

# Capitalist Growth, Sustainable Welfare and the State

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- Structural tensions between capitalist growth, environmental limits and the carbon cycle
- Sustainable welfare
- The rich countries: State roles within capitalist growth
- State roles in a postgrowth economy
- Issues for further research



# Structural tensions between capitalist growth, environmental limits and the carbon cycle (Marx)

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- *Exchange value*: Reduces concrete works as well as matter and energy to repositories of abstract labour; regards land, raw materials and fuels as ‘free gifts’ from nature and sources of rents; tends towards an infinite expansion of scale to produce more exchange value / capital
- *Use value*: Bound up with rearranging matter and energy; expansion of scale translates into increasing throughput of raw materials and auxiliaries; accompanied by degradation of environment and increase in greenhouse gas emissions
- Tensions are managed and regulated differently in different capitalist growth strategies (Koch 2012)



# Sustainability, Inclusion and Quality of Life relative to GDP/capita: A Global perspective (Fritz and Koch, Global Environmental Change 38, 2016)

Material standard of living (GDP per capita, constant \$ per year, purchasing power parity (ppp))	Ecolog. Sustainability			Social Inclusion				Quality of Life		
	CO2 emissions in tons per capita	Ecological footprint of production in global ha per capita	Ecological footprint of consumption in global ha per capita	Gini Index for income inequality	Homicide rates per 100,000 persons	Democracy Index	Freedom House Index	Life Expectancy	Literacy Rates	Subjective Well-being
<b>'Poor'</b> (below 3200\$; n=32; e.g. Chad, Uganda)	0.2	1.2	1.3	41.1	8.3	4.0	2.5	58.9	58.3	4.2
<b>'Developing'</b> (3200-11000\$; n=33; e.g. Ghana, Nigeria, Bolivia, Ecuador)	1.7	1.8	1.8	41.6	13.2	5.1	3.1	68.6	84.8	5.1
<b>'Emerging'</b> (11000-21500\$; n=33; e.g. Argentina, China, Romania, Venezuela)	4.4	2.6	2.8	42.0	9.8	5.4	3.3	73.0	92.6	5.4
<b>'Rich'</b> (21500-50000\$; n=32; e.g. Australia, Denmark, Sweden, Japan, Germany)	9.8	5.6	5.3	32.2	2.8	7.8	5.5	79.0	98.8	6.5
<b>'Over-developed'</b> (+ 50000 \$; n=8; e.g. Qatar, Kuwait, Norway, Switzerland)	18.2	6.7	7.1	37.2	1.4	5.5	3.2	78.8	95.5	7.0



## *Sustainable welfare* (Koch and Mont 2016)

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- Welfare: normally conceptualized in socio-economic terms of equity highlighting distributive issues within growing capitalist economies
- S. welfare: Making welfare theories, systems and policies compatible with principles of environmental sustainability
- Climate change as transnational and transgenerational phenomenon requires the extension of the distributive principles underlying existing welfare systems to include those in other countries (*universalizability*) and future generations (*intertemporality*)



## Centrality of human needs: objective, non-negotiable and universalizable (Gough 2015; O'Neill 2011)

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- Do not vary over time and across cultures but in the ways in which a specific culture at a specific point in time attempts to satisfy these
- Present need satisfaction through actual welfare provision must not undermine the ability of future needs satisfaction
- Degree to which more than human needs can be provided on a limited planet is an empirical question



# 'Policy-auditing' and the role of the state

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- A 'policy-auditing' (Gough) approach would review existing economic, social and environmental policies as well as welfare standards at all levels under the aspect of their generalizability
- (Potential) roles of the state in sustainability transitions have been largely absent in degrowth / postgrowth debates (Bailey 2015)
- How would the general principles of state intervention change in the transition from growth to post-growth economies in the rich countries?



