary groundwork can set the tone, concretise particulars and sharpen the corresponding demands. To date, concepts are still vague and strategies are lacking; we need a vision of a future worth living.

The following theses should be understood as a constructive outline of the problem. They pose challenges and make some (rather basic) proposals to address the problems and challenges that are identified. To the extent that these theses are an attempt to communicate the broad picture with the aim of highlighting existing differences and the need to work through them, there is a conscious deployment of expressions that may be a little rough around the edges.

## GLOBAL PERSPECTIVES

**1. We must respect natural limits and overcome the current mode of production.** Humanity faces a task that is unprecedented in its historical magnitude. That is, to overcome a mode of production that endangers the very basis of life. There are no prior examples of how crucial it is right now to transform the relations of production as well as the forms and extent of natural resource use.

Contrary to former periods, today it is not only the social relations between people that are up for debate. Of concern are production and distribution, appropriation and dispossession, inequality and equality, capitalism and socialism. How and to what extent natural resources are exploited has local and regional, but also global, dimensions. The consequences of unsustainable forms of production and consumption are evident everywhere across the globe, from shrinking coral reefs to melting glaciers, from Australia's affliction with skin cancer to the erosion of permafrost in Siberia and Alaska, from rising sea levels to sinking levels of phreatic water in many regions.

Climate change and its consequences, the depletion of finite resources, the extinction of whole species, the endangering of natural habitats, soil erosion and desertification, the deforestation of huge swathes of forest that are ecologically important for soil and climate – none of this can be seriously contested or rendered insignificant. The environmental account has been overdrawn. Voracious resource consumption and an economy whose main driver is dispossession and theft are the reality on many fronts. We are dealing with a drastic exhaustion of atmospheric absorption capacity that is leading to major changes in the properties of the atmosphere (in an interplay with the release of methane and CO<sub>2</sub> from thawing ground and changing seas). In many regions of the world, we are also dealing with increasingly critical conditions of soil and water, the other two sinks that are being overloaded with pollutants. At the same time, the long-term availability of a widening range of resources is questionable and their exploitation is becoming too expensive or no longer ecologically justifiable.

The current use of resources exceeds any reasonably supportable limits. We can collate a number of measure-

ments to demonstrate this. Whether measured as an ecological footprint, ecological «baggage» or in dimensions of time (the rate of resource exploitation, the pressure on pollution sinks, or the level of species extinction), they all point to how the basis of life is being eroded. Anyone who doubts these kinds of measurements should remember the ancient Egyptian notion of «doubling time» and apply it to the current situation. In every period in which the use of resources doubles in relation to the previous era, as much is used as in the whole history beforehand. Yet there is one thing that is absolutely certain: there cannot be another doubling in the next thirty to forty years, because the sinks will not be able to stand it and there are insufficient resources available. In sum, today we have reached dimensions in which the logic of industrial valorisation is no longer compatible with the reproduction of resources. Therefore, we have to rethink economic development.

**2. We need to recognise the time factor and make change our top priority.** This pertains to our whole mode of production – now and over the next decades, not at some future moment during the course of the 21<sup>st</sup> century.

Fundamental questions need to be tackled between now and 2030. Are we to continue on the industrial path that is endangering the natural bases of life on this planet? Or are we to take the path of decisive transformation to a mode of production compatible with the climate and with nature? Will there be violent struggles over resources, or will we reduce the use of resources, bidding farewell to oil in particular so as to decrease the potential for conflict? Will there be more «oiling» of the growth machine? Or will society and the economy be reconstructed so that growth is no longer the sole imperative and political decisions can be made with regard to what should grow and what should make way?

There are good reasons why people are saying that the next two decades offer a window of opportunity. Overloaded sinks and depleted resources demand rapid action. The longer pollutants are inconsiderately dumped into the air or into soil or water, the more costly repairs will be, the more brutal the ways in which we will have to adapt, and the more we will have to expect the kinds of transformation on offer to us to bring qualitatively new and unexpected problems.

The current urgency is also connected to resources. We have already passed peak oil and in the near future, further energy sources and presumably also mineral resources will exceed their peaks. Reduced supply in light of growing demand will cause prices to rise and will have further consequences such as the race for bioresources as substitutes. In turn, this will intensify competition (energy versus food production) and soil will become a more scarce resource. This is the meaning of «peak soil» and some experts are now even talking about a «peak everything». Consequently, the demands for a reduction in the use of energy and resources must become a clear and sustained trend within the next two decades if the damages are not to exceed what can be dealt with.

**3. We need to take global responsibility without falling into the trap of false global policies.** Nature – and even more so the climate – know no national boundaries. The atmosphere is an a priori global public good. In order to protect the atmosphere, humanity must constitute itself as a global community. This calls for equality and cooperation (two progressive principles!). At present, the dominant opinion inter-

nationally is that climate policies can and should only move forward in international lockstep. Yet this would mean that a minimum consensus would determine what the maximum emission rates could be; at the end of 2009 we saw once again how this concept failed at the Copenhagen Summit.

