

Climate Capitalism

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SPEAKERS

Michael LaBelle

- M** Michael LaBelle 00:04
Climate capitalism shifting to green growth, an interview with myself, Michael LaBelle, Episode 31.
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This week, I'm bringing in some thoughts on the recent shift in industrial policy in the US and the EU. Both the Biden administration and the vert vandalur. And commission have proposed bold policy proposals to make electric cars dominant by the late 2030s. Well, I'm skeptical of the ability to meet these goals in such a short time period. It also signals deeper economic policy shifts. So this week, I'm going to try to comprehend why this is happening now, and what makes what it means for both broader industrial policy and for capitalism itself. I'm preparing to teach a course on green growth in the Central European University EMBA program that's Executive MBA. So I brought in some terms and ideas around green growth, and how this can help explain these more recent political and industrial pledges to shift to electric cars. As a recognition of the benefits of having a day job as a professor at CU. I invited on Professor munchie kalaskie. He's an associate professor and the Faculty Director of the cu, Executive MBA. At the end of this episode, we have a short 10 minute talk about the role of MBA education as a means to gain greater training to help professionals navigate this period of economic transition. And I think by the end of this episode, you'll understand it's time to retool from all the perspectives, we

can say that business as usual, is done. So what skills do we develop to ensure we succeed in this new environment? Well, I think this podcast, at least is an example what I'm doing, but we discussed this. So before we begin, maybe I should introduce myself, I always forget to do this. I'm Michael LaBelle, and I'm Associate Professor at Central European University, I love to do research on the topic of political economy of the energy transition, I tackle the energy transition through different theoretical lenses. And the latest is in my book, energy cultures. It's a plug, but you also can get probably get it through your library. I also like innovation and social justice theories, because when we understand a way to frame change, we can create better change. So this week's episode is really understanding what are all these policy changes and economic changes that are happening around the energy transition, and of course, that includes transportation. So to understand my approach better, I'll just say you can look up my publications and CV on LinkedIn or my cu profile. But let's get to this week's episode back to climate capitalism. And now for this week's episode.



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Okay, that's my editing for this week. So what first before I begin, I have a nice little presentation. So I'm going to have the slides posted up on the on the blog, and everyone can go there and look at those. Okay, so that's just a little kind of blurb of what to do. If you want to follow along the slides, the PPT postman's PDF. And what we're talking about today is green growth, the new climate capitalism, and I'm bringing in some different terms. I'm going to define these as I go along. But first, let me give you a little outline of what we're going to talk about today. First, is the political side of things, the ideology of gestural competition. So think of neoliberalism. Okay, Keynesian ism is a way to structure and understand what the economy and how politicians are shaping the energy system right now. Also, we got to talk about industry, what is industry doing, of course, the investment into electric car manufacturing is a big area. So these are going to be considered as green investments. And, of course, when we're talking about this, we also have the social side of things such as green growth and jobs. Okay. And I'm going to conclude here, then with what is climate capitalism, I'll give a updated definition to it. And really kind of outline why a rapid change by 2035, by late 2040, is definitely needed. And also, I just want to say this is kind of preliminary ideas for further research that I'm doing. So not everything is kind of completely organized. But at least this is a means of structuring my thoughts. And this is probably the preliminary idea of something much bigger. So let's go to a political economy of a green industrial policy. I just have this slide that says electric or bust, that means everything's going into reshaping and moving away from fossil fuels and somehow creating this electricity. I don't eat Economy electric economy, where cars and vehicles transportation is done with electricity. I don't go into how electricity is produced. There's ideas, of course with solar, wind, nuclear, you know,

