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**From neo-liberalism to green capitalism and back:
Crisis, management and the business school of tomorrow**

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From neo-liberalism to green capitalism and back: Crisis, management and the business school of tomorrow*

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About two weeks ago Martin Parker stood in for Simon Caulkin as the Observer's management columnist, while the latter was away on holiday.¹ Well done, Martin, for getting into one of the leading Sunday newspapers, for it is still peculiarly unusual for any critical management scholar to actually make it into the broadsheets, or any 'news' for that matter. The critical management studies (CMS) project is maybe two decades old – maybe less, maybe more. Like with anything it is difficult to define the beginning of an event, a critique, a resistance. An event always takes place within history; a particular history of power, knowledge, resistance – critique. We never simply start from scratch. But however we should date the beginning of the CMS project, isn't it peculiar that to date almost none of the big CMS canons have been able to establish themselves as truly public or 'specific' intellectuals, engaging with those public discourses which Ernesto Laclau might call 'populist'; those discourses that are part of a hegemonic regime of capitalist relations? If CMS is about critiquing 'management', which Parker – in his 2002 book *Against Management*² – describes as today's 'generalized technology of control' and 'hegemonic model of organization', and if managerialism is indeed so all-persuasive, having entered all spheres of private and public life, then isn't it 'strange' – to say the least – that the CMS project is almost non-existent, as far as its visibility in public discourse is concerned? Equally, isn't it strange that Boltanski & Chiapello's now seminal work, *The New Spirit of Capitalism*³, is one of the very first critical assessments of contemporary capitalism using management theory? In fact, it is one of the first Verso books engaging with management literature, which, I guess, tells us a lot about the state of critique today, and specifically the state of critique within the business school and the CMS project. So, on one hand, yes, it is strange that within the two decades of its existence CMS hasn't really made any inroads into public discourse – nor has it been able to influence general critical social theory. However, what I'd like to suggest in this paper, on the other hand, is that this isn't strange at all. Let me explain why.

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I went onto the web-page of ABS, the Association of UK Business Schools,⁴ the other day, and right in my face there were words like 'ethical', 'green', 'responsibility', 'environment', 'sustainability', 'fairness', etc. 'What's going on?', I thought to myself. Since when have business schools discovered their ethics and social and environmental responsibility? Haven't CMS scholars called for more ethics, responsibility, a greening of business for some time now? Does the re-branding of ABS mean that CMS has achieved something after all? Does the business school finally wake up and respond to the critique of CMS? Hardly! Considering that 'corporate social responsibility' and 'green business' have been a management bandwagon for some time now – let's just remember that BP now stands for 'beyond petroleum', and other big polluters, like mining companies, regularly top the environmental and social responsibility rankings – then it's easy to see that the ABS is actually just catching up; jumping onto a bandwagon. And isn't this bandwagon exactly the same that leads affluent teenagers from the West to spend their gap-year helping 'the poor' to improve their lives? As Tanya Gold wrote in a brilliant column in the Guardian Weekly recently: 'Affluent European adolescents used to do the Grand Tour. They went to Italy to admire art. Now they go to Africa to admire the shit. Gap years are moral

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¹ <http://www.guardian.co.uk/business/2008/nov/30/management-business-schools-capitalism-comment>

² Parker, M. (2002) *Against Management*. Oxford: Polity.

³ Boltanski, L. & Chiapello, E. (2005) *The New Spirit of Capitalism*. London: Verso.

⁴ <http://www.the-abs.org.uk/>, visited 9 December 2008.

imperialism. It's a year-long narcissism party, where the gap-yearers use Africans and South Americans and Indians as props in the movie of their own wonderfulness. So they invade slums and orphanages and shanty towns. They turn up with teeth like brand-new fridges and shout, "Let's build a waterslide, guys!" Then they disappear back to Oxford or Exeter or the LSE⁵ – or, in fact, Warwick and Essex. What Gold is not saying in her column is that doing 'good' is actually part of the expected in some social circles, dare one say 'classes'. And it is part of an employability portfolio that will lead, so it is hoped, to well-paid positions in the City, or multinational companies, paying top bucks. 'Doing good' is just part of the normal career, of normal business practice, these days.