With climate change there is a demand for new insights and new assessments of the consequent measures that need to be taken. For the first time in history, humanity has to form a global community with a common fate and develop the common concrete goal of limiting global warming to a sustainable level. In this context – at least in more positive explanations – it is recognised that rich countries have to reduce their emissions and that poor countries must have the chance to take a less resource-intensive path with the help of transfer payments. Such normative advances must be acknowledged as part of a new ecological measure of justice with the emergence of an equal universal right to the earth's offerings and an equal universal duty to protect the conditions for life.

However, many of the difficult consequences have not yet been addressed. There are neither any regulations adequate to the problem, nor are there any adequate institutions to enforce them. Instead, what seems to prevail is the idea that action can only be taken by consensus and in lockstep. But if this path that is to be taken, then it will be the procrastinators who determine the pace, just as the US has done for years as both the most powerful and the most polluting state. Developing a global emissions regime has come to mean relying on the opponents of a more ambitious climate politics. In order to avoid the consensus trap, we need to decisively counter false claims about costs. When overall social costs are used as the basis for comparison, renewable energy actually turns out cheaper than conventional energy. Even from a limited business-management perspective (without considering external costs and without a systematic examination of the different investment cycles), the costs of fossil heat and power are now virtually the same as the costs of renewable energy, given how the former has been rapidly rising and the latter has been falling over the last few years. In some areas, the conventional trend of costly renewable energy and cheaper fossil fuel has already been reversed, a trend that is expected to continue in the near future. Indeed, the economic benefits would already be apparent today if comparative analyses systematically accounted for external costs (climate damage, health, police and the military, the depletion of resources) as well as the differences in investment cycles (old, for the most part or entirely written-off nuclear and fossil assets with high capital costs).

**4. We need industrial demobilisation in the North and different models of development in the South.** All countries across the globe carry ecological responsibilities, but not to the same degree. Rich countries must demobilise industrially and embark upon a less resource-intensive path. Poorer countries have an entitlement to develop and will in any case continue to expand their use of resources in both relative and absolute terms. However, in ecological terms, today's developing countries cannot rely on the kinds of models that industrialised countries followed. Any solution to the problem will be stopped in its tracks if the model that rich countries followed becomes the sole model for poorer countries. To ensure that more than a mere minority benefit, development has to be both social and ecological from its earliest opportunity.

Developing countries need space, time and resources: the global rich must reduce their use of resources by a drastic 90 %. If industrialised countries continue to use resources at today's levels, development will be increasingly impaired and the availability and cost of resources adversely affected, leading the poor of the world to encounter historically unprecedented problems with cost and access. Industrialised countries have already claimed those resources that are readily accessible and therefore inexpensive («low hanging fruits») and prices will probably increase even more in future. Rare, hidden or impure resources are more difficult to extract and thus have a higher price. Moreover, in some instances the methods of extraction deployed actually have a detrimental effect on the ecological balance, as is the case with the tar sands in Canada.

The dynamic developments in China and India are often posited as arguments against such bleak expectations, yet in reality they are not. Their rise has intensified the global struggle for resources, placing securitisation high on the agenda. The warnings not to rely exclusively on market mechanisms are amassing and even German corporate bosses now think that it might be better to imitate China and organise swaps (technology for resources on the basis of bilateral agreements). To curtail the consequences of scarce resources (without resorting to pure swaps at the cost of third parties – a kind of resource imperialism), we have to curtail our needs. The foolishness of some of the desires for growth becomes apparent when we look at the world as a whole. Indeed, can today's global car fleet of 700 million be doubled to 1.4 billion? What would be the engine of growth? Electric cars are one long-term solution, but where would the supply of electricity and already critically depleted metals come from? Here we are forced to recognise that from an historical vantage point, the ways in which Europe, North America, Japan and other industrialised countries developed were not normal. Instead, they are exceptions that are not generalisable across the globe in light of limited resources. They will have to change in the foreseeable future, but the undecided question is whether this change will be chaotic and violent and we move towards even more social divisions and possibly more dictatorial elements, or whether we are able to organise far-reaching transformation.

Karl Marx once stated that mankind sets itself only such tasks as it is able to solve. Setting aside the ridiculousness of making heroes out of selfish utility maximisers under conditions of reciprocal dependence and vulnerability, there are opportunities that simmer below the surface. The replacement of fossil and nuclear energy is technically possible. A new resource base can make new economic circulations a reality, namely ones that are based in regional sovereignty and reduce global transportation needs. Today already, global South countries could use available technologies for decentralised production and develop them in accordance with their own needs in exchange with the North.

There is enough material for a global New Deal, but nobody knows whether such a deal could ever be secured. Hence, it is even more urgent to provide conceptual tools and practical evidence to assist individual countries or groups of countries in moving forward. The evidence we have is coherent and pertinent – transformation is not simply an ethical or ecological step, it is an economic and social necessity.

## PERSPECTIVES FOR TRANSFORMATION IN GERMANY

### **5. We need to expand and accelerate existing energy and environmental policy.**

Germany has had environmental policies for forty years. Therefore, numerous strategies and instruments already exist to further sustainability. Some progress has been made where it has been possible to isolate and delimit particular problems, although for the most part this has mostly been in reaction to damage that has already occurred. So far, the most effective instrument for conscious and foresighted structural changes has been the German Renewable Energy Law (EEG – Erneuerbare Energie Gesetz). A central task in 2011 and subsequent years will be to defend this legislation and introduce further effective reforms.