pretty much anything but but fossil fuels. And I'm not going to touch on that today. Okay, I'm just saying what is what are the politicians pushing on? And where are things going? So first, I want to define climate capitalism, as it is known today. And I really got into the work of Peter Newell, and also Matthew Patterson, and they have a book that's actually called climate capitalism, global warming and the transformation of the global economy, published by Cambridge University Press in 2010, I have to get access to the book. But what I stole was on Google, so I still have to get access to the book. But but at least on page one, which was useful, they had a definition of what what this is, it's called a model which squares capitalism's need for continual economic growth, with substantial shifts away from carbon based industrial development. Okay, so this is a way to understand that capitalism has a desire to grow, okay. And this is actually really important for when we get to the conclusion that capitalism has a desire to grow. And what it'll do is shift it will change, regardless, in order to survive, okay, maybe it's an ideology, maybe it's maybe it's even better to think of it as this entity that's out there. But right now, it's based on a carbon economy, carbon, fossil fossil fuels. And what it needs to do is change the whole industrial base actually has to change to a clean, cleaner system, we'll just say, the more I get into this more, I see that maybe we may not end up with the greenest and cleanest energy system out there. And we still have to have mining and all but I don't want to get off course. Okay, so what prompted my thinking here? First, we have what I call the electric White House. Okay. And this was depends on when you're listening. But in the previous week, we had the Biden administration and President Biden standing out in front of the White House with auto executives, US auto executives, I should say, and also labor union representatives, definitely making the case that things are shifting and an executive order, which actually has no bearing on things, anyways, was signed by President Biden stating that 40 to 50% of

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vehicles produced in the US will be or actually will be going on the road, I think it will be electric by 2030. And actually, this was a joint statement that was put out by Ford, GM and still lantis, former Fiat Chrysler company coming together there. And they say this quote today for GM and still lantis, announced their shared aspiration, to achieve sales of 40 to 50% of annual us volume of electric vehicles, battery electric fuel cell and plug in hybrid vehicles by 2030, in order to move the nation closer to a zero emissions future, consistent with the Paris climate goals. So the auto executives of the US and who knows why they left out foreign companies like Toyota, or Honda, which are actually doing doing similar things. And But anyway, so the so the political commitment, and we could say the industrial commitment is definitely there for moving things along for the future. Okay. And I think this is important to kind of reflect on and there was different views on on this. I mean, my personal view would be that, okay, this is really great. They came together and

said this, but how is this going to happen, and certainly by 2030, and as I'll get into, the production of electric cars right now is quite low, right? Like 4% of cars sold from the New York Times it says, In the past year, were electric, and to ramp that up in just a period of like nine years or so, to 40, or 50% is a big huge challenge, right? But we could say, okay, that's the challenge. It's out there. So what's going to happen though, and what has to happen and what why this shift is going on is there, there's a bigger industrial shift, okay. And we can see this from international competition. Okay. So this is why I introduced the term climate capitalism into understanding how industry is restructuring itself. Okay. And I think that the larger issue is outlined quite well and New York Times article and he You're let's see here, it's a professor that states this white have the quote in there, or I think this is not the professor, but it's just in the article there. It says Mr. Biden's actions amounted to an attempt to overhaul a major American industry in order to better compete with China, which makes about 70% of the world's electric vehicle batteries, and an effort that blends environmental, economic and foreign policy. Mr. Biden wants to retool and expand the domestic supply chain, so that the batteries that are essential to electric vehicles are also made in American factories. So why pulled that quote out actually, from the article, and it goes into an exam. So they talked to experts on it, it's really important, actually, because it's a new industrial policy. And this is my point is that there's international competition, right 70% of batteries are being made in China. But also that means they have the technology as well, they have, they're able to bring in the natural resources to play it like cobalt to put in those batteries. So so the expertise, the manufacturing is done outside the United States. And if we're going to create a green transition in the United States, by phasing out the internal combustion engine, there's a lot of jobs lost, right? So they got to bring those battery, the battery production to the United States as well, for employment. Okay. And I'll get in that into that in a minute on the job side of things, right. So overall, there's this realignment, but I also kind of wanted to bring in a different viewpoint from the Wall Street Journal. And this is from their opinion piece from from the editors. And this is what they say, and CEOs wonder why Americans have soured on big business. This isn't capitalism, it's corporate socialism or state capitalism. We hope these corporate Titans enjoy their new government, government partners, maybe they can put Elizabeth Warren Bernie Sanders on the corporate board. Okay, End of quote. So that's the wall street journal editors. And and in a sense, I disagree with it, because capitalism, and there's different forms of capitalism develop all the time. Right. But what's quite clear, even from this kind of counter view point here, is that

