

That Green Growth at the Heart of the Green New Deal? It's Malignant

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A burgeoning save-the-climate effort called the Green New Deal, explains Vox's David Roberts, "has thrust climate change into the national conversation, put House Democrats on notice, and created an intense and escalating bandwagon effect. ... everyone involved in green politics is talking about the GND. ... But WTF is it?"

Roberts goes on to give a good summary, but no one can fully answer that question until someone puts a complete plan down on paper. We do know that the vision as it's being described by its fans (and it seems to have nothing but fans in the climate movement) explicitly draws its inspiration from the New Deal that the Roosevelt Administration launched eighty-four years ago in an effort to end the Great Depression.

A Tale of Two Deals

The Green New Deal would emulate its predecessor's use of public investment and hiring, improvement of wages, and socioeconomic safety nets to accelerate economic growth and reduce unemployment. That part of the vision should be pretty straightforward. But in asking whether success in reaching those economic goals could also help head off ecological catastrophe, we first need to take into account how the original New Deal worked, both as a civilian project and as it morphed into the war effort of the 1940s.

The massive public investment in the civilian economy that began in 1933 carried on through that decade. And the war production and recruitment boom of the early 1940s should be seen as an extension of the New Deal, in part because that turned out to be the spending that finally ended the Depression.

The diversion of money and physical resources into military production necessitated the creation of a War Production Board that allocated resources between the military and civilian sectors and limited production of specified civilian goods. With supplies of consumer goods shrinking and demand steady or rising (because thanks to the war, people finally had more money to spend), the government had to resort to price controls and fair-shares rationing. Then, once the war was over, both pent-up demand and civilian production were unleashed. Before long, the economy was growing rapidly.

Under the Green New Deal vision, investment in renewable energy and infrastructure production would be the mechanism for revving up the economy. But whatever shape it takes, this new New Deal would be born into a very different world from that of its predecessor—a world that can't handle a big economic stimulus. If we are to avoid climate catastrophe, we have to simultaneously bring an end to fossil-fuel burning and develop vast renewable energy capacity, both starting right now and both on a crash schedule. That means the everyday economy must find a way to run on much less available energy.

Analyses purporting to demonstrate otherwise—claiming that current and growing energy demand can be met by 100% renewable generation—rely on overly optimistic technical and environmental assumptions, and on the assumption that today's huge disparities in energy consumption among and within countries will remain in place.

Research based on more realistic assumptions shows that neither the United States nor the world can satisfy 100% of current, let alone projected, energy consumption only with renewable sources. And there's no way that even a more modest but still adequate introduction of renewable energy could be achieved within a decade or even two.

Quickly phasing out fossil fuels at a time when renewable sources have not yet been phased in, affluent nations and communities in particular will have to shrink their total energy consumption dramatically while shelling out billions to help fund renewable energy in poor nations.

The Green New Dealers nevertheless are holding out the promise of prosperity and sustainability through growth. Without asking where the energy to fuel that growth will come from, they predict that with heavy investment in renewable infrastructure, the U.S. economy will expand rapidly so that lower-income households can look forward to more, better jobs and rising incomes.

Unlike the World War II stimulus, this new green stimulus will not be accompanied by any planned allocation of resources or limits on production and consumption in the private sector. But that is what's needed. Given the necessity for an immediate, steep decline in greenhouse emissions and material throughput, such planning and limits are needed even more now than they were during World War II.

In the 1930s, the U.S. and world economies were vastly smaller than they are today, and greenhouse emissions were far lower. Earthlings, all but a tiny handful, were blissfully unaware that continued fossil-fueled growth would one day become a mortal threat to civilization. The original New Deal could concern itself only with economic prosperity and justice. Then a second concern—fascism—emerged, and the productive forces of the economy had to be temporarily

transformed. The New Deal stimulus with its war-spending extension brought back prosperity, even if material abundance had to be put on pause until the war was over.

As far as I know, no one complained at the time about the 65 percent increase in fossil energy consumption that occurred between 1935 and 1945 thanks to the growing economy. Even if there had been prophetic scientists within the growing federal bureaucracy of the 1930s sounding the alarm on future global warming, that carbon would have had to be spent anyway in order to stop the march of fascism.

Like war production in the 1940s, green energy development is an absolute imperative. It will also require us to spend emissions in the short run in order to prevent emissions over the long run. But the short run—the next decade or two—is precisely the period when a steep decline in emissions is necessary to stay this side of the dreaded climatic tipping point. During those years, we won't yet have enough renewable energy capacity to substitute for all of the fossil energy capacity that we need to be eliminating.[1]

Sufficiency for All, Excess for None

The Green New Deal would not achieve an economic transformation; rather, it would hitch its sustainable-infrastructure investment and taxation reforms to the existing economy. It would leave the private sector untethered, free to produce for profit rather than for quality of life. Inevitably, pressure would build to crank the dirty energy back up.