The Renewable Energy Law is the most important German law concerning environmental change. In 2009 and 2010 it facilitated the creation of regenerative capacities that were almost the same as the potential of all nuclear reactors put together. The longer the CDU-FDP («Black-Yellow») Coalition let nuclear reactors run, the more they endanger the Renewable Energy Law, because a larger preferential supply of eco-electricity is not suited to a system of inflexible nuclear reactors. This is a conflict that may escalate in 2011.

Consequently, we can expect a general attack on the core of the Renewable Energy Law, which is the preferential supply of eco-electricity in combination with affordable prices. If the Law is cut short (what is called «market-oriented design»), then the renewable energy sector will lose its leading investment position and thousands of projects will lose their accounting basis, endangering an «energy transformation from below», i.e. self-directed energy autonomy for hundreds of communities.

Aside from the Renewable Energy Law, in the past it has been possible to make progress where problems of environmental protection could be clearly demarcated. Examples of this are the desulphurisation of smokestack exhausts, CFC-free refrigeration, hunting bans and the establishment of maximum permissible values for pollutants in products and production processes. Overall however, environmental policy has remained reactive, reparative and focussed on after-care. For the most part, specific problems are only addressed when they arise and when their negative consequences can no longer be ignored. Environmental protection in its contemporary forms is insufficient because it lacks a systemic approach for the preventive reduction of the ecological burden. This is particularly the case for large consumption complexes such as energy, construction and transport, along with a meat-centric and therefore emission and transport intensive food industry.

The understanding that dominates to date is that it is possible to «green» existing forms of economic activity along with their taxation and incentive systems without having to substantially transform them or massively influence sectorial developments. Moreover, there is very little regard for justice as an ecological concern. Yet, given how higher prices do not bother the rich but hit normal income households in ways they really feel, any sensible increase in the cost of resources quickly exceeds affordability. Therefore, we need to ascertain in what ways progressive environmental and energy policies need to be modified to accommodate questions of distributive justice, charging more for those at the top and supporting

those at the bottom. Facilitating the opposite remains the incomprehensible failure of the Red-Green Coalition who, in light of the fact that they have massively promoted income and wealth inequalities and have robbed millions of people of the basis for their everyday lives, should not be surprised at the dwindling support they are experiencing.

### **6. From relative decoupling to an absolute and fast decline in usage – dealing with the rebound problem.**

Decoupling is the magic word for environmental policies that conform to the existing system. The decoupling of resource depletion and economic growth is supposed to solve ecological problems and at the same time enable continuous growth. In practice this approach often reduces the resource and energy efficiency of individual economies. Consequently, the so-called boomerang or rebound effect remains an unresolved problem for decoupling strategies.

Decoupling represents the dominant consensus in the current politics of resources. Decoupling is the guiding principle for a containment of climate and resource problems that are compatible with existing systemic imperatives. The economy is supposed to continue to grow, whilst at the same time, the use of energy and resources is supposed to decline.

The 2010 environmental report of the German Government expresses this perspective in the following way:

«For the conservation of nature and thus also for sustainable use it is absolutely essential that economic growth is permanently decoupled from an increase in the use of energy and resources and, overall, there needs to be a decrease in usage. We have to examine our understanding of growth. Today, we need qualitative economic growth that considers ecological limits, social needs and the human aspiration for a better quality of life.»<sup>1</sup>

In light of ever-increasing resource scarcity and the correspondent rise in prices, the tendency to focus on decoupling is necessarily intensifying. Pure efficiency strategies that are supposed to reduce usage in relation to the creation of value cannot do so rapidly, permanently or absolutely, because they are impeded by the so-called boomerang or rebound effect. For consumption, rebound means that the kilowatt savings made in the home reappear as increases in the purchase of consumer goods. For production, rebound means that where a company decreases its use of resources, it makes savings that can be reinvested in new products. As a result, increased efficiency in one instance means increased usage in another. Overcoming this dilemma within existing systemic imperatives is only possible if there is a wide-spread rise in the price of dirty energy and other resources. Drastic taxation of all resource inputs and all pollution outputs could be a strong incentive to permanently renew the energy system and reduce the use of resources. The Achilles heel of this strategy is massive social exclusion. If income distribution remains as it is in conjunction with a clear increase in the price level of resources, air travel and many other things will become the privilege of the well-situated and wealthy. This outlook means that currently any policies for systematic increases in the cost of resources are immediately nipped in the bud.

Viewed from a more positive vantage point, a suitable decoupling strategy can only follow from a radical change in income

<sup>1</sup> Translator's note: own translation from German.

relations. Less inequality in income distribution would make it possible to increase the cost of resources and to facilitate energy conservation. On this basis we could then formulate a more long-term goal to counteract the rebound effect so that efficiency gains were not transformed into more income and more usage, but into more free time and more freedom. If we think decoupling to its logical conclusions, it means a freer and more egalitarian society.

**7. We cannot rely solely on the beneficial effects of sectorial shifts.** Aside from decoupling, another assumption that is becoming increasingly dominant is that sectorial shifts from industrial production to the service or tertiary sector will reduce the ecological burden. This is a consensus that assumes structural changes from resource-intensive industrial production to resource-light service provision have dematerialising effects because of the immateriality of knowledge. However, experience shows that just as relative decoupling is insufficient because efficiency effects are eaten up by displacement, so too a putative resource-light service economy cannot rescue the paradigm of permanent growth.