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there is I have a lot to say. But anyways, capitalism, and companies never operate in a perfect market environment. And it just say that, so so there's always government involved. So but but it is there is a form of of interaction. And here the political leaders are

aligning already with the, I would say, the pledges by these companies, because they have there is a change both in financing of investment from from financial institutions, and then affects how companies can access capital, get the money to do their companies, right to do their work. And so this is the the change that occurs over time. But what's quite clear, though, is that this rapid transition requires political action. And so on one hand, yes, this is a bold political commitment by Biden. And maybe it's almost too high, right? But we start to understand that actually, the, the counter side of that, of not making this change is even bigger, actually. Okay. And here, I'm gonna go back to a piece by Chris hewn. And he wrote in The Guardian in 2012, actually found this in my files from from what is green growth? And the view in 2012 was much more like, there's much more study of how this transition should go. Okay. And and also, we can see in the definition, again, on climate capitalism, let me just go back for a second is that climate capitalism, kind of the definition there is continuing economic growth, with substantial shifts away from carbon based industrial development. And that was in 2010. And this view in The Guardian 2012. Chris human rights quote, we should encourage resource frugal growth wherever possible, and objective that tallies perfectly with Europe's commitment to reduce carbon emissions, tougher EU carbon limits, and consequently a higher carbon price would send consistent signals to investors and the energy saving renewables, nuclear and carbon storage sectors. Okay, so here, it's all very nice and actually, in the article or one of his other other articles talks about the advantages of shale gas. And we can even start to see that gas actually has an end life and cities and others are shifting away from gas and gas. Also, as a fossil. fuel. So in a sense, in just a matter of nine years, even less, the idea that gas is a solution for the future is becoming smaller and smaller. Okay? Well, what these these views from the early What is it teams basically demonstrate is that this transition to a low or zero carbon economy can be done in a gradual way. Okay. And certainly the latest figures demonstrate that this, that not much has been actually done to limit carbon emissions, carbon emissions are still going up. And I would say this political signal of what we're going to do in transportation by political leaders, both in the EU and the US, is signaling a much more rapid transition, a much more

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F, there's much more effort to push politically to ensure that companies make this transition. And I'm going to outline now like why exactly that is okay. And you can go back to this episode I have with Dora faza cache a few episodes ago, I'll put that in the show notes the link, but we can start to understand that rapid transition actually is really necessary. Okay. And here, I bring in the, in their policies scenario that they have, actually, and this looked at the EU, so we're talking about the EU and what they've measured and basically measured, that things are going to happen, but that there has to be strong policies. So strong government support is necessary in order to continue the economic

growth and to transition the sectors towards lower zero carbon economy. Okay, so the quote here is in the policy scenario, sectoral output increases for all sectors, as all sectors benefit from additional investment subsidies and higher technology adoption, the strong take up of low carbon technologies provide a strong boost to the manufacturing sector. Okay, and a quote. So here, there's a lot here, but we can start to understand why governments and why the US why the EU is investing public money so heavily into this energy transition, because it's actually necessary. So in the past, we could say, well, the investment hasn't been there. And we left it up to private companies to make the transition. And what do we have? We have Tesla that that that has done this? Right, and that's one company, certainly there's other companies. But there hasn't been this huge private sector push to really transform the whole economy. And only now I would say that politicians, other stakeholders are seeing that there's greater necessity for government involvement in order to push the economy in order to push more accurately the sector's like indices like industry, utilities, and even mining sector. And there has to be a strong policy approach with money with regulations, that forced the technological change to occur. And we'll start to see that time is of essence, here. I mean, in the past, I certainly supported this gradual change over time. And that was the way to do it. But basically, nothing's happened. And we can start to say, Well, okay, we're limited on the time that we have, because of carbon emissions, and we have to keep global warming below. But actually, my point of view here is actually we need to do it quickly, in order to restructure the economy. And the only way to do that is to do it fast.

