Green Economy Paradigms – the Political Economy of Transition
How Will Capitalism End?

Major social theorists predict the end of capitalism, but with different explanations of how and why:

• structuralist theories of over-production and under-consumption;
• the tendency of the rate of profit to fall (Marx);
• resistance to the commodification of life (Polanyi);
• exhaustion of new natural resources or markets to colonise (Luxembourg);
• technological stagnation (Krondatieff); and
• bureaucratic suppression of innovation and entrepreneurship (Weber).

Streeck adopts all of these in his assessment of capitalism’s “death from a thousand cuts”.
What Will Take its Place?

The interregnum - “where the old is dying, but the new has yet to be born” (Gramsci)

“Faced with multiple crises characterized by ecological deterioration, social injustice and economic recession, it is urgent for humans to make decisions on their future and the path to this future. The dominant position has been about reviving growth. However, limits to growth and the economic downside of growth have gained increasing momentum, leading to the de-growth debates calling for a democratically led redistribution, and downscaling of consumption and production in industrialized countries as a means to achieve environmental sustainability”

Xue, in Crisis System 2016
Driven by enlightened self-interest, environmental productivity (natural resources such as energy, water, waste, biodiversity) can be a source of future growth and development:

• Increases in energy and resource efficiency

• Product and process innovation (circular production systems, cradle to cradle product design, long-life services, etc)

• Green supply chain management, clean technologies, benign substitution of harmful materials

Critiques:

• Commodification of natural resources

• Trusting the people who caused the problem to achieve the solution

• “Environmental racism”

• Can’t rely only on technology to solve the problems
Choices within the “Interregnum”

Green jobs have been conceptualized, in most studies and policy frameworks, as lying mostly within the market economy; and commonly within “extractive” regimes and “economic growth” paradigms. A great deal of current evidence is that the market economy “should be seen as one part of a diverse economy, constituted by a host of economic practices articulated with one another in dynamic and complex ways and in multiple sites and spaces”. (Smith 2011). Other parts of the economy include the informal economy; the family economy; the “economy of the commons”; and the “shadow” economy. This is increasingly the perspective informing the “developmental state” discourse in SA, for example in the Tshepo 1 million project under the Gauteng Office of the Premier. De-growth scenarios place the family economy and the economy of the commons centre-stage.
Perspectives on Water

"water has an economic value in all its competing uses and should be recognized as an economic good“ (1992 International Conference on Water and the Environment in Dublin)

"water is no different from any other economic good. It is no more a necessity than food, clothing, or housing, all of which obey the normal laws of economics“ Baumann~ Boland (1998).

“it is a universal and indivisible truth that "the Earth's freshwater belongs to the Earth and all species, and therefore must not be treated as a private commodity to be bought, sold, and traded for profit. ..the global freshwater supply is a shared legacy, a public trust, and a fundamental human right, and therefore, a collective responsibility“ Barlow & Clarke (2002)

a clash between two cultures: "a culture that sees water as sacred and treats its provision as a duty for the preservation of life and another that sees water as a commodity, and its ownership and trade as fundamental corporate rights. The culture of commodification is at war with diverse cultures of sharing, or receiving, and giving water as a free gift". Vandana Shiva (2002)
Environmental Governance – From Triple to Quadruple Helixes

Quadruple Helix

- Government: R&D, Education, Incubators, Spin-off’s
- Academia: Growth, male, manufacturing
- Industry: Big business, urban, technology-intensive
- Entrepreneurial venturing: Survival, female, services, SME’s, rural, people-intensive

Local Authorities: Articulation of territorial capital
Univ-er-sities: Articulation of innovation demand
Compani-es: Development of innovation models
Citi-zens: Political commitment, open government

8 - Place-based Innovation – Brussels – 8 October 2013
The Concept of “Demand”

• In mainstream economics, the concept of latent demand was popularized by Downs (1962, 1992), and subsequently taken up in different ways in different sectors. It originates in Keynesian economic assumptions and is deployed very predominantly in market economy contexts. Technical analyses such as demand functions, demand curves and price or other elasticities are used to inform demand management strategies.

• In the private sector, latent demand is defined as the gap between desirability and availability. Social trends, innovators reading and responding to these trends, and the marketing of such innovations play a role in shaping desirability. Thus latent demand is conceptualised in ways that usually drive consumption of goods and services that are not basic needs. (The concept of latent demand explicitly informs specialized strategies in marketing: how to persuade people they want or need things they really don’t).

• In the public sector, latent demand is commonly conflated with induced demand – where a real demand may exist which is suppressed due to non-availability. Transport studies are the archetypal focus of induced/latent demand analysis (although many other sectors, including those of primary concern to environmental practitioners, often have high-level and well-resourced demand analysis capabilities essentially using private sector techniques.)
“Demand” within Buddhist Economics

Wise and Unwise Needs

“It is not wealth that stands in the way of liberation but the attachment to wealth; not the enjoyment of pleasurable things but the craving for them.... For the modern economist this is very difficult to understand. He is used to measuring the "standard of living" by the amount of annual consumption, assuming all the time that a man who consumes more is "better off" than a man who consumes less. A Buddhist economist would consider this approach excessively irrational: since consumption is merely a means to human well-being, the aim should be to obtain the maximum of well-being with the minimum of consumption”.