In most industrial countries the value created in manufacturing is decreasing. In Germany and Japan, the two exceptions, industry has maintained itself for a long time on a relatively high level. But even here the service sector is overwhelmingly the largest sector. In the past, this sectorial shift fostered the hope of a reduction of our ecological footprint with the vanishing of factories and the proliferation of office jobs. This was deceptive: environmentally damaging activities did not vanish, they migrated to newly industrialised countries. Moreover, ostensibly «clean» jobs remain enmeshed in resource-intensive processes (more car and air travel, energy-consuming urban construction and infrastructure, and an overall increase in electricity demands due to information and communication technologies).

Another variant of such assumptions is the assertion that knowledge-intensive services have a dematerialising effect because knowledge replaces matter. Computers and mobile phones serve as good examples of the contrary. On the surface it seems that there is a decline in the use of materials and energy per product by a factor of 100, yet new research provides more sombre insights. Considering the life cycle of a product – from the cradle of resource processing via production and consumption to its final disposal – the results of dematerialisation are not very spectacular. Aside from a small number of technologies, on the whole there is hardly any dematerialisation. We may be able to change our eating habits, but we cannot eat the recipes; we can optimise houses, but we cannot replace them with architectural drawings.

**8. Strategies for gradual progress are insufficient, we require qualitatively new productive forces and reforms of the system.** What the Renewable Energy Law does for the energy sector can be emulated in other sectors to enable intelligent infrastructural control.

Relative decoupling, sectorial shifts and dematerialisation are – as long as they happen consciously – strategies of gradual transition. Recent decades have shown that certain strategies really can increase resource productivity. But so far, it is still rare to see more than an annual growth of two per cent in resource productivity. Moreover, with an overall economic growth of two per cent the quantitative difference of such changes would actually be zero. These calculations

show that gradual progress has limited potential to achieve the distant but much proclaimed goal of a 90 % reduction of emission and resource usage. Even in a best case scenario of higher growth rates and resource productivity, the reduction of usage would remain weak.

Therefore, we should not limit ourselves to gradual improvement, but think about ways to qualitatively transform our productive forces (technologies, production processes and products) and implement systemic reform. For the energy economy the consequences are clear: conventional energy has to be replaced with renewable energy and make way for an overwhelmingly decentralised energy system. To this end, the German Renewable Energy Law has shown how specific technologies make it possible to regulate market access and guarantee prices. We need to go beyond gradual progress elsewhere too. The impact of new technologies in the energy sector depends upon systemic reforms in other sectors (intelligent transport systems with public trains as their pillar; the reintegration of work and life rather than further uncontrolled urban sprawl; the greening of industry and the creation of circular flow economies that produce as little waste as possible; regionalisation of the agricultural industry and extensive renewal of the financial sector).

**9. We need to change economic and social structures and we need to guarantee income and life prospects.**

The whole arsenal of efficiency strategies that are compatible with existing systemic imperatives only have limited effects without major changes to the economy and to society. To achieve consistent ecological adaptation, different sectors of the economy need to be steered politically, guaranteeing income in the process of transformation and massively expanding the public sector.

Economy and ecology can never be harmonious – increasing ecological demands means taking on board economic disadvantages. Such opinions are still prevalent, although less so than they used to be. Even defendants of the «old industries» sound more conciliatory today, pointing out how ecology offers opportunities for more growth and a rise in the export of environmental goods. We need to be prepared for this kind of co-optation. Firstly, we need to protect the independence of new enterprises – especially ones offering renewable energies – and help them maintain their control over investment decisions. Secondly, it is time to turn the tables. We should not be considering at what point ecology becomes too expensive, but whether we can afford the dominant form of economy that endangers the natural environment.

There are many examples that demonstrate how dominant economic interests and habitual consumption patterns stand in the way of more ecologically sound ways of life.

- A combined system of public transport and car-sharing that reduces car ownership in major cities: ecologically sound but bad for the car industry.
- Absolute priority in improving the energy efficiency of buildings and a retreat from erecting new buildings that take up large areas: this is good for the climate (and for craftsmen), but bad for the large-scale construction industry that is focussed on constructing new buildings.
- Halving meat consumption: this is good for the environment and for our health, bad for the food and transport industry.
- Heavy taxation of all kinds of luxury consumption and the diversion of resources into social services: this makes so-

cial and ecological sense, but is bad for the industries that would be affected.

- Considerable reduction in the use of resources throughout all of these measures: a victory for the community, but a loss for the suppliers of the car, meat, building and luxury industries.

Today nobody would think it were desirable to increase energy consumption. The energy sector needs to change (from fossil fuel to regenerative energy sources) and use new technologies, as well as shrink as quickly and as much as possible. Furthermore, in light of the numerous ecological challenges we face, many other sectors will also be required to shrink in future.

Not only the interests of capital, also the interests of labour will be affected. From whatever vantage point we consider ecological challenges, we cannot avoid the explosive questions. What happens when a path of absolute decoupling is taken in an enduring and permanent way? To what extent will new jobs created in the process of transformation compensate for job losses? How can savings be transformed into gains for everyone? What reliable and attractive offers are there for people who have relied on income from jobs that will no longer be required?