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And the reason for that is that we start to have higher carbon prices, for example. And this, again, comes from the Cambridge economic metrics study that just came out. And that came out just a few weeks before the fit for 55 proposal as well. But we start to understand that a high carbon price which is on the horizon, and for many sectors of the economy, is actually going to really impact other sectors, it's going to impact the prices, consumers pay for their products and services. Okay, and so what's gonna happen actually, as the ETS price the price for carbon emissions in the EU increases, okay, which is, which is planned, then actually, there's a negative impact across all sectors resulting or most sectors resulting from higher prices, leading I'm quoting again from their study leading to a loss of competitiveness and lower real consumer spending. Okay. So the idea here is that as ETS prices increase, okay, if there's not government support for an alternative, the price of energy is going to go up in other areas and consumer spending, because obviously they have to spend more on energy. It's going to go down in other areas, right, and the competitiveness for manufacturing the EU drops as well. Well, this is one reason why they want to establish what what I call, I would say, the carbon tax at the border for goods coming into the EU, they want to level the playing field and not push

these jobs or manufacturing outside the EU. And so then we get into this idea of that green growth, there's green growth in jobs, okay. And I wanted to define define this, because if we're going to impact the competitiveness of industry, and the only way to mitigate that is through government spending into these newer forms of technologies, newer forms of transportation, and moving away from oil from coal, it's going to cost right and then the upfront cost of this energy transition is quite high. Of course, once you build solar, and once you build wind farms, right, the you don't spend your money basically. So what there is then is there also has to be a push to protect jobs at the same time, okay. And these are generally called green jobs. And unip, has adopted a definition that attempts to incorporate aspects of job content, as well as the characteristics of industry, goods and services. And so I'm just going to read the definition of what a green job is, work in agricultural manufacturing, research and development, administrative and service activities that contribute here we go substantially to preserving or restoring environmental quality, specifically, but not exclusively, this includes jobs that help protect ecosystems and biodiversity, reduce energy materials, and water consumption, through high efficiency strategies, decarbonize the economy, and minimize or altogether avoid generation of all forms of waste and pollution. I don't know.

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So that's the definition of green jobs. But what I what I think what we can say is, maybe all jobs are now green jobs, or need to be green jobs. And this is where the things need to actually start to change. So and they are changing, as we've talked with many guests in the past about the new industries coming about from materials, not just to recycling, but how in design. And all this thinking, I'm thinking, the interview with David pack. And we can go there and understand more fundamental manufacturing processes, and how those are being changed as well. So so it almost gets to the point where it is in my book. And I won't go into great detail here. But well, energy cultures. And the idea there is that we all have a contribution to make to this energy transition. And it doesn't matter what job what job we're in that job is a green job. And so what I wanted to say is that is that there has to be this whole adjustment, then across the economy and across the jobs that we have. Okay. But the idea that is that there's clear and consistent and targeted government policies that not just define what kind of jobs there are, but the manufacturing output. Okay, so for the, for the example, for the auto industry, it's not just that you're producing cars, or automotives with lower with higher fuel efficiency standards, okay. But actually, with a whole different technology, okay. And that whole different technology also requires a whole different skill sets by the workers, right. So the training has to be there, the designing of these new vehicles has to be there as well. And of course, the financing has to be there. And the financing has to shift from from fossil fuel from just putting continuing to finance companies that are investing in the internal combustion engine, to shifting that

