

CHAPTER 4: Challenges of sustainable development

4.1 Recent developments

The 1987 Brundtland Commission defined development as sustainable if it meets the needs of the present, in particular the needs of the world's poor, without compromising the ability of future generations to meet their own needs. Assessed on the basis of this definition, recent developments are definitely not sustainable, as testified for instance by the worsening inequalities, highlighted for example by EuroMemo 2024.

A major driver of unsustainability is increasing commodification, for example through privatisations. Privatisations have been the intended consequence of the neoliberal policies that have been pursued in the EU, especially under the surveillance of the Troika during the Eurozone crisis.¹ Commodification impedes poorer people from satisfying their rights-based needs. Commodification, in turn, depends on the inherent needs of capital accumulation to expand markets: commodifying ever greater shares of our lives, of the world and even of the future; in the latter case by creating 'fictitious capital', i.e financial claims on the future.² This dynamic makes continuous economic growth imperative and GDP as its main indicator an expression of power. It is highly likely that this explains why no other indicator has been able to replace it³; despite other measurements being more useful in monitoring sustainability.

Creeping commodification should be seen as one of the major challenges of sustainable development. An illuminating example is platform capitalism. Jones et al. outline the scale of the challenges and threats it poses 'to the environment, employment, civil society, the 'lifeworld' and democracy'.⁴ It shows how capitalism extends well beyond the economy in its narrow sense, including also modes of consumption.

¹ Ryner, M. (2015). Europe's ordoliberal iron cage: Critical political economy, the Euro area crisis and its management. *Journal of European Public Policy*, 22 (2), pp. 275-294.

² Stigendal, M. (2024, September). *Bringing in the actors and their relation of force*. Presented at the 30th EuroMemo Group conference, Vienna. <https://euromemo.eu/wp-content/uploads/2024/09/Bringing-in-relation-of-force-M-Stigendal.pdf>

³ Hořčica, A. (2024, September). *Economic Models and Sustainability in the Time of Polycrisis: The EU's Approach*. Presented at the 30th EuroMemo Group conference, Vienna. https://euromemo.eu/wp-content/uploads/2024/09/EuroMemo-Group-Conference-2024_en.pdf

⁴ Jones, B., Krings, B-J. & Moniz, B. A. (2024, September). *Platform Capitalism as a Trojan Horse: Combating Big Tech Threats to European Civil Society*. Presented at the 30th EuroMemo Group conference, Vienna. https://euromemo.eu/wp-content/uploads/2024/09/The-Poly-Crisis-of-Big-Tech_31_8-OLD-WORD.pdf

To restore capitalist profitability and economic growth after the crises of the 1970s, right-wing politicians promoted neoliberal transformation. Subsequent deregulation and globalization of markets paved the way for a finance-dominated regime. By operating on a global basis, capital got access to an abundance of cheap labour-power in the Global South and also new sources of demand through access to the purchasing power of consumers globally. Key features of this regime are asset-inflation and enormous amounts of debt, as well as predatory and reckless speculation; all facilitated by neoliberal quests for deregulation.

This regime of accumulation is a major cause of global warming by linking mass production, often through sweat-shop conditions, in the Global South to mass consumption in the Global North. It is secured by spatio-temporal fixes that keep the Global South subordinate to the Global North, but also the losers from the winners in segregated cities.⁵ Internet platform businesses are instrumental in transmitting ‘further demands of commodity culture into the homes and lives of multitudes; creating aspirations that affluent subscribers cannot afford, fuelling debts and frustrations’⁶. This extremely complex and organic web of relations has intensified interdependence between producers and consumers, and the more affluent metropolises and an indebted periphery of mainly agricultural and raw material producers. However, driven by profitability priorities, it causes both inequality and the carbon emissions that drive global warming. Accordingly, challenges of sustainable development are inherent to the present system of globalised capitalism.

However, the prospects for western capitalism to continue this form of expansion seem bleak. Symptoms of an impending epic crisis include frail profitability, poor productivity growth, feeble output, and low levels of productive investment at the historic sites of advanced capitalism, particularly after the crisis of 2007-09. As productive capital and the ‘real’ economy has failed to keep pace with the expansion of fictitious capital (financialization), the mass and share of profits going to interest-bearing and rent-seeking capital has instead increased, engendering a vicious circle of productive decline. This dichotomy may explain the continuing build-up of financial instabilities and geopolitical tensions at the global scale, which ‘undoubtedly threatens turbulent dynamics spilling over into ‘systemic chaos’’⁷.