This charity work, 'doing good', has been part of how capitalism justifies and legitimises itself for a long time. And particularly Anglo-Saxon capital, which arguably has been more 'free', 'liberal' – or rather 'neo-liberal' – has always relied on the 'doing good' of its citizens to not only legitimize its actions, but also to deliver often essential social services, which in other countries are the responsibility of the state. But if one radically downsizes the state, reduces taxes – particularly for the rich – and with that essential social services, and if one cannot afford society to implode completely, then one needs an ideology of individual responsibility and charity to hold together those communities that have been destroyed by the 'projective city', as Boltanski & Chiapello call it. This is precisely the argument put forward by Gramsci⁶, whose work is, unfortunately, ignored by Boltanski & Chiapello. For Gramsci, the structuring of economic commodity relations are never enough for capitalism to sustain itself in the long-run. What is needed in addition is a structure of cultural legitimation that keeps 'the people' signed up to the capitalist ethic or spirit. This structure should not be understood in vulgar, static terms, but, instead, as a continuous process; a process that never ends. That is, capitalism itself lacks a morale, an ethic. It therefore needs to acquire ever new ways of legitimating its existence. In the post-second-world-war era it was the discourse of welfare. Faced by a general discourse that was infested with socialist programmes and ideas – articulated by a range of workers, communist and socialist movements in both East and West – capital didn't have any other choice but to incorporate those discourses in order to ensure its survival and adaptability. Faced with a fundamental economic, social and cultural crisis in the 1960s and 1970s, capital again had to respond by incorporating discourses of individual liberty, anti-bureaucracy, and equality, which were articulated by student, women, black and other social movements at that time.

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In a recent paper⁷, my Brazilian colleague Vinícius Brei and I explored the role of marketing in this revival of capitalism through the birth of neo-liberalism in the 1960s and 1970s. Let me just briefly summarise our argument in that paper, because I think it will help us for our purposes here: Today, marketing is arguably all about the satisfaction of customers' needs and desires. For the first fifty years of marketing's history, which began roughly at the turn of the 19th to the 20th century, satisfaction of needs and desires played, at most, only an indirect concern. But from the 1960s onwards marketing discourses started to emphasise satisfaction of individual needs and desires, and the emphasis here is on 'individual'. Additionally, authors such as Kotler, started to argue for the broadening of the field of marketing to encompass a wider social role, as grave concerns were expressed by the '68 generation about marketing's manipulative effects on people. Hence Kotler et al argued for the recognition of marketing's social dimension and the need to satisfy the desires of customers of both business and non-business organizations. Our argument in the paper is that this change of emphasis and broadening of the scope of marketing can be directly related to the critique articulated by social movements at that time.

⁵ Guardian Weekly, 4 December 2008.

⁶ Gramsci, A. (1971) Selection from Prison Notebooks. London: Lawrence & Wishart

⁷ Brei, V. and Böhm, S. (2008) 'Lacking Capitalism: Desiring marketing in times of capitalist crisis', Working Paper, Essex Business School, http://www.essex.ac.uk/afm/research/working_papers/WP_08-12%20Steffen%20Bohm.pdf.