To date, there has been a lack of scenarios that demonstrate the ways in which ecological transformation is also social change. Dominant are pamphlets that reel-off appeals to their readers, treatises full of praise for the salutary effects of technology, diagrammatic analyses, or propagandistic collections of best practice examples. All of these strategies have their place, but are not satisfactory in the long run. Politically viable scenarios only come to the fore when the need for structural economic and social change can no longer be ignored.

Firstly, a more stringent regulation of national economies is necessary. For example, initiatives to reduce cars and increase public transport need to be viable in terms of climate politics and can only be realised if there are strong incentives and precise specifications for how this can work. A «planned economy» has negative connotations which are often wielded as polemic arguments against change. Yet we should not be deterred, because long-term planning is what is needed to tackle the ecological problem in the transportation sector and elsewhere. The German Government acknowledged this with the publication of a forty year plan for a new energy paradigm. The argument that politics can never be more intelligent than the market may be accurate for individual technologies (for example the reason why the German Renewable Energy Law was conceived in a way that is open to different technologies). However, with regard to the problem of resources as a whole, this argument is surely wrong. A few years ago, the Stern Report announced that global market failure was the cause of the climate problem. This means we need political regulation to put us on the right path and bring about rapid and parallel cutbacks or rebuild economic activities. Previous experiences of intensive structural change demonstrate this.

Secondly, we need more regulation of the financial sector and extensive public ownership. Speculation currently considerably distorts nearly all relevant prices and there is widespread abuse of credit leverage. We cannot continue to tolerate this if we want to bring about lasting ecological transformation. In particular, credit – the great lever of history – has to operate

in the public interest and must be orientated towards public institutions committed to transformation. To this end, the UK-based New Economics Foundation has been inspired by bank bailouts to suggest that the Bank of England divert £50 Billion to the British Government in order to finance «green projects».<sup>2</sup>

Thirdly, people require reliable prospects for income and employment in the process of transformation. For example, it is hard to imagine the shrinking of oversized sectors (the car industry, aviation and tourism, the construction industry, food production, the advertising industry, investment banking) with a concomitant rapid growth in desirable activities (renewable energy, social services, regionalised resource economies, education and culture). Civilised progress demands change that is not premised on fear. People need opportunities and they need an income (not work) so that fears of job losses can be abated. There has to be a considerable redistribution from the top to the bottom and a completely overhauled job market policy. It is time to think about how to introduce a constitutional basis to the distribution of work time. The ability (not the duty) to participate in society through employment must be guaranteed in order to ensure that the coalition of the unwilling does not gain any more ground. This kind of politics of guaranteed participation should replace existing employment policies. Alternatively, a form of basic income could assuage fears that hinder transformation. It is also worth considering a model to regulate working hours oriented on the mechanisms of the Central Bank. For example, maximum permissible unemployment could be set at 2%. If unemployment rose above this level then permissible working hours would decrease. The labour market could be divided into different segments with different permissible working hours for each segment. A central agency for working hours, again analogous to the Central Bank, could signal to companies when and how it would intervene in order to stop maldevelopments. If we remember that both the creation of fiat money and the decision to no longer peg currencies to materials (earlier this was commodities, later precious metals) were thoroughly political decisions, it becomes entirely feasible to take a political decision on a working hours policy following clearly defined political goals and equipped with effective instruments.

Fourth, the public sector has to be considerably enlarged. A community that is able to implement significant transformation has to be able to directly realise the principle of a sustainable fulfilment of needs. The current wave of recomunalisation should become a permanent trend that not only reverses privatisation, but also opens up new terrains in terms of communal and regional sovereignty (see thesis 13).

**10. We must end ecological abstinence in national economic thinking – ecology should not just be a consideration, it should be the starting point.** A successful and consistent transformation must tackle neoliberal ideas and develop ecologically sound ways of thinking. Only a thoroughly ecological understanding of political economy is ra-

<sup>2</sup> «Why doesn't the Bank of England lend directly to the government? That is exactly what we propose. We propose that the government extends quantitative easing by £50 billion to finance expenditure under the Green New Deal. Allowing for the multiplier effect of spending, even just £30 billion would compensate for the loss of national income forecast by the Treasury in the 2009 budget. We want to short-circuit the existing system, so that money goes directly from the central bank to the government.» New Economics Foundation, *The Second Report of the Green New Deal Group – The Cuts Won't Work* (London, 2009), p. 24.

tional. Reversing the priority from the economy to ecology is difficult but necessary, for which we need to recognise that sustainability does not actually drag the economy down at all, it is today's mode of production that prevents the development of a rational economy attuned to nature's limits.

Every single day that neoliberal ideas rear their ugly heads again, the pain lingers on; neoliberalism purports a thinking from the perspective of individual enterprises, individual producers and individual consumers in an understanding of economics as always the sum of its parts, where what loses out are macro-economics, the tasks of making connections and the building of safe-guards against the pitfalls of rational choice. Consequently, CDU-FDP («Black-Yellow») Government officials or market-trusting Social Democrats and Greens can all conjure up images of the virtuous and parsimonious housewife or the honourable tradesman to support their policies. But in future, we are going to have to overcome the poverty of neoliberal ideas (as the Left Party has already done) and consistently green how we think political economy and the circulations of energy and materials.