⁵ Stigendal, M. (2024, September).

⁶ Jones et al. (2024, September).

⁷ Murphy, S. & McMahon, C. (2024, September). *A Brussels Consensus? Qatargate and the (re)articulation of EU international Development governance*. Presented at the 30th EuroMemo Group conference, Vienna. https://euromemo.eu/wp-content/uploads/2024/09/Murphy_McMahon_A-new-Brussels-Consensus_August-2024.pdf

In this race towards the ultimate exploitation of the world, amidst sharpening geostrategic rivalry, Europe is being left behind. As outlined in chapter 2, that is the message of the Draghi Report which outlines the serious decline in European capital's competitive performance compared to the US and Asia. This 'existential challenge' that can only be overcome by a massive rise in investment. However, public investment is too small and the EU's and pro-business governments' fiscal dogmas will not allow it to grow substantially because that would potentially threaten capitalist power. Instead, Draghi suggests cheaper credit, deregulated markets and increased government fiscal incentives to encourage investments by Europe's big business. Thus, he proposes a form of advanced neoliberalised financialised capitalism, all of which is likely to amplify climate breakdown and social unsustainability. Moreover, the increase needed in profitability will most certainly be sought by a sharp rise in the exploitation of labour.

Yet with already high rates of exploitation in many parts of Europe - stressful working conditions, low wages, employment insecurity - the share of people able to satisfy their right-based needs will continue to shrink. However, it is also important to recognize that discontent with such conditions creates destabilising conflicts that will probably worsen without systems change. For example, struggles have arisen against the hardcore ethic of long hours at high intensity work, demanded by Elon Musk and other gig economy moguls.⁸

4.2 A critique of official policy

Draghi's formula apart, what is the EU's solution to the eco-social consequences and deepening structural crisis caused by globalised capitalism?⁹ Murphy & McMahon have analysed EU development cooperation policy and identified a 'distinct turn away from ... locally-led development, and the promotion of universal rights and values towards greater EU-centrism ...' There is evidence of EU drift from international commitments on development cooperation, towards EU-centric interests and an increased alignment with US foreign policy. As the authors conclude, this does not bode well for global cooperation on meeting, and building upon, sustainable development goals (SDGs) in line with planetary boundaries.

Current policies rely mainly on orthodox economics, attributing ruptures in market relations to exogenous disturbances in the conditions needed for smoothly evolving equilibrium market growth paths. Orthodox economics has a blindness towards

⁸ Jones et al. (2024, September).

⁹ Murphy, S. & McMahon, C. (2024, September).

the unsustainable impact of commodification while aggravating its effects by reducing the scale and scope of the welfare state and thereby its potential to compensate for the harsh effects of commodification. It supports a liberal political-economic imaginary which 'operates as cover for the essentially authoritarian neoliberal centralisation, concentration, and consolidation of (monopoly-finance) capitalist (state) power and profit'¹⁰. Therefore, orthodox economics should be seen as another major challenge to sustainable development. The consequences of such policies are apparent in, for example, the UK. The Conservative governments of 2010-24 sustained austerity macro policy for its entire 14-year tenure¹¹. According to recent research, more than 9 million Britons are vulnerable to reliance on food banks¹²; i.e. they may not be able to meet their rights-based needs, which contradicts the whole idea of sustainable development.

Neoliberal state projects, supported by orthodox economics and often enacted by social democratic parties, have promoted the expansion of capital accumulation on an increasingly global scale. Their logic makes it almost compulsory to address people as individual consumers instead of as equal citizens claiming their right-based needs. That trend has rigged the playing field in favour of elites. This highly asymmetric organic power relation is a major characteristic of the current conjuncture: favouring the few at the expense of the many and making social democratic parties an easy target for criticism that is exploited primarily by right-wing forces.

Reducing people to the status of individualised consumers leads to the victims of inequality being blamed for their inability to satisfy what are their right-based needs. In that way, the neoliberal state project weakens progressive resistance and alternatives. A contributory factor here is the way people are signified. For example, Odorige¹³ argues against grouping migrants as vulnerable, which may discount 'the contribution to development that migrants make to both destination transit and origin countries.' Also, the place-based character of EU cohesion policy highlights the one side of segregation where the losers of inequality live, while the main culprits of consumption-based

¹⁰ Murphy, S. & McMahon, C. (2024, September).