Theoretically, we explain this process of capitalism's incorporation of critique through marketing by an understanding of society as 'lack', which helps us to shed light on the question of why exactly capital is constantly moving, incorporating new spirits and ethics, helping to legitimize its existence. I think this aspect is under-explored in Boltanski & Chiapello, as they don't explain enough – for my liking – what keeps capitalism changing its colours. Of course, Marx had his own analysis of capitalist crisis and change, and one would have hoped that Boltanski & Chiapello would have engaged with Marx's writing in more detail, as his understanding of the constant threat of overproduction, diminishing prices and resulting profit crisis, might have helped to put their argument on a sounder economic footing. But besides this critique, which I cannot develop further in this paper, one could also argue that Boltanski & Chiapello lack a theory of desire, and this is precisely what an understanding of society as 'lack' could contribute. Why is this of importance? One of the key contributions of the Frankfurt School – of writers such as Adorno, Fromm, Marcuse and others – was to complement Marxian political economy with a theory of social desire. Here, particularly the work of Freud played a significant role, and hence Frankfurt style critique is sometimes called Freudo-Marxian analysis. Now, what I'm suggesting here is that both Marx and Freud – or their theoretical successors – are somewhat missing in Boltanski & Chiapello, as their style of sociological critique of capitalist ideology becomes almost a mechanistic process of change from one capitalist era to the next. (One could dare to suggest that one can detect even a hint of Lewin's⁸ process of unfreeze, change and refreeze.) This is what they share with Hardt and Negri⁹, whose influential work *Empire* equally seems to rely on an explicitly non-dialectical understanding of history and capitalist development, which leads to their infantile suggestion that today's hegemonic form of work is immaterial, which makes them completely blind to the multitude of material work that supports and makes possible the immaterial work of the privileged few. But more about this later. So, isn't Boltanski & Chiapello's work equally blind towards a dialectical understanding of work, which doesn't just look at developments in the lives of the privileged few in the West/North? That is, can one not say that the analysis of the 'projective city' is part of an ideological blindness towards the real political economy structuring global relations?

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Well, whatever the answers to those questions, what I'd like to suggest here is that part of an attempt to provide a more dialectical analysis of capitalist change could be Laclau's Lacanian conception of society as 'lack' or 'impossibility'¹⁰ The starting point for such a conception is what Laclau and Mouffe call the 'logic of antagonism'.¹¹ This means that society can never be finished or completely symbolized. That is, even if we had 100 'cities' as analytical tools, we could never explain completely what capitalism is really about. This excess to society is what Lacan names the Real.¹² The critique expressed by a whole range of social movements in the 1960s and 1970s is precisely the realm of the Real. They didn't make sense within normal discourses. They were articulations of the lack of capitalism, emphasizing individuality and autonomy coupled with a strong anti-state and anti-corporate discourse. It is this lack, which, for Lacan, provides the desire for change. Of course, capitalism needs this lack constantly, and marketing's task is partly to create ever new lacks that can be fulfilled by the capitalist machinery of commodity production and consumption. However, too much lack and capitalist fundamentals are being shaken up; established regimes of accumulation and legitimacy are being challenged, leading to a breakdown or crisis. Because of this double-edge sword, capitalism cannot afford too much lack. That is, although it needs some lack, some resistance and some critique, it cannot risk for these expressions of the Real to question the whole system and its politico-economic foundations. In other words, capitalism is always at its own edge of lack.

⁸ Lewin, K. (1951) *Field theory in social science*. Chicago: Univ. of Chicago Press.

⁹ Hardt, M. & Negri, A. (2000) *Empire*. Cambridge: Harvard University Press.

¹⁰ Laclau, E. (1996) *Emancipation(s)*. London: Verso.

¹¹ Laclau, E. and Mouffe, C. (1985) *Hegemony and Socialist Strategy*. London: Verso.

¹² Lacan, J. (1977) *Ecrits: A Selection*, trans. Alan Sheridan. London: Tavistock.

In my view, this psychoanalytic understanding of capitalist change should accompany a Marxian understanding of the political economy of crisis. That is, not all critique will automatically lead to a full-scale capitalist crisis, especially if the economic conditions are not ripe for crisis. Equally, not all events of capitalist overproduction etc will automatically lead to a full-blown social crisis, as some Marxist commentators still hope. This is precisely the Gramscian moment of seeing both economy and culture in the same vein; both have their place in a dialectical analysis of capitalism. The role of the business school is located precisely at the juncture of these two spheres. On one hand, ever new innovation cycle are being sought to further and deepen capitalist accumulation. On the other hand, business school disciplines such as marketing are also there to legitimize capitalist political economy by developing a culture of consumption, for example. The management buzzwords over the last decade, such as knowledge, creativity, etc, are an articulation of this double-event accumulation and cultural legitimation.

