

# CCGL9065: Our Response to Climate Change: HK2100

“Democracy “and Capitalism”

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## From last: Energy as the source of GHG contributor

Why do we care so much about understanding the role - and the lack thereof - of energy within the scope of understanding energy?

### Pro/Cons

- ▶ Why is energy so important?
- ▶ Why can we not make do with lesser available energy?
- ▶ What is causing the transition to pause?
- ▶ Why have we come to this point where most of the energy sources are known to have issues?

When was it the earliest of all times that  
humans started to harvest energy?

CAMPFIRE

But what about other energy sources and how they came to being?

- ▶ Industrial processes
- ▶ 1st and 2nd Industrial Revolution
- ▶ Energy & **SURPLUS**:
  - ▶ Source
  - ▶ Transportation
  - ▶ End-User
  - ▶ Importer (Much more complicated)
- ▶ Energy issues arise when put out at scale

Surplus exchange fostered market and currency, an aggregated version of which ultimately becomes capital.

## What is capital?

The accumulated wealth of an individual, company or community, used as a fund for carrying on fresh production; wealth in any form used to help in producing more wealth.

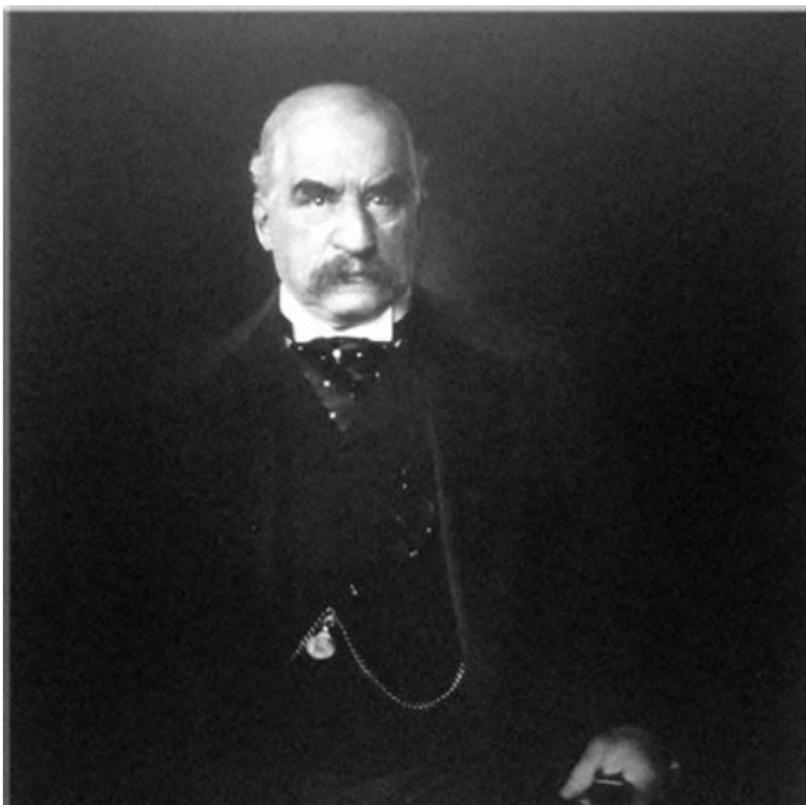
# What is Capitalism?

"Capitalism and "Capitalist" are 19th (middle 1800s) Century Pejoratives.

- ▶ enormous productive capacity.
- ▶ always on the edge of being out of control
- ▶ attack the existing the economic system
- ▶ not a highly productive system but an **unjust system**

Who was this person whose photo was taken by Steichen?

- ▶ Does he look warm and fuzzy?
- ▶ What's he holding?



## Capitalism is... (per Karl Marx)

- ▶ Disease for which scientific socialism is the cure;
- ▶ A method by which to steal the labor of the exploited masses;
- ▶ *A system that undermines every traditionally established way of making a living*; (known trademark of capitalism)
- ▶ A system that inevitably undermines its own foundations.