Economists also have to face up to ecological imperatives and place them at the centre of their models. None of the existing theoretical approaches do this, whether we consider the neoclassical, Keynesian or Marxist ones. They research economic transactions without accounting either for nature's input or for waste output. For example, even Herman Daly – one of the best environmental economists – thinks and acts like a doctor who only knows about the circulation of blood in a patient's body, but nothing about food intake or about the digestive system.

In sum, the primacy of ecology is no longer a marginal matter, but it is still a long way from entering the mainstream of public discourse. Sustainability may now receive equal consideration amongst the different factors considered important, but it is still viewed as an annoying cost factor and a lead weight that prevents our merry everyday hustle and bustle (well, that of the well-situated citizens of the global north). So long as we condone this perspective, we will remain locked in a defensive position that strips ecological transformation of its fundamental premises and reinterprets it as a driving force for more economic growth. This kind of Green New Deal is much too socially conservative, traditional in its political economy, and pale even on its own terms.

**11. A two-phase model of economic growth can a) facilitate considerable investment in sustainable modes of production and b) wean us off growth.** Current economic and social structures are dependent upon growth. We need to find ways to overcome the compulsory fixation on growth whilst maintaining and possibly even increasing wealth, otherwise we are stuck in a dilemma. Short-term gains keep re-validating the demand for further growth, yet the continuation of present trends will lead to undeniable catastrophe. The current mode of production needs to be attacked at its strong points to enable a sufficiently ambitious transition. The argument that upholds the current mode of production is that increases in wealth stem from an efficient private economy that counts its gains as growth. People are becoming increasingly aware of the need to be careful about growth for ecological reasons. Is growth along today's industrialised path really an increase in wealth? Do the ecological costs not outweigh any gains made in terms of wealth?

Currently, economic growth is not a choice, it is a systemic imperative, comparable to a natural law that precedes deliberated decision-making. The private economy of capitalism depends upon growth. Returns on investment and interest payments can only be made if the economy grows. Compulsory growth not only matters for capital, it matters for all important social institutions. Whether it is the job market, social security systems or public budgets, all are premised upon growth. For the existing economy and society zero-growth is destructive, but an extended period of shrinkage would be absolutely disastrous if the existing economic and social structures do not change.

Therefore, the repeated recommendation has been that we need to generate growth. This is because growth means jobs and jobs mean income. Income from employment currently constitutes around two thirds of total income. For nine out of ten working people wages and salaries are the only notable source of income. Correspondingly, the dominant motto of politics is to create and to secure jobs. Due to the pressures of present interests this motto makes sense, yet given the pressure of ecological challenges, we need to find different answers.

The way out of the dilemma over the next twenty years lies in growing into a form of economy and society that does not need growth and is able to reproduce in a stable way without the need to continuously increase the gross domestic product (GDP). In concrete terms, this means the following for the two-phase model: firstly, massive redistribution of income and work – a correction of wealth disparities coupled with employee ownership within companies; massive investment to make the energy economy, buildings, transport and the agricultural and food industries more ecologically sound; massive reduction in car use and other non-sustainable activities. The goal in this first phase would be to create an economic order with drastically reduced ecological burdens and a more egalitarian economic and social life with guaranteed participation.

A later economic order (phase II) would focus on overall ecological rationality and would welcome every saving of work as civilizational progress. If more work arose, this economic order would ask itself: shall we enjoy the fruits of progress and have free time rather than more arduous labour? Or, because we now have available capacities for work, should we take up new projects that – within the demands of ecological imperatives – bring us more wealth? Thinking about new projects in this way could lead to the insight that some cause more harm than good; in which case more free time would be the right option and a gain for individual sovereignty.

Orienting oneself towards the goals of a sensible economic order has gone out of fashion. Yet, an orientation based on systemic rationality should not be such a heinous thought. In his thought experiments, Marx often counter-posed a club of free people to the capitalist system to demonstrate fundamental perversions. Today, this is even more important than in Marx's time. This is because the ecological dimension has become so urgent that taking precautions, planning, being mindful, observing boundaries – i.e. having an overall systemic rationality – is not just an enlightening comparison, but a practical demand.

**12. We must isolate «dirty» interests that divide the economy.** The bourgeoisie was once considered to be the historical force that revolutionised productive forces. Today, in

relation to energy and to resources, the bourgeoisie no longer fulfils this role. Vast sections of enterprise are blind to the problems of ecology, if not even reactionary. Thus, it is even more important to strengthen the kinds of entrepreneurial interests that are able to pose a counterweight.

Energy corporations, in particular transnational oil companies, are amongst the largest and most influential companies on earth. Given that their business is in many ways very immediately dependent on political decisions, they maintain close relations with governments and parliamentary figures. Other branches such as the car and chemical industries will have to recognise that sooner or later it will be in their own interest to relinquish their dependency on oil. In the meantime however, they will retain their fossil base and the resulting connection with oil companies in a vociferous defence of existing energy and resource provision. Less visible (albeit noticeable) are other forces seeking to maintain the status quo. Within the financial sector in particular many investors can only see what lies in the short-term and are therefore mostly blind to ecological cycles. Quick profit is institutionalised non-sustainability. It should be clear that «dirty» interests and the casino culture of the financial sector must be contained – where necessary by law. However, we also need to make differentiations. This is because every political force has an interest in weakening and dividing the opponent, in turn bringing elements of the opponent force on side. This strategy is also relevant within the economic sphere: we need to clearly identify which forces amongst the property-owning bourgeoisie and the entrepreneurial class should be included in environmental change.