finance, and there's lots of money out there and financing the electric vehicle sector, and now just keep it open, whether that's mining, whether that's r&d into the technologies, or the manufacturing processes, the whole value chain actually has to change, right. So, and all this, of course, as I as I mentioned, is has to be done with government policy leading the way setting the agenda and setting the targets both regulatory spending the money, right, how much money is going to be invested, what kind of train is going to go, right? And all these things have to come together and this becomes this emerges as a new industrial policy. Okay. So and it has to be rapid, right? Because there's a rapid industrial and policy transition that's required here, okay, it's no longer this continual perception of we can do this gradually over time. Rather, the threats as I get to, are too much out there, the preventing us and threatening that if we don't make this transition quickly, that enables society to benefit from the transition and society to afford this transition, that the longer it's dragged out, the higher the cost is going to go, for example, oil markets increasing, if there's less investment to the oil oil for extracting oil, because the idea there is that the investors, the oil companies won't get their money back because the transition has happened, right? There's a lot of geopolitical games that can be played to continue to keep the oil price high. And people will get the idea that oil prices as high as I heard in America, because of Biden's environmental policies, even though Biden was only in power for a few months, when when I was there. So So all this has to lead to a rapid industrial policy transition. So there's a new national green, industrial view of competitiveness, this requires a new political industrial alignment. And essentially, the cost of a mediocre transition, right one that's kind of we could say, more market LED, and we let industry decide is really going to result in higher consumer prices, higher energy prices, and yet the benefits are not there for society. And that's actually going to cost votes. So even, we could say we could see that we have politicians in the EU, and the US that support this energy transition, or a transition towards a green economy, right? And they're gonna get voted out if they actually don't deliver goods quite quickly, and the benefits. So we get to this idea that climate capitalism is being formed, right, capitalism, despite what the Wall Street Journal may think, is actually created through government policy and the private sector working together. And they're working together with under this assumption, now that there's green growth, we have to move away from fossil fuels. So that's fossil capitalism. And now, the idea is that there's the climate change that's driving the agenda. And anything that that reduces our emissions is good, basically. Okay. But, so we enter this new and here, I'll get a bit theoretical, we enter this new regime era, okay, fossil fuels versus green growth, okay? And I'm bringing in Peter Nuala, again, because I really like his work that I've been reading up on. And then he just published along with Adrian Ford, a journal article and energy research and social science, actually, on September 2021, so it's a pre I know the power of the internet, what comes out on the internet is quicker than what comes out in print. But they have this article called regime resistance and accommodation toward a Neal Graham Sheehan perspective on energy transitions. Okay,

so I won't go into all the theoretical details of Gramsci. But I just wanted to kind of outline that they propose this idea that

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modest tweaks can be done by making modest tweaks to the policy dimension, government's absorbed pressure for change, while maintaining the status quo. Though this lens through this lens, introducing niche support policies can be seen as a strategy of accommodation used by governments to help stabilize a social technological regime. So what's interesting about their article on which I actually disagree with is that is that there's minor changes that governments do over time that on the surface, we could call this greenwashing. Okay, so on the on the surface, governments and some would say the Biden administration has done this as well, where his his regulations don't go as far as Obama, the Obama administration. So on the surface, they they make these pledges, they make these statements, but under the surface, it's kind of they keep the industrial regime, they keep the industry going almost as business as usual with some minor tweaks, okay. And and essentially, what they're doing is they're supporting some nice, right, maybe supporting Tesla, or the some some solar companies, right. And overall, they provide the support, but the system overall doesn't doesn't change.

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And then also, for the author's Go on, even though incumbent firms may resist niche support policies, they ultimately benefit when such policies satisfies calls for change, without significantly challenging their dominant position. But actually, so so while these authors state this, I would actually say yes, the auto companies do support electric vehicles. But more importantly, more importantly, they're hard keen to keep their dominant position. And this dominant position is now the tipping point actually, so they want to maintain their dominance. They don't want to see a company like Tesla rise up right. So for GM still lantis Whatever the Chrysler Fiat, right, these are dominant firms in the automotive sector, and they will change if they get government support. So hey, if government wants to pay for the electric vehicles, and we have an aspiration of 40 to 50%, of electric vehicles on the road by 2030, sure, we'll do that. But we're not going to pay for it ourselves. We want government money, right? subsidizing consumer purchases of these electric vehicles. That's the idea. And that's how they stayed dominant, right? Otherwise, they're gonna stay dominant, but by using the internal combustion engine, either way, they're in a position, right, they're hedging their bets on this, because what they don't want is niche companies like Tesla rising up, and then taking over, right, so they're in, they got skin in the game, and they'll be in the game, and they can make their voluntary contributions and say, they're gonna phase out electric, internal combustion

