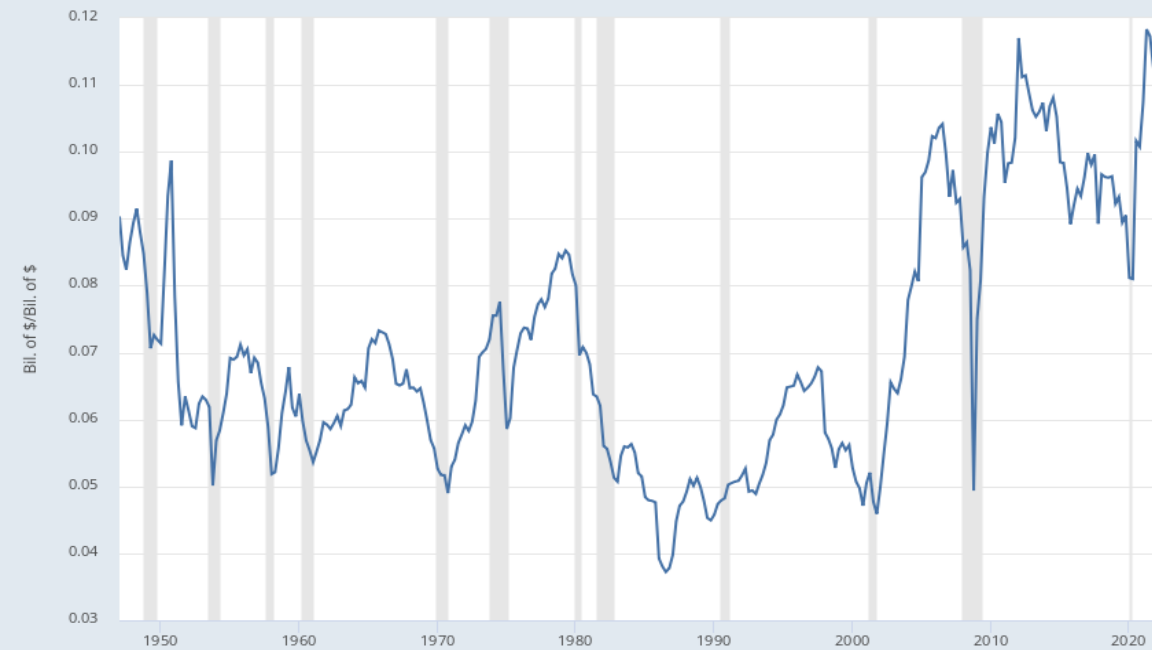


Neoliberalism, Climate Catastrophe, and Democratic Alternatives

Neoliberalism

- Finance controls the main sources of capital and the allocation of resources → subordination of economic and social reproduction to the accumulation of interest-bearing capital.
- Recovery of profits, BUT appropriation of value by finance.



Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Economic Analysis

myf.red/g/PJTA

Financial corporate profits (excluding Federal Reserve) as a share of total domestic profits