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So, given this crucial role of the business school for capital, can we – with Martin Parker – have hope in a different business school? Is it perhaps a bit naïve of Parker, when, in his Observer column, he calls for business schools to *not* teach business, or when he seems surprised that ‘they teach capitalism’ in business schools. Of course they do. That’s the point. It’s like saying ‘the British Army shouldn’t shoot anybody or invade other countries’. But that’s what they are there for. The Army is structurally conditioned to shoot people, to further and maintain the interests of a colonial-capitalist regime throughout the world. That’s what they are there for. If one doesn’t like this, then one would have to get rid of the Army, and not shout ‘Please don’t shoot innocent people’, or ‘Instead of invading other countries, help us to do genuine development work’. Parker’s column *is* important to point to the limitations of the ideological discourse of management and open up spaces for alternatives of organisation. However, my concerns with this are twofold: First, without capitalism there wouldn’t be a business school in the first place; and without the business school it would be hard for capitalism to continuously innovate and reinvent itself. Business schools *are* as ideologically and structurally tight to capitalism as managers are to shareholders. In general, business school academics are capital’s paid bureaucrats to educate not only new generations of cadres and managers, as Boltanski & Chiapello suggest, but to educate skills in entrepreneurship, marketing, and nowadays even corporate social responsibility and business ethics, to an entire workforce. What is at stake is not only the survival of a managerial class – however important this is of course for the survival of the system as such – but the reproduction of the ‘social factory’ of capital. Here, of course, we need to make one important point; this is hardly about the business school anymore. The university as such, as the new issue of the journal *ephemera* shows, can be increasingly understood as schooling in business, or rather, the business of schooling. Hence the moral, snobbish superiority that some colleagues feel in sociology, politics, the humanities or other academic university departments, is completely misplaced, in my view. We are all in the same boat! And that boat is called ‘school for business’, geared towards the education of a creative workforce that is supposed to ensure the continued reinvention of the accumulation and legitimacy structures of capitalism.

Second, precisely because of this structural and ideological tie-up between the business school and capitalism, it is difficult to see how calls for alternative modes of organization can be anything else but a fringe voice of resistance, confirming the general rule of hegemonic management theory and practice. Worse, perhaps, is the very real risk, as Boltanski & Chiapello show, that any critique and call for alternatives will simply be recuperated by the capitalist system to either extend or deepen its accumulation processes or reinvent its legitimation regime. In a way we can see this already happening, as we speak. Everybody knows that mainstream management discourse is often a big pile of crap. The cynicism portrayed by management consultants, for example, is staggering. They know that the latest management fashion they sell to companies is just another way to justify exorbitant consultancy fees and keep the treadmill moving. This is the perfect Žižekian¹³ moment: We know exactly how things

¹³ Žižek, S. (1997) *The Plaque of Fantasies*. London: Verso.

are; we know exactly how bad the world has become – yet we simply continue. In other words; it's not knowledge that is the problem, but action. There is a lot of talk around today; even the talk of alternatives; yesterday it was still neo-liberalism, small government, even less state intervention; 'the market will solve all of our problems'. From one day to the next, suddenly the top banks of the world were in the hands of state governments, or at the very least, completely dependent on state intervention. Now, there is talk for alternative modes of organising the banking system and capitalism in general. 'Capitalism with a fair and human face' is being called for. In the absence of a sustained CMS discourse visible in public debate, systematically arguing not only for alternative modes of organising but also a different political economy, it is easy to see that today's confusion provides a fertile ground for managers, politicians and academics taking up any ideas of alternatives to make use of them *for* the hegemonic system of management. And this recuperation is helped because of a lack of a real alternative underwritten by CMS. As long as CMS stays in the business school and at the fringes of the academy, it will be easy to take up some ideas from CMS once in a while, incorporating them into the system, while their radical/critical intent is being lost, and the capitalist world simply moves on.

Of course, as in any hegemonic system, there are always possibilities of critique, resistance and difference. The whole point of the concept of hegemony is to show that we are not talking about a totality. Hegemonic capitalist relations are therefore not total or final. But that's the point of Boltanski & Chiapello's argument – although they, of course, make no reference to the scholarly and political tradition of 'hegemony'. What they argue is completely in line with Laclau and Mouffe's point that capitalism and society in general should always be understood as impossibility, which means that it can never be final or complete. There are always ruptures in the system, which should, in fact, be seen as constitutive. That is, following a Lacanian framework, these ruptures and critiques are the very stuff the system is made of, and the point is to continuously make sure that they are folded back into a hegemonic arrangement of social, economic and cultural forces – the symbolic system of the Other. What is, of course, missing in Boltanski & Chiapello is a discussion of how the big Other can be traversed. That is, in what way can the big Other not only be defaced – because that defacement is what it feeds on anyway – but destructed. How can the Real of society be articulated; how can the dirty underbelly – that which normally cannot be symbolised – be made explicit and used as a political programme for radical social change.