engines, like in the EU. But at the same time, they've got the technology already, and other capital invested internal combustion engine. So to stay ahead, if there is an electric era coming now, then they want to be in a dominant position, and they will be seen and they will cooperate with government as long as the financing is there. Okay. And then this, this is what I'm saying, though, is this is not a gradual change, actually. But this is a rapid green growth regime that's emerging. Okay. And this is why it goes back to my point of the time is of the essence, okay? Because let me just hit on issue I haven't hit on too much. But it's also an issue of national security, right? geopolitics, energy prices and relations, as I hit on the price of oil, the price of gas is up as well. Right. So the threat of the transition is undermining investments over the long term into oil expert exploration, which then can lead to lower output of oil and higher prices for consumers, okay. And also manufacturing and mining as a trade weapon. We can see this in China, we can see this and chip shortages around the world. And we can see this in the area of job creations as well, right? If all the jobs are abroad, which is basically what happened under neoliberalism, then then there's not the job creation at home. And now the politicians have realized, hey, we got actually got to create jobs at home. It's kind of stupid, actually, anyways, but the idea is that voter support has to be there, job creation has to be there. Because that's part of voter support, higher energy prices are on the cards for business as usual, and continued geopolitical leverage. And I think the US just in terms of war has gotten tired of Middle Eastern oil wars. And there's a need for a rapid transition. So we got to minimize geopolitical industrial sabotage. Basically, if the US and EU do not become more self sufficient in producing both the components, and mining the raw resources necessary for an electric infrastructure upgrade, they're going to be reliant on on, we could say foreign powers if we're talking about international relations, basically, and their goodwill to continue to invest in and give the technology and the raw resources to the economies of the West. But overall, then, is this clear industrial policy that is led both by private companies and by governments, right? Because they need to ensure that there's financial access, there is support for the incumbents, because the US and for example, the EU, they don't gain anything by getting rid of the incumbents, rather, these are stable companies they've worked with for decades, right? These are national champions, and they want to keep them in their on their high perch, basically. So they're going to finance and keep them going. Just like the bank bailouts, everything's a bailout, right? But here they're saying, look, for our industrial base to be successful in the future. We actually need to go all electric basically, or somehow green. Okay. But the challenge is quite high. Here's actually I just got onto the it's called the market monitor, but there's the international



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the international I had to look at it maybe Okay, won't edit that out because I'm too lazy to edit everything. But there's the International Council on clean transportation website.

So it's called the AI cct.org. I'll put a link in it. But check it out. It's an awesome website, actually. And they got tons of reports and studies about things electric Okay, and they Just put out this really cool market monitoring report from the June 2021, that showed electric car sales in the EU. And the average there is that new car sales in the EU are 15%. While the US while it says 2%, around 2% of The New York Times article I read said about 4%. Okay, so who is going to make these, these this transition faster, the electric car sales are much higher in in Europe than in the United States. Although the European Union has it's quite clear agenda to phase out to phase out cars by 2030 internal combustion engine cars by 2035. And this is both a voluntary kind of action by car companies that say that they're going to stop producing internal combustion cars by about 2035 2030. And then a very clear regulatory mandate, that, by that time by 2035, no internal combustion engines, this is part of the fit for 55 proposal by the vanderlin. commission, and that by 2035, there's no internal combustion engine cars being produced in the EU. And this kind of follows on So first, the manufacturers voluntarily announced a phase out of the sales of new combustion engine vehicles in Europe. Among them, Audi says 2033 is our deadline, vr 2034 2030, Opel 2028 and Volvo 2030. So, but what they said they need is assistance from governments and the EU. So again, they need financing. And he needed the money. And of course, they'll stay there, national champions will stay the incumbent firms, but they're going to be using public money to make this happen. And that kind of compares with the Biden ministration, where 2030, the aspiration of 40 to 50% electric vehicle fleet is on the cards. And but there's a lot of, you know, back and forth between the private sector and the government of how to make this happen, because it's quite clear, regulatory measures are going to be used as a tool to force both electric cars onto the road and internal combustion engines off the road. Right. So the tax incentives, and they need money for r&d. So let's kind of zoom out for one second, and talk about the political economy of green growth. Right. So what what is there while there's the political side of it, where the state support their state regulations, political will goals and penalties? Okay, so as I've outlined in while I've really been talking for a long time, on the political scene, the politicians recognize both the existential threat to to their countries and to their voters, and to their we could say citizens, right, and they need to make it happen. And there's this clear economic signal that their competitive advantage is being undermined. And