Source: Bureau of Economic Analysis, Matthew Klein's calculations

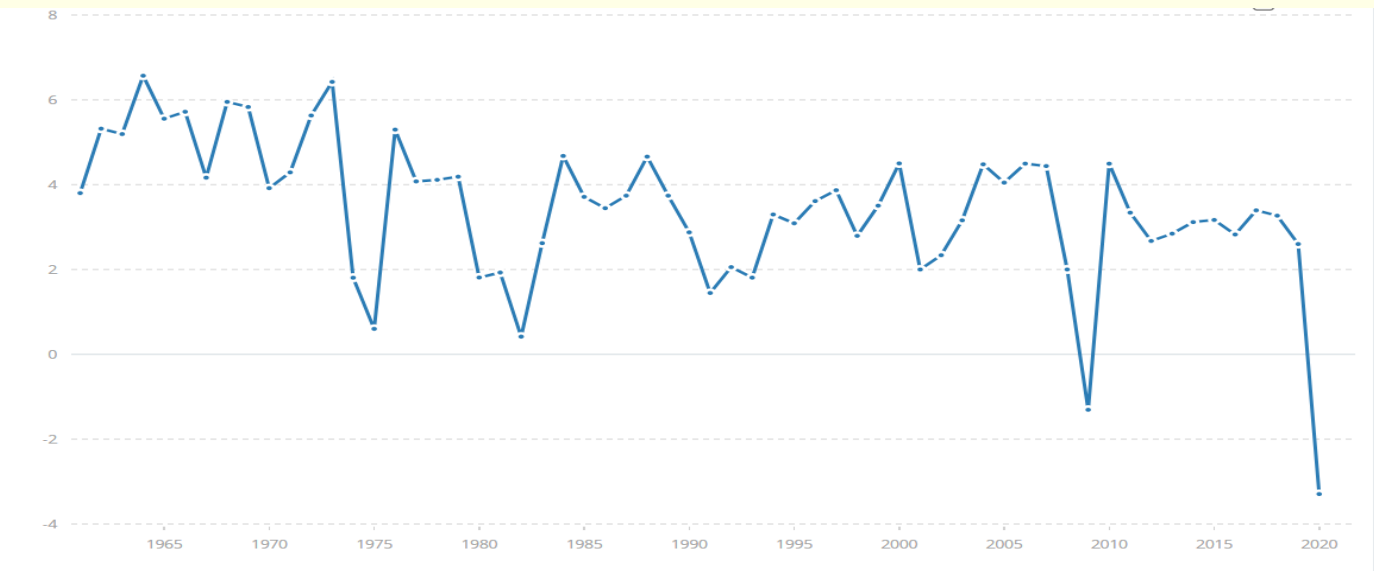
Neoliberalism

- Finance controls the main sources of capital and the allocation of resources → subordination of economic and social reproduction to the accumulation of interest-bearing capital.
- Recovery of profits, BUT appropriation of value by finance.
- Recomposition of 'national' systems of production and transnationalisation of production and finance ('globalisation'), BUT no 'global convergence' (new patterns of inequality).
- Social discipline, new technologies, intensive work patterns, integration of working class into financial circuits.

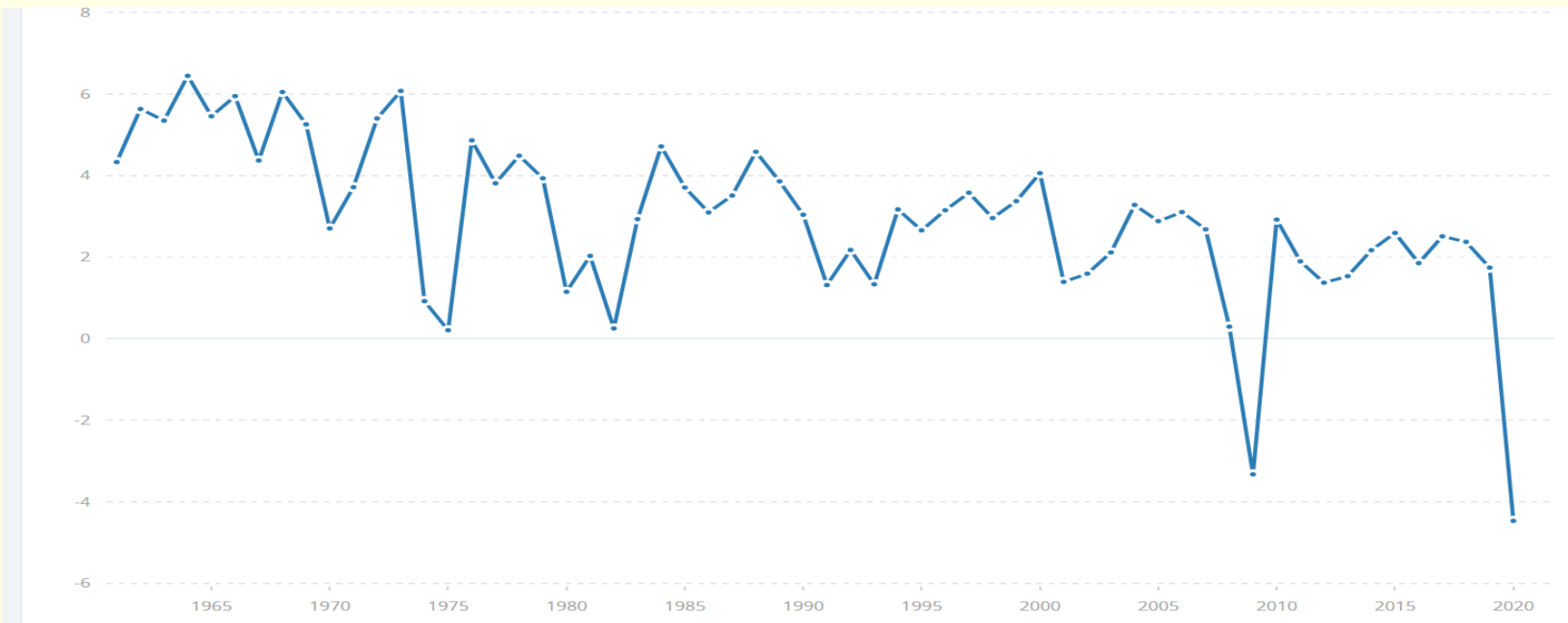
... Yet: economic underperformance and finance-driven bubbles and crises.