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It is precisely this radical social change that was being hoped for again in the 1970s and 1980s when the first environmental movements emerged, critiquing capitalism's continued usage of nature for its destructive purposes. A whole range of social movements, NGOs and political parties emerged, which have shaped the political debate in many countries ever since. As capitalism's environmental destruction has reached new heights and the ideology of the climate change discourse has taken over the popular and political imaginary, the discourse of environmental and social responsibility, as already argued, has been a persuasive one for at least a decade. Applying Boltanski & Chiapello's analytical framework, one could say, we seem to be seeing the end of the spirit of neo-liberalism and individual autonomy, which has been structuring capitalist accumulation and legitimating processes for the past forty or so years. This decline of the neo-liberal spirit has been vastly accelerated by the collapse of the world financial system, and massive injection of state funds, propping up ailing banks and companies. Many argue now that we are seeing a return of the history of big government and tight state regulation of capitalist markets. And for many this presumed return to the bureaucracy is of course a welcomed development, with which is connected an imaginary of state controlled equality and social and environmental justice. The ideal type state bureaucracy that ensures the freedom of all citizens. History has shown too often that this imaginary is illusionary, and that a return to big government, or bureaucracy, should not be seen as the holy grail of responding to the failures of neo-liberalism. On the contrary, what Boltanski & Chiapello's argument shows quite nicely, in my view, is that the reinvention of capitalism should never be understood as a going back, but as a capturing of a spirit of an era that is turned into a slave for capital. That slave will always be composed differently, depending on the specific

cultural, economic and social contexts of that era. A return to big state bureaucracy is not on the cards precisely because that particular era of socialist/ social democratic imaginary that was evident in both East and West has gone. The spirits of today's anti-capitalist and environmental movements will be turned into slaves of capital by using their contemporary discourses of social and environmental justice.

And the beginnings of that 'new' capitalism can already be made out. Going back to the field of marketing – which seems to be at the forefront of the reinvention of capitalism itself (which makes sense, given the important role of 'selling stuff', i.e. commodities) – one of the fastest growing areas are ethical and green marketing and consumption. Whether it is Fairtrade tea or organic cotton, bio-degradable plastics or renewable energy, commodities have to be seen to be ethical and green these days in order to have a chance in the tough marketplace of over-consumption. And one can see how desperate companies are to turn themselves into green businesses: BP announced just two years ago that it is now beyond petroleum, although the vast majority of its turnover and profit is associated with, you will have guessed it, petroleum-based commodities. Or Tesco, one of the world's largest supermarket chains, boosts an improved environmental performance by installing wind-turbines on the roofs of its supermarkets. The University of Essex itself has recently installed its first wind turbine. I thought this was a step into the right direction, as I thought it would provide the electricity for an entire new building on which it was installed. You will realise that I was a bit shocked to find out that only a few light bulbs in that new building will be powered by that impressive new wind-turbine, although the University is now keen to use the wind turbine as an expression of its new sustainability and environmental awareness. To be clear, I'm very much part of that process of trying to turn the University of Essex into something greener, but I'm also more than aware of the dangers of using well-meaning people's energies and rightful concerns into a 'greenwashing' marketing event, which does nothing else but to cement environmentally destructive behaviour by painting it green.

This is in line with Žižek's¹⁴ argument that today's commodity fetishism often works precisely through a process of de-fetishisation. That is, we are very aware of the fact how destructive global capitalism is – socially and environmentally. Hence, the straight marketing message doesn't work anymore. Today, the marketing message has to emphasise the fairness, good and personal in a product, all that which a commodity isn't by definition. By defacing the commodity, but without getting rid of the commodity itself, a new marketing message has been created emphasising an anti-commodity, even an anti-capitalist ethos, while keeping the commodity relation in place. This is precisely the value creation process in the emerging era of 'green capitalism'. The values of ethics, fairness and the environment are used to sell commodities, which by definition cannot be fair to people or the environment.