To avoid that disaster, we need a strict national emissions ceiling that declines steeply year by year. Across the economy, resources must be diverted by law away from destructive and superfluous production, toward meeting human needs. Likewise, abuse of land, water, and

ecosystems must be outlawed, no matter how much money-pain it causes those who've been enriched by that abuse.

Such limits are what's missing from the Green New Deal's vision. But because it's still a vision and not yet a plan, there is still time to conceive a reworked version (a New Green Deal?) that has a reasonable chance of delivering on both of its goals.

Any effective strategy to drive emissions down to zero cannot also expect to spur aggregate growth; it would in fact curtail and even reverse the growth of GDP. Fortunately—well-tended conventional wisdom notwithstanding—degrowth in America would not necessarily bring on a Great-Depression-style social catastrophe.

The British scholar Jason Hickel writes that, to the contrary,

“ecology-busting levels of income and consumption characteristic of rich nations are not necessary in order to maintain their strong social outcomes. We can say this because there are a number of countries that are able to achieve equally strong social outcomes with vastly less income and consumption.”

A big, laudable goal of the Green New Deal is to reduce economic inequality. We'll have to await the unveiling of the full plan to see the specifics of how that's to be achieved. If, as is likely, its drafters follow the politically palatable, well-worn, but rarely successful equality-through-growth route, their plan will be incompatible with emissions limits tight enough to achieve sufficient emissions reductions.

What's needed instead is a direct cure for inequality. Expropriating the wealth of the 1 percenters would be a good start, but the necessary transformation will need to go much deeper, putting a floor under and a ceiling above individual wealth and income.

Although it really is possible to scale back our economy in a way that improves life for all Americans, such an effort will face stiff opposition at the top of the economic pyramid, the place where the fruits of GDP growth always tend to accumulate. That doesn't mean just the 1 percent. I have argued that it's the 33 percent of American households with highest incomes who would need to experience the steepest economic degrowth.

I'm talking about adopting but also going way beyond the Green New Dealers' excellent arguments for a more steeply progressive tax structure (and their bad arguments for a carbon tax [2]). Limitations on resources, as well as mandatory production of the most necessary rather than the most profitable goods and services, will have their greatest dollar impact among the 33 percent (which comprises households earning more than about \$90,000 annually.) And within that top one-third, the greater a household's wealth and income, the greater will be the impact, because, as Jesse James would say, that's where the money is.

The impacts will come from several directions. An effective climate/equality strategy would reduce profits in industries not involved in green energy conversion or production of needed goods and services. Stock prices of companies not working toward the conversion would fall. Stockholders, owners, investors, and upper managers, the great majority of whom belong to the 33 percent, would bear the brunt.

If shortages and inflation were to strike, then allocation of resources could be adjusted, and price controls, subsidies, fair-shares rationing, and other policies would have to be put in place when

and where they are needed. That would result in even greater shifts of income and wealth from the top toward the bottom of the economic scale.

Meanwhile, the conversion to green energy capacity and infrastructure, the costs of which have been optimistically estimated at \$15 trillion for the United States alone, will be for decades to come a rapidly growing sector of a shrinking overall economy. That money will have to come from slashing military appropriations and other wasteful spending, as well as wealth, financial-transaction, and inheritance taxes. And the green buildout will have to be regulated so that it provides plenty of employment but no profiteering.

A growing segment of the climate movement rightly recognizes the link between capitalism and greenhouse warming. And I think it's safe to say that policies like those I've described here would be pure poison to a capitalist economy. A socialist transformation is necessary, but that in itself won't be sufficient to reverse Earth's ecological degradation unless it is also dedicated to drawing the human economy back within necessary ecological limits while ensuring sufficiency for all and excess for none.

Notes

[1] In the mainstream climate movement, the fundamental problem of falling energy supply during the conversion is generally dismissed by uttering the magic word decarbonization. Based on wholly unrealistic technological hopes, the claim is that energy generation, transportation, and manufacturing can be accomplished with ever-decreasing carbon emissions while sustaining rapid growth. Decarbonization would be a "core principle" of a House Select Committee on the Green New Deal proposed by Alexandria Ocasio-Cortez (D-NY). But research suggesting the possibility of complete or near-complete decarbonization at high levels of output has been shown to be highly deficient. Only a far more modest degree of decarbonization can be achieved within

the narrow near-future time window in which we must eliminate greenhouse emissions. As if that weren't enough, decarbonization of energy supplies has been shown to lead to increased energy demand, which in turn would lead to a treadmill effect.

[2] The carbon tax rates that would be required to drive emissions down rapidly enough would be much higher than any rates tried or proposed by anyone so far. The tax would have to be brutally heavy, even if there were a rebate to compensate low-income households. And the larger the rebate, the more the tax's impact would diminish, because people would use that money to pay the taxes necessary to create more emissions. Meanwhile, the affluent would be able to unfairly buy their way out reducing their own emissions, even with a high tax. They'd whine, but they would not give up any more energy than they had to. Given all that, the majority would not stand for the unfairness, and would not accept a tax/rebate system that's strong enough to be effective.