## Capitalism is therefore per current definitions:

- ▶ a name given by its enemies
- ▶ a system relies heavily on the private use of capital combined with profit motive founded on self/family interests
- ▶ has hundreds of variations in terms of capitalism system, but the essentials remain unchanged:
  - ▶ private deployment of capital
  - ▶ open acknowledgement of profit as a motive
  - ▶ sympathetic understanding of self or household interests
  - ▶ *tolerance for innovation*: characteristic fact of historical society is resistance to it as a kind of **human nature** to resist fresh innovations.

## Some side readings that I do recommend to take this class (and many more in the near future.)

1. Wealth of Nations (Smith, Bantum Paperback)
2. Manifesto (Marx)
3. The Constitution of Liberty (Hayek, market conservative and conservative movement)
4. Farewell to Alms (Gregory Clarke, capitalism more and better, polemical work written by economist)
5. The Mystery of Capital (Hernando Desoto, why less developed countries exist in the world: formal and enforceable property rights are precondition to capital development)
6. A Failure of Capitalism (Posner, Judge, Conservative judge teaching at Chicago law school, no obvious ideological distortion)
7. The Bottom Billion (Paul Collier, world bank economist, diagnosis and a strategy for using capital development to alleviate most of the world's poverty)
8. The White Tiger (Fiction, describing the realworld penetrating novel written from the point of view of a very poor, smart and

## Quick Overview of Relevant Concepts Known to be tied to climate change

- ▶ **Capitalist Realism** (Frederic Jameson):
  - ▶ Capitalism is the only viable economic system and that
  - ▶ alternatives are unimaginable.
- ▶ **Disaster Capitalism** (Naomi Klein): exploitation of natural disasters and crises for profit.
- ▶ **Surveillance Capitalism** (Shoshana Zuboff): using technology to monitor and control individuals in the name of profit.
- ▶ **Zero Marginal Cost Society** (Jeremy Rifkin):
  - ▶ hypothetical society
  - ▶ technology and automation make goods and services virtually free,
  - ▶ potentially leading to a post-scarcity economy.
- ▶ **Green New Deal:**
  - ▶ proposed economic plan
  - ▶ aims to transition the economy to become carbon-neutral and environmentally sustainable while
  - ▶ promoting social justice and economic growth.

Breaking it down a bit further with possible angles to propose solutions/interventions:

The tragedy of the commons:

- ▶ Prioritize own interests over common goods
- ▶ Individuals and Corporations
- ▶ New economic system may help, but how?

The limitations of carbon pricing: price GHGs emissions(aka pay to pollute)

- ▶ usual solution to climate change
- ▶ TLDR explanation: pricing pollution
- ▶ might include: carbon credit (right), carbon tax (all), carbon offset (+/-)
- ▶ government selling right to pollute?
- ▶ moving price target with carbon worsening/improving?
- ▶ carbon-for-trade or carbon-for-profit?

## Continued: The need for a post-growth economy:

- ▶ Continued growth mindset is unsustainable
- ▶ New economic system that prioritize environmental sustainability with a focus on well-being, equity and sustainability over GDP growth

### Bhutan's Gross National Happiness

- ▶ Measuring progress through Gross National Happiness Index
- ▶ Emphasize well-being, environmental conservation and cultural preservation

## Collective ownership:

- ▶ Shift from individual ownership to collective models
- ▶ Prioritize community and environmental needs

### Mondragon Corporation in Spain

- ▶ Corporation and federation of worker cooperative based in Basque region of spain
- ▶ One of the largest cooperatives, owned and operated by workers
- ▶ Emphasize social and community benefits over individual profit

### Community Land Trusts

- ▶ Nonprofit, community-based orgnization
- ▶ Aim to propvide affordable housing by owning and managing land collectively (e.g. Boston, London)

# Paradigm Shift in Economics

- ▶ Exploration of steady-state and circular economies
- ▶ Long-term sustainability and meeting societal needs
- ▶ Reevaluating values and assumptions in capitalism

## New Zealand's Wellbeing Budget:

- ▶ prioritize national well-being over traditional economic measures
- ▶ spending focused on mental health, child poverty, and environmental preservation.

## Nordic Model:

- ▶ Scandinavian countries (Sweden, Norway, Denmark, Finland, and Iceland)
- ▶ free market capitalism + comprehensive welfare state and collective bargaining at national level
- ▶ focusing on social equality and well-being.