¹¹ Dymski, G. & Huaccha, G. (2024, September). *Exploring the Business Dynamics of West Yorkshire: A Bottom-UP System of Provisions Approach in the Context of European Polycrisis*. Presented at the 30th EuroMemo Group conference, Vienna. https://euromemo.eu/wp-content/uploads/2024/10/Dymski_Rethinking-Productivity-Slowdown-and-Levelling-Up-in-UK-regions.pdf

¹² The Guardian (2024, October). *More than 9 million Britons vulnerable to reliance on food banks, research finds*. <https://www.theguardian.com/society/2024/oct/09/britons-vulnerable-reliance-food-banks-research-finds>

¹³ Odorige, E. C. (2024, September). *An approach to Correcting the Flawed Interpretation of Migrants and Migration in our Common Future in the SDG 2030 Agenda*. Presented at the 30th EuroMemo Group conference, Vienna. https://euromemo.eu/wp-content/uploads/2024/09/Odorige_Our-home-together-SAFE.pdf

emissions living in the more affluent areas, at the other side of segregation, escape scrutiny. Thus, major challenges to sustainability include policies that contribute to the segregation of winners and losers.

4.3 Alternative proposals

Our proposals concern, firstly, the overall perspective, secondly, the actors and, thirdly, the structures. All three categories are interdependent and aimed at achieving a just transition. Furthermore, our proposals align with approaches to a just transition which ‘emphasizes the importance of redistributing power to counteract social poverty’ and ‘promotes a radical system change and levels criticism against the capitalist order’¹⁴.

Firstly, we propose nothing less than a Kuhnian paradigm shift, beyond the orthodox view. A new paradigm should include recognition of how commodification, particularly when combined with austerity policies, deepens unsustainable development. Our proposed paradigm understands capitalism in an inclusive sense, containing endogenous causes of unsustainable development, in contrast to the orthodox view which narrows the understanding to market mechanisms and treats causes as exogenous.

Secondly, we propose policies which empower actors collectively and recognizes the need for deep democratic processes. To achieve sustainable development actors must be understood and presented in their true strengths or weaknesses. As Odorige puts it, ‘achieving a sustainable future together should mean seeking out partners and creating partner categories.’¹⁵ Examples could be bringing university-based researchers into co-design and co-creation relationships with communities and public authorities¹⁶, or more broadly in terms of knowledge alliances¹⁷. Furthermore, it is urgent to recognize collective campaigns like the above challenges to platform work.¹⁸ Strong unions are necessary for a just transition, as Maad and Maukner emphasize.¹⁹ Mobilising people in collective efforts to address global challenges also requires understandable,

¹⁴ Maad, M. & Maukner, J. (2024, September). *Policy Designs of a Just Transition in Austria – Testing potential outcomes with SFC Modeling*. Presented at the 30th EuroMemo Group conference, Vienna. https://euromemo.eu/wp-content/uploads/2024/09/SFC_model_JT_MAAD_MAUKNER.pdf

¹⁵ Odorige, E. C. (2024, September).

¹⁶ Dymski, G. & Huaccha, G. (2024, September).

¹⁷ Stigendal, M. (2024, September).

¹⁸ Jones et al. (2024, September).

¹⁹ Maad, M. & Maukner, J. (2024, September).

relevant and transparent monitoring indicators on sustainability goals, suggested by Horcica.²⁰

Thirdly, the currently unsustainable development should be counteracted by a much greater emphasis on needs, in line with the definition of sustainable development, and particularly on needs-driven production. As underlined in successive EuroMemo social policy proposals to address the crisis in reproduction, we advocate the fostering of a needs-driven economy, which includes care driven by needs, not by profits. As proposed by Jones et al.²¹, in the case of the platform capitalism that would amount to the 're-embedding' of businesses in society as long ago advocated by Karl Polanyi, with wider accountability than just the present obligations to shareholders and other investors. As pointed out in previous EuroMemoranda, co-operativism could also offer an important path to democratisation. As Jones et al. propose regarding platform capitalism, the EU should 'co-ordinate with member states, public sector bodies and unions to establish an alternative asset-management vehicle for the kinds of public funds that are currently managed by BlackRock, Vanguard and State Street'.²²

²⁰ Hořčica, A. (2024, September). Ibid.

²¹ Jones et al. (2024, September).

²² Jones et al. (2024, September).