The Economic Paradox of Neoliberalism.

World GDP growth rate (% p.a.)



OECD GDP growth rate (%p.a.)



Neoliberalism Trapped?

Economic paradox:

- **'Globalisation' disintegrates established systems of provision and creates undesirable employment patterns.**
- **Financial markets can drain capital from production and create volatility.**
- **Lack of economic co-ordination.**
- **Declining growth rates.**

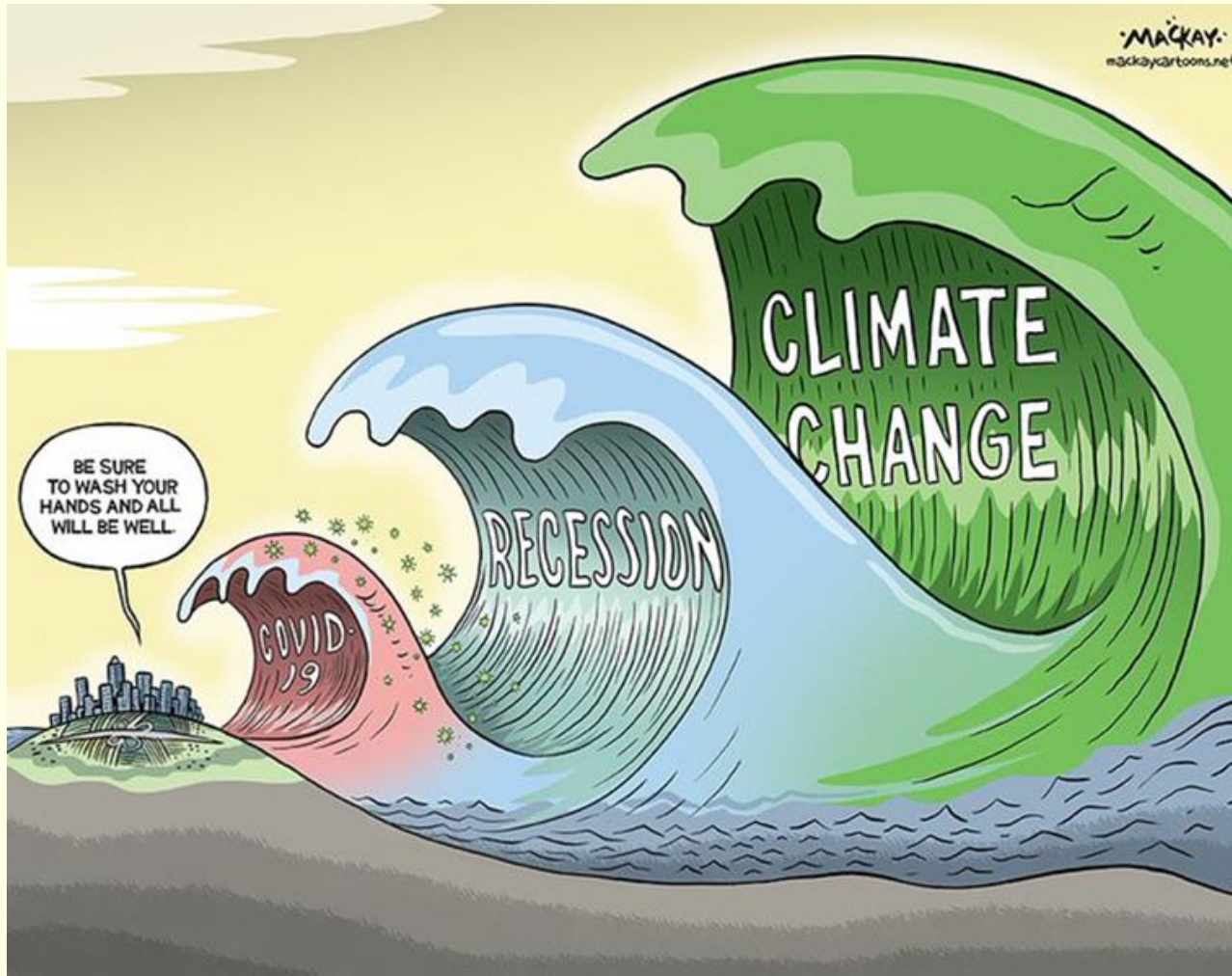
Political paradox:

- **Hollowing out of democracy.**
- **Rise of authoritarianism.**

Climate crisis.

Policies are not self-correcting.

Neoliberalism and Climate Change



Neoliberalism and the Environment

The Arctic has lost twenty-five percent of its summer ice cover, and the melt on Greenland is proceeding with unnerving speed ... The hydrological cycle is fundamentally disrupted, with both more droughts and far more extreme rainfall events ... The oceans have become steadily more acidic ... Forest fires are raging with newfound intensity, and forests in the boreal regions are dying from onslaughts of insects once kept in check by cold winter temperatures ... Crop yields have become erratic, with serious busts as heat waves wipe out whole growing regions ... Mosquito-borne diseases ... have spread rapidly ... Political tensions have begun to flare over water shortages and refugee fears ... [and] [s]mall, low-lying islands have been evacuated as rising seas have made habitation impossible (McKibben 2011).

‘Up to 325 million extremely poor people will be living in the 49 most hazard-prone countries in 2030, the majority in South Asia and sub-Saharan Africa’ (ODI 2013).

Drivers of Climate Change

- **Limitless search for profits vs. finite resources of the Earth.**
- **Awareness of environmental limits vs. inability to address them.**
- **Accumulated emissions by the West vs. Right to Development (R2D) today.**
- **Fixed capital in place vs. imperative to divest from fossil fuels.**
- **Financialisation vs structural change.**

Democratic Economic Policies to Address Climate Change:

- Fiscal, monetary and financial policies.
- Public investment.
- Balance of payments policies.
- Social policies.

Democratic economic strategy (DES): Limitations of mainstream economic strategies + Need for alternatives.

Goals of DES: (a) macroeconomic stability, (b) environmental sustainability, (c) improvements in distribution, social welfare and economic diversity, (d) democracy and protection of identities.

Financing the Transition

- **Progressive 'green' income taxes and surcharges.**
- **Compulsory savings.**
- **Taxes on carbon-intensive luxury goods.**
- **Taxes on financial transactions and international capital flows.**
- **Domestic loans to be paid by progressive taxes.**
- **External loans, aid and other transfers.**
- **Transfer of green technologies to the South.**

Democratic Policy Alternatives

- **Tendency: new forms of fascism; counter-tendency: resurgence of the left.**
- **Equality, collectivity, economic and political democracy, public goods.**
- **The environmental constraint.**
- **Policy alternatives.**