## Mixed Economy Approach

- ▶ Combining capitalism and socialism elements
- ▶ Balancing economic growth with environmental sustainability

### Germany's Social Market Economy:

- ▶ A capitalist economic system + a framework of social policies
- ▶ balancing free enterprise with social welfare measures and environmental protection.

### Singapore's Blend of Capitalism and Social Policies:

- ▶ competitive and open market policies + strong state intervention
- ▶ seen effect in housing, healthcare, and public transport to ensure social welfare.

# General Public's Obvious Response Understanding Role in a Sustainable Future

- ▶ Every action counts
- ▶ Lead by example
- ▶ Inspire change in your community

## Possible Actions to take

- ▶ **Community Participation:**
  - ▶ Join or start local sustainability initiatives
  - ▶ Engage in community-based conservation projects
- ▶ **Educate and Spread Awareness:**
  - ▶ Share knowledge about sustainability practices
  - ▶ Encourage friends and family to adopt eco-friendly habits
- ▶ **Practice Responsible Consumption:**
  - ▶ Support ethical and sustainable brands
  - ▶ Reduce, reuse, recycle in daily life
- ▶ **Personal Investment in Sustainability:**
  - ▶ Use public transportation, bike, or walk when possible
  - ▶ Grow your own food or support local, sustainable agriculture
  - ▶ Invest in renewable energy and electric vehicles/efficient appliances

A broader debate between pro-climate change advocates who support *dynamic market solutions* and anti-climate change voices who *caution against departures from traditional economic practices.*

Think Tesla (if you have to.)

What are the possible negative impact if as a society we switch to a new economy model that turns out to be wrong?

- ▶ Economic Slowdown
- ▶ Investment Displacement
- ▶ Innovation Misdirection: innovation encouraged in the *wrong* sector
- ▶ Increased Cost of Living: carbon tax reflected in day-to-day expenses
- ▶ Energy Insecurity
- ▶ Unintended Environmental Consequences: e.g. promoting biofuels too much leading to deforestation
- ▶ Social and Economic Inequality: Unfair to those without means of transition, exacerbating inequalities
- ▶ Resistance and Backlash

# Pro-CC Arguments/Solutions for a Resilient HK Economy

- ▶ **Innovative Market Solutions:**
  - ▶ Embrace green tech startups and innovations.
  - ▶ Foster a competitive market for renewable energy.
- ▶ **Flexible Economic Models:**
  - ▶ Test sustainable business practices and circular economy models.
  - ▶ Encourage investment in green infrastructure and public transport upgrades.
- ▶ **Public-Private Partnerships:**
  - ▶ Collaborate on sustainability projects, like smart city initiatives.
  - ▶ Leverage private capital for public good, with government incentives.
- ▶ **Policy Reforms for Sustainability:**
  - ▶ Implement progressive environmental regulations that encourage innovation.
  - ▶ Introduce carbon pricing to incentivize low-carbon operations.
- ▶ **Community Engagement and Education:**
  - ▶ Increase public awareness campaigns on environmental issues.
  - ▶ Support community-led sustainability initiatives for broader impact.

# Anti-CC Arguments/Solutions for HK's Economy

- ▶ **Economic Stability Focus:**
  - ▶ Prioritize economic growth and stability over experimental green policies.
  - ▶ Maintain a business-friendly environment to ensure job security.
- ▶ **Proven Strategies Only:**
  - ▶ Rely on established, efficient technologies and practices.
  - ▶ Avoid untested economic models that risk market disruption.
- ▶ **Minimal Regulatory Changes:**
  - ▶ Caution against over-regulation that could hinder business operations.
  - ▶ Advocate for voluntary corporate sustainability measures.
- ▶ **Cost-Benefit Analysis:**
  - ▶ Evaluate environmental initiatives based on ROI and economic impact.
  - ▶ Ensure environmental policies do not overly burden SMEs.
- ▶ **Incremental Improvements:**
  - ▶ Focus on gradual enhancements in energy efficiency and waste management.
  - ▶ Support small-scale, low-risk green initiatives with clear benefits.