In the past, Herman Scheer and his colleagues managed to create broad coalitions for the supply of eco-electricity, bringing together not only the major environmental protection organisations and initiatives, but also the German Engineering Federation, an interest group of the capital goods industry. We should draw from such examples. For each and every project of transformation we need a differentiated analysis of interests in order to ensure a circle of protagonists that is as broad as possible.

**13. We must take up impulses from a social base, supporting and accelerating the energy transformation from below.** A spectre is haunting Germany, the spectre of energy autonomy. A growing number of municipalities and regions are making their own self-directed regenerative transformation happen. When elected representatives, citizens and local enterprises recognise what they can achieve collectively then – even aside from the topic of energy – privatisation loses ground and clears the path for other non-profit making initiatives.

Today, from North Frisia to Berchtesgadener Land, from the Palatinate to Prenzlau in Brandenburg, new and strong plans for a novel type of non-profit economy are growing. This is not happening in a subsidiary field of politics but right at the heart of the challenge, at the point where decisions regarding energy and natural resources are made. A rapidly growing number of municipal utilities, energy cooperatives, citizen power plants, local initiatives and coalitions have declared energy autonomy on a regenerative basis as their goal within their respective regions. The best examples demonstrate that ecology, efficiency and democratic design go hand in hand. This may sound naïve to those accustomed to the dominant perspective. However, it is certainly the case that energy con-

servation projects, the cogeneration of heat and power and the comprehensive use of regenerative energy sources are realised in better and more efficient ways if investment is local and the goal is to serve the common good. Only then will it be more likely that people in villages, boroughs and cities will be prepared to deal with the fundamental problems of energy and climate in a self-directed way.

Practice shows that a multi-dimensional «return on initiative» is possible and is favourable to the respective municipalities and regions, bringing new employment opportunities, new sources of income, cheaper energy prices (cogeneration of heat and power), fewer emissions, gradual marginalisation of energy companies through self-produced energy, a strengthening of communal democracy and the local tax bases, stable regional circulation, profitable use of waste instead of costly waste management, and communal sovereignty instead of dependency on external investors.

If we want to reap these fruits, we have to understand that energy questions are always also social questions. The superficial treatment of energy questions encapsulated in the motto of «dependable supply at cheap cost» obfuscates the potential of a new decentralised energy structure. A return to the municipality goes beyond simply making privatised utility companies and/or supply grids public again so as to revert energy prices to a socially acceptable level. From the start, we need an autonomous production of heat and power, as only integrated concepts will make an energy transformation from below possible. A very big chapter of «democratic eco-socialism» can be written locally if it is possible to take over a large part of the energy supply chain through cooperation between private initiatives and local service providers.

**14. We need to be aware of subjective changes and not gamble away opportunities for alliances. The extension of rights to the equal use of the environment needs to be combined with a critique of excessive consumption.** In a finite world some natural limits can be expanded through technological progress, but for the most part, the use of resources for one person is the restriction of use for another. More demand thus endangers the basic right to development of other people. Considering the polarisation of income and wealth from an ecological perspective shows that it is not only an aberration, but a crime. The more this insight spreads and the more an ecological life-style can be culturally anchored as an immediate goal, the better the chances for ambitious transformation will be.

The sceptics would say that trying to change things on many fronts at once is impossible, especially at the heart of social relations. At first glance, relations seem to be too static and too immovable. Yet in reality, drivers of change are becoming stronger. Rumours are circulating that in a finite world there have to be elementary rights for the use of natural resources and legally enshrined duties for protecting the environment. In this context, ecological concerns and the ethics of equality have a kindred spirit: the well-known wisdom of diminishing marginal utility. For individual consumers, the larger their material wealth, the weaker the marginal utility of additional material wealth becomes. Above a certain level a simple increase in goods does not provide an increase in subjective feelings of well-being. At this point it is rather the (principally limitless) need for status symbols that guides activity and is completely irrational. Often this accumulation of goods



also has psychotic traits: substitution for the lack of love, appreciation, confirmation, consolation or a compensation for deprivation and abuse.

The major study «Sustainable Germany in a Globalised World» emphasises unequivocally that justice and ecology belong together and that in situations of injustice, the necessary ecological changes cannot take place. This means that ecological challenges have to be tackled holistically. Correspondingly, the study demands «systemic reforms not individual measures, because problems that are interdependent can only be solved together. Politics on a national level is still dominated by a strategy of «green» growth without assessing the conditions for this to take place. International politics relies on isolated negotiations over climate change or the protection of biodiversity that ignore the systemic links between different concerns and ignore questions of justice between people and peoples.» (Zukunftsfähiges Deutschland, Bonn 2008: 458).<sup>3</sup> These are red demands for green transformation: consistent ecologists are left-wing ecologists. The reverse should also be clear, namely that only an ecological Left Party has a future.