“The cultivation and expansion of needs is the antithesis of wisdom. It is also the antithesis of freedom and peace. Every increase of needs tends to increase one’s dependence on outside forces over which one cannot have control, and therefore increases existential fear. Only by a reduction of needs can one promote a genuine reduction in those tensions which are the ultimate causes of strife and war”.

Schumaker: Buddhist Economics (1966), Small is Beautiful: Economics as if People Matter (1973)
How Traditional Economics Sees Human Beings

–Homo economicus is a model of the human being – most explicit in Rational Choice Theory – who contributes nothing to the ‘common good’, unless by accident, and is unmoved by his social relations. This atomistic individual is devoted to and never diverted from the pursuit of his own ‘preference schedule’. Homo economicus is a model which has stripped down the human being until he or she has one property alone, that of instrumental rationality, namely the capacity to maximise his preferences and so to maximise his utility.

–The main reason why we should have no truck with homo economicus or an economy and society modelled upon such an impoverished notion of the human being, is that it cannot cope with our capacity to transcend instrumental rationality and to devote much of our energy to our ‘ultimate concerns’. These are concerns that are not a means to anything beyond them, but are commitments that are constitutive of who we are – be they our children, Church, career, community or cause – and thus our relations are the basis of our personal identities...it is only in the light of our ‘ultimate concerns’ that our actions are ultimately intelligible.

Margaret Archer (2016)
The formal domestic retail market in South Africa in 2012/2013 had 549 products containing indigenous plant and bee products on the shelves. The total revenue produced from value-added bio-products in the domestic retail market was approximately R1.5 billion in 2013/4. The majority of these products used *Aloe ferox*, *Apis* spp. (*bee products*), *Aspalathus* spp. (*Rooibos*) or *Pelargonium sidoides* as active indigenous ingredient. These local value-added products fell into five product categories:

- **Personal hygiene products** (R620 million or 40 % of products)
- **Cosmetics** (R590 million or 38 % of products)
- **Complimentary medicines** (R170 million or 11 % of products)
- **Food flavourings** (R120 million or 8 % of products)
- **Oils** (R50 million or 3 % of products).
From 2008-2013, the total Wildlife Industry market has grown by more than 14% per year. This growth comprised an average annual growth exceeding 6% in domestic hunting, a decrease in international hunting, and an exponential growth in live auction sales. It is likely that the increase in the domestic hunting market would continue. International hunting has reduced since 2008, evidently as a result of the global economic crisis, and thus holds a very significant growth potential as the international economy stabilises and grows, at least on par with domestic hunting. The growth in live auction sales has experienced unprecedented growth over the past 5 years, mostly likely driven by new investments in the Wildlife Industry. It is likely that this market segment will stabilise and that annual growth will thus also stabilise at normal levels. Based on these figures, it is likely that the consolidated Wildlife Industry has the potential to experience a weighted average annual growth rates between 4 % - 14 % per year over the next 14 years.
Green Economy/
Green Job Strategies

Table of Contents

1 INTRODUCTION .................................................. 3
  1.1 An inclusive and sustainable economy .................. 3
  1.2 Provincial Economic Review and Outlook .................. 5
2 POLICY SHIFTS ................................................. 6
  2.1 Global .................................................. 6
  2.2 South Africa ............................................. 8
3 WESTERN CAPE GOVERNMENT STRATEGY UPDATE .......... 12
  3.1 Green is Smart update .................................... 12
  3.2 New Provincial Strategic Plan ............................ 13
  3.3 Game changers ............................................ 14
  3.4 Links to other WCG work ................................ 14
  3.5 Policy and Investment .................................... 15
  3.6 Green Economy Communications ........................ 16
4 WESTERN CAPE GREEN ECONOMY INDICATORS ............. 17
5 REVIEW OF GREEN ECONOMY OPPORTUNITIES AND ....... 20
  CHALLENGES IN THE WESTERN CAPE
  5.1 Energy and Carbon Emissions ............................. 21
  5.2 Water and Sanitation .................................. 23
  5.3 Biodiversity ............................................. 26
  5.4 Jobs and Skills .......................................... 29
  5.5 Sustainable Agriculture ................................ 32
  5.6 Infrastructure and Information and Communications
       Technology (ICT)
       5.6.1 Infrastructure and Built Environment .............. 34
       5.6.2 Information and Communication Technology (ICT) 35
6 GREEN ECONOMY IN MUNICIPALITIES .................. 36
  6.1 Municipal revenues and the energy system ............ 37
7 PROJECT UPDATE SUMMARY TABLE .......................... 39
8 APPENDIX 1: WESTERN CAPE GREEN ECONOMY INDICATOR
  ADDITIONAL NOTES ON DEFINITION AND SCOPE ............ 45
9 APPENDIX 2: SOUTH AFRICAN NATIONAL POLICY AND
  STRATEGY SUPPORTING THE GREEN ECONOMY ................. 47
10 APPENDIX 3: ACRONYMS .................................... 48
11 APPENDIX 4: REFERENCES .................................. 50
Landmarks in the Development of SA Green Economy

- 2003: Renewable Energy Strategy
- 2008: Long-Term Mitigation Scenario
- 2010: Industrial Policy Action Plan (IPAP), IRP, National Green Economy Summit
- 2011: National Development Plan (NDP) Green Economy Accord
- 2012: Long-Term Adaptation Strategy
- 2013: Carbon Tax