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This is precisely John Bellamy Foster's¹⁵ argument who maintains – amongst many others – that it is capitalism itself that has brought us into the environmental mess we are currently in. In other words, the rise of capitalism is directly linked to environmental degradation. The economists amongst you will know that 'externalities' are an essential – albeit unaccounted – type of cost that every business faces. 'But externalities don't appear on the balance sheet', I hear you saying. That's exactly the point. The aim of every business is to 'externalise' as many costs as possible so that one's own profit level is raised. As 'the market' cannot always take up these costs, a popular (often industry colluding) way of externalising costs is to simply dump them on society or the environment. So, if a company pollutes the river, then it is the communities down stream, which will have to deal with the mess created. If Drax power station emits carbon more than any other company, then it is the inhabitants of the Maldives and other low lying islands who will have to look for a new homeland first. Business and capitalism couldn't exist if *all* social, economic, cultural and environmental costs would be traceable to their origin. That is, by default, there needs to be opacity built into the transparent market. This is why externalities are essential for business.

¹⁴ Op.cit.

¹⁵ Foster, J. B. (2002) Ecology Against Capitalism. New York: Monthly Review Press.

I hear you saying, of course, that lots of attempts are being made to make capitalism greener and more accountable. For example, aren't now intense activities going on to establish a variety of carbon markets to bring carbon – thus far an externality – into the market so that it can be priced and accounted for? In other words, by attaching a price to carbon, companies start seeing it as a cost, leading to its reduction. The Kyoto Protocol, which is the world's main vehicle to come up with a consistent and global response to arguably the most serious and most threatening environmental issue, namely global climate change, relies almost completely on such market logic to reduce greenhouse gas emissions. The ideological belief is that the only way to efficiently and fairly reduce carbon emissions is to put an economic price on them, and hence to commodify them. What this commodification does, of course, is to 'enclose' the public good called 'pollution' or 'emissions'. This process of enclosure, or what Marx called 'primitive accumulation' is precisely that starting point for capitalism. Capitalism can only take hold in a society where there is private property, which is created by enclosing public goods, as happened with the Inclosure Acts in England from the 18th century onwards. The point Massimo de Angelis¹⁶ makes quite effectively is that, contrary to Marx's view, we should see these enclosures as ongoing. Rather than seeing capitalism moving from primitive accumulation to more advanced accumulation stages, we should see capitalism as a machine that continuously attempts to enclose public goods. These goods can be public discourses and critique. Or they can be remaining public spheres; they can be the human DNA; they can be common land. Or take pollution, which is big business now, as the recycling industry has really taken off on the back of grave environmental concerns articulated by consumers. But has all this recycling changed anything in terms of the environmental impact of capitalism? Has it not provided, in fact, a legitimation for the continuation of an unjust, unethical, unsustainable system of over-consumption? More than half of the stuff that well-meaning consumers collect and recycle in this country is being exported to other countries, often far-away developing countries, creating more carbon emissions, more pollution. If people would know about this, they might stop recycling altogether, eliminating the free labour they are providing to the waste industry. So, town councils now threaten to fine those who do not recycle. One can see how state and markets always work together.

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The Kyoto Protocol is another example of how state and capital always work together to create markets. So, let me show you briefly how these new carbon markets don't actually reduce emissions significantly; instead, they might actually help to increase carbon emissions and justify environmentally and economically unsustainable industries. What we see happening right now, within the Kyoto Protocol's first delivery period, 2008-2012, is the rapid rise of carbon finance. Remember my words, the next financial bubble and subsequent collapse will be driven by energy and related mining industries and raw commodities, and associated carbon finance constructions. That is, we will see an immense rise of oil, mining, steel and other related stocks, which will be partly driven by newly emerging carbon markets. Yes, you've heard correctly: rather than threatening the existence of big polluters, my prediction is that the newly created carbon markets will help to prop up these 'old' industries. What is my evidence for this?