**15. Decoupling notions of wealth from the accumulation of commodities not only has subjective effects on the level of the individual, it will also be visible on the level of the whole economy.** Subjective assessments are not hard facts. The diminishing marginal utility of additional material wealth evidenced in many studies, rests upon opinions, not hard and facts. The argument being made can be refined because it is applicable to the whole of the economy.

Over the last years, extensive work has been done on developing alternative indicators of wealth that do not only focus on the accumulation of commodities (goods and services), but also encompass other important dimensions such as relations of distribution, disposable time, the costs of environmental damage or the depletion of resources. No longer marginal following the publication of the Stiglitz Report commissioned by the French President, such alternative indicators enable us to show how in North America and Western Europe narrow measures of wealth are no longer sufficient. However, there is a negative correlation between the increase of country's or an individual's wealth and the applicability of traditional measures of wealth, the consequences are clear: capping at the top-end is not only ecologically rational, it is also economically rational. The goal should be to optimise the equal distribution of wealth in ways that are compatible with nature as opposed to maximising the accumulation of commodities in ways that necessarily destroy resources.

**16. We must formulate new guiding principles.** Marxists of previous eras could still hope, or at least still have the illusion, that the productive forces brought forth by capitalism could generate a suitable socialist society. Keynesians put into practice their idea of reasonable state intervention encompassing a form of distributive justice intent on motivating people to produce more wealth. Both these traditions of left-wing thought and action are now obsolete in light of the ecological challenges we face. New left-wing guidelines must be developed on the basis of ecological-egalitarian ideas. The major burden of the ecological challenge will only be dealt with if we defend ourselves against threats and create visions that inspire people. In light of the maleconomy of today's mode of production, facing up to the major challenges means nothing less than pushing open the gates to a more egalitar-

ian and rational mode of production. Sustainability is not an annoying cost factor, it is not a lead weight, not a tiresome necessity; it is the opening to a future that is more worth living, a window of opportunity for rationality and more equality. Perhaps those who are still fascinated by the speed of capitalism can be won over to a new beginning by convincing arguments. To date, still too many sponsors of science and technology celebrate the valorisation machine as their natural ally. They hate all the applications, bureaucrats, administrative rules, regulations, and decision-makers who do not know what they are deciding on – they want speed and achievement, they want to stick to the point. Without a serious strategic design for a better society, and one that also carries argumentative force, millions of cognitive workers will continue to steer clear of their responsibilities and denounce politics as essentially corrupt, chiding any political engagement as naïve. A solid vision for the left would embrace in all its consequences that this is not the country of arrogant rulers who have nothing to offer but more of their miserable course: this is our country. Such a position would be suicidal if applied only to the everyday political context or to the participation in government, yet in conjunction with an holistic ethics of responsibility it counters both cheap verbal radicalism as well as favouritism. We require a way of thinking that does not hold back in asking: what do we have to offer when the world is crying out for change?

Friedrich von Hayek is a prominent ancestor of the neoliberals who stand accused today. In 1949, he succinctly articulated what he and his kind were about. When the *Zeitgeist* was still socialist and a liberal renaissance was still deemed impossible, he cautioned his bourgeois audience to face up to what he saw as the real strength of its opponent:

«The main lesson which the true liberal must learn from the success of the socialists is that it was their courage to be Utopian which gained them the support of the intellectuals and therefore an influence on public opinion which is daily making possible what only recently seemed utterly remote. Those who have concerned themselves exclusively with what seemed practicable in the existing state of opinion have constantly found that even this has rapidly becoming politically impossible as the result of changes in a public opinion which they have done nothing to guide. Unless we can make the philosophical foundations of a free society once more a living intellectual issues, and its implementation a task which challenges the ingenuity and imagination of our liveliest minds, the prospects of freedom are indeed dark. But if we can regain that belief in the power of ideas which was the mark of liberalism at its greatest, the battle is not lost.»<sup>4</sup>

This is our task today: we must interpret this in a way that is relevant to our time whilst once again turning things on their heads. In short, transformation has to have a strong red colour if it is going to appear fully green.

Dr. Hans Thie, advisor on economic policy for the Left Party in the German Bundestag.

Translation: Emma Dowling

<sup>3</sup> Translator's note: own translation from German. <sup>4</sup> Friedrich von Hayek (1949): *Intellectuals and Socialism*, *University of Chicago Law Review* 16 (3): 417–434; p. 432–433.

## **POLICY PAPERS 2010/2011**

01/2010

RAINER RILLING

The Turmoil within the Elite,  
the Course of the Crisis and the Left

02/2010

BRIGITTE OEHRLEIN

Global Perspectives on the Right to have Rights  
The Idea of «Global Social Rights» (GSR)

04/2010

FRANK DEPPE

Socialism in the 21<sup>st</sup> Century – More Than a Utopia?

01/2011

CORNELIA HILDEBRANDT

DIE LINKE is a successful party  
However, it is able to do too little with this success

02/2011

FRIEDHELM HENGSBACH SJ

European solidarity is not free

## **IMPRESSUM**

POLICY PAPER of the Rosa Luxemburg Foundation  
Franz-Mehring-Platz 1 · 10243 Berlin, Germany  
Phone +49 30 44310-127 · Fax -122  
info@rosalux.de · www.rosalux.de

ISSN 1867-3163 (PRINT), ISSN 1867-3171 (INTERNET)  
date of publication POLICY PAPER 3/2011: April 2011