# State roles in a capitalist growth economy

<b>Economic development: Monetary growth (exchange value orientation)</b>	<b>State spatiality / spatial target (Brenner)</b>	<b>Economic, social and environmental policies</b>
<p><i>Rule of law:</i> Guarantees private property, principle of equivalence, legal security of economic subjects (Pashukanis)</p> <p><i>Welfare state:</i> Legitimizes social inequality and maintains a minimum of social inclusion (Esping-Andersen)</p> <p><i>Green state:</i> Addresses problems of externalisation of environmental costs (Meadowcroft)</p>	<p>Delicate structure subject to de- and rescaling processes</p> <p>New multi-scalar structures of state organization, political authority and regulation keep emerging</p> <p>National and European levels most important after WW II</p>	<p>Macro-economic management / intermediation of corporatist processes</p> <p>Social policies de- and recommodify labour power and limit inequality</p> <p>Environmental policies are meant to produce 'green growth' via, e.g., (carbon) taxation or (carbon) markets</p>

# State roles in (a transition to) a postgrowth economy

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<b>Economic development: Increasingly seen as physical process (use value orientation) (Marx; Daly)</b>	<b>Spatial target</b>	<b>Economic and eco-social policies: Needs orientation through redistribution of wealth, income and carbon</b>
<p>States ensure that production and consumption do not exceed environmental limits</p> <p>Define limits for economic and social inequality</p> <p>Guarantee coexistence and steer governance of state, collective, communal and private property forms</p>	<p>Global and local levels</p> <p>Global: Identification of thresholds for matter and energy throughput</p> <p>These delineate the leeway within which national and local economies can evolve</p>	<p>Macro-economic management of mixed and steady-state economy ensures provision of sufficient need satisfiers for everybody now and in future</p> <p>State eco-social policies include wealth sharing, minimum and maximum incomes, carbon and other environmental quota and consumption-oriented policies</p>



## (Temporary) conclusion: Robust eco-welfare states will be necessary during sustainability transitions in postgrowth contexts

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- State eco-social policies would need to defuse the ‘double injustice’ (Walker) and help bring about a redistribution of work, income and pollution rights according to sustainable welfare principles
- Current financial, economic and political crisis and the corresponding adjustments and recalibrations in welfare state institutions may be seen as impetus to also considering environmental concerns



# Some critical issues for further research on the state in sustainability transitions

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- *Governance* in relation to globally defining and respecting thresholds for matter and energy throughput (UN?, G20?, EU?) and linking these to increasingly local economies
- *Taxation*: If traditional and national growth-tax-expenditure models are no longer viable (Bailey 2015), a new architecture of taxation is necessary: Globally coordinated and wealth-oriented (rather than income)



# Size and priorities of eco-welfare states

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- Existing welfare states are significant contributors to climate change and characterized by the dialectic that the same mechanisms that limit social inequality ensure that a sizeable percentage of the population partakes in environmentally harmful consumption practices
- Democratic policy-auditing practices would need to delineate how welfare states may be recalibrated to meet human needs within environmental limits
- Smaller welfare states may be acceptable as long as there are embedded in an economic system which provides relatively egalitarian outcomes and costs related to inequality, (unhealthy) work-life balances and environmental deterioration



## Many thanks! Some related publications:

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- Koch M 2012 *Capitalism and Climate Change: Theoretical Analysis, Historical Development and Policy Responses*, Basingstoke: Palgrave Macmillan
- Koch M 2013 Welfare after growth: theoretical discussion and policy implications *International Journal of Social Quality* 3 (1)
- Koch M 2014 Climate change, carbon trading and societal self-defence, *Real-world Economics Review* 67
- Koch M and Fritz M 2014 Building the eco-social state: do welfare regimes matter? *Journal of Social Policy* 43 (4)
- Fritz M and Koch M 2014 Potentials for prosperity without growth: Ecological sustainability, social inclusion and the quality of life in 38 Countries *Ecological Economics* 108
- Koch M 2015 Capitalism, climate change and Degrowth strategies towards a global steady state economy, *International Critical Thought* 5 (4)
- Koch M and Mont O 2016 (eds) *Sustainability and the Political Economy of Welfare*, London: Routledge.
- Fritz M and Koch M 2016 Economic development and prosperity patterns around the world: Structural challenges for a global steady state economy *Global Environmental Change* 38
- Koch M, Gullberg AT, Schoyen M and Hvinden B 2016 Sustainable welfare in the EU: Promoting synergies between climate and social policies *Critical Social Policy* 36 (4)
- Koch M 2016 The role of the state in employment and welfare regulation: Sweden in the European context *International Review of Social History* 61 (SI 24)