Together with various colleagues and students¹⁷ I've been studying a range of projects that claim to implement the so called Clean Development Mechanisms (CDM), which is one of the markets the

¹⁶ De Angelis, M. (2006) *The Beginning of History: Value Struggles and Global Capital*. London: Pluto.

¹⁷ Böhm, S. and Dhahi, S. (2008) 'Upsetting the Offset: The Political Economy of Carbon Markets; Part III: The Clean Development Mechanism, Paper presented at 'Social Movements and/in the Post Colonial: dispossession, development and resistance in the global south', a conference hosted by the Centre for the Study of Social and Global Justice, School of Politics and International Relations, University of Nottingham, 24–25 June; Böhm, S. and Ferrari, C.A. (2008) 'Upsetting the Offset: The Political Economy of Carbon Markets; Part II: Forest Management and the Myth of Carbon Sequestration', Paper presented at sub-theme 19 'Climate Change: Challenging Business, Transforming Politics' at the 24th EGOS Colloquium 'Upsetting Organizations', Vrije University, Amsterdam, The Netherlands, 10-12 July; Böhm, S. (2008) 'Upsetting the Offset: The Political Economy of Carbon Markets; Part I: Images from North and South', Working paper,

Kyoto Protocol brought into existence. The idea of the CDM is for rich Northern countries to invest into ‘clean’ technologies in the relatively poor South; technologies that are hoped to reduce carbon and other greenhouse gas emissions and hence support sustainable development. One of the companies we’ve studied is GFL, a refrigerant gas producing company in India. As part of this production a waste product called HFC 23 is created, which is a potent greenhouse gas. Thanks to the CDM there is now a mechanism in place that hopes to reduce the emission of this gas, which is manifold more potent than CO₂. The problem with this is twofold. First, as a number of critics have shown, the creation of a market for this harmful gas HFC 23, one actually encourages its production. So, it is alleged that some Chinese companies have now started to produce this harmful gas, just because they can sell so called carbon credits to rich Western/Northern companies or governments. This is precisely what a market does: If you create a demand for a commodity, then it is being met. Of course, in this instance, the opposite of the intended effect is created.

The second problem is potentially more serious. Even you could deal with what an economist would call ‘market irregularities’, as those described above, even then it is easy to see that the CDM and other carbon markets actually support and prop up old, ailing industries, which not only pollute the earth in all sorts of different ways, but which also have detrimental effects on the economic, cultural and political context of local communities. In the GFL case, for example, we found that the company had received the go ahead for its CDM project with the full knowledge that through the decomposition of HFC 23 another harmful waste, i.e. fluorine, is produced in large quantities, for which no waste reduction strategy is in place. That is, the reduction of a greenhouse gas, HFC 23, is bought by the increase of the production of other environmentally harmful waste. This is done in the full knowledge of those bodies controlling these carbon markets. This fluorine has very negative impacts on the villagers who live within 5 miles of the GFL factory in the Indian state of Gujarat.

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The point of this story is that however ‘green’ capitalism will become, or will be pushed to become through critique, it will always strive to externalise as many costs from its production process as possible. At the moment, the CDM provides welcomed additional profit opportunities for polluting industries, such as the chemical and pulp and paper industries, many of which have moved from the North to the South in recent decades because environmental regulations there are not that stringent, and they are seen to play an important role in the development of places like India and China. For the discourse of development and job creation allows any environmental sin to take place. The point I’m making is that, yes, it is important to study the role of critique in this process of reinvention and extension of capitalist accumulation and justification regimes. But perhaps it is worth seeing what has been happening over the past forty years before a much wider historical backdrop, and the general development of capitalism itself. Don’t we need to go back to the Enclosure Acts and other early developmental highlights in the Middle Ages, to start to understand what is happening today? My example of today’s discourse of green capitalism shows that some things never change. As Massimo de Angelis suggests, capital needs to continuously enclose and create private property out of what used to be the commons. This is a continuous process, and the creation of carbon markets, which, in my view, will be the stuff the next bubble is made of, show very clearly how capital and state collude to create new accumulation opportunities, which are accompanied by ever new legitimisation structures.