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really the competition from I would say, non democratic regimes is out there. And so they're gonna lose their incumbent position, not just their car companies, right. But the EU, and us, we can start to frame this in terms of democracy and autocracy. Okay, as this democratic is the political system that has to that's coming around to understand that the economy, the industrial players need the political support. And part of this is to demonstrate that democracy, the reign of recognition, recognition that social support is

necessary, or that we can't just keep the market, charging what it wants, and people can pay their energy bills or not pay their energy bills, there's a greater focus on the social issues, whether that's jobs or financial support for society, to meet their energy bills, right. So so this is why we see so much money being shifted around and put into this green transition, because no longer is it kind of I'm not even if you've noticed, not even talking about climate change and rising emissions, because yes, that is there. But I would say the more every day concern is this economic competitiveness of the industrial base of democratic countries, and which have basically, we could say since the 1980s, late even 1970s have not benefited from government direction government infusion of cash, but rather this whole process of deregulation, and letting the market decide for what it wants and letting consumers Decide for what they want. But to get the green transition going requires government intervention and government not just intervention but direction and a clear policy framework to make the new industrial base necessary for green green growth era. Okay, so let's back out even further and more abstractly, and climate capitalism, right? I didn't maybe I'm merging maybe too many terms here. But climate capitalism, right has a social side of it, the central pillar has to be success and social acceptance. That's the big issue driving electric cars is who is accepting these cars, who wants to use them? It's got to be there. Right? Also, the market price, yeah, will determine public support. So they have to make electric vehicles cost competitive with the internal combustion engine. And whether that's the high upfront cost has to be reduced and put on the back end, or somehow financing has to come into play. So people actually gain the advantage of electric vehicle, which has a high upfront cost, but lower operating cost, right. And this also goes along with job replacement reindustrialization of the US and the EU. And geopolitics will actually influence this. So think about this not, geopolitics is part of the industrial base, right? Who, what domestic industries stay in a country or come back to a country versus what other countries are producing certain goods or certain services. So all these things come come into play. You can't separate out the industrial base from from international politics, okay. And this is really, the retooling of the economy, essentially, then, for the EU and the United States is being set out in the next 15 to 20 years, this change all has to happen. Now, right? And it has to be ramped up. And this is the government's are ready to provide the money to make this happen. There's some limitations. And what I've just talked about, I'm going to begin wrapping up here. And I did mention oil and gas investments and cartels, resources around mining and technology. And I just, you know, very briefly mentioned the fight between democracy and autocracy. And all that probably hasn't been explored elsewhere. But there's also great risks in this policy direction. We're headed in of green growth, a misallocation of private and government capital. So who are the winners? Who are going to be the losers? There's still gonna be a lot of money lost.

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Michael LaBelle 42:40

But, you know, are we going to get there? And also collaboration or competition? Or the EU and the US? Are they collaborating? Or is there competition between those or just friendly competition? Or even with China, right? They have China's producing 70% of batteries. Are we working with them? Or are we competing with them? Cry just a lot of tension and unanswered questions, I would say there. And of course, public support for the transition is definitely necessary to discuss and necessary to understand what success means in this area. So let's conclude. And let's redefine climate capitalism. So as you'll remember from Peter Newell, and Matthew Peterson, or Patterson, sorry, and their book, climate capitalism, which I'll just honestly say, I didn't read yet, but they have a very nice definition at the very beginning, is a model which squares capitalism's need for continual economic growth, with sustained substantial shifts away from carbon based industrial development. Okay, so capitalism has this need for continued economic growth? Right. And it's, it's, I would say, tied quite closely with, with politicians and being aware of the social side of things. And of course, maybe siding with the industrialists. We could say that, but but there's this understanding that for capitalism to survive Now, now, capitalism is under threat, it has to retool itself, right? fossil fuels are no longer the fuels of the future for capitalism's survival and for it to thrive, okay. So these companies that operate within this market environment, see the need for change. And so I'm going to give a new definition. And maybe I've explained most of these issues that in this new definition, and some probably should be explained later on. But so my definition will be, quote, a model pushed by the threat of losing technological and political dominance by the loss of social support for capitalistic modes of production. Okay, so let me just reflect on that. So for example, if China wins, right, this industrial raise for clean cars, a cleaning economy. And the US and the EU get stuck in a fossil fuel system that's basically controlled and financed by oil economies from countries with this oil, with oil or with coal, right there, they're gonna lose out. And they're just going to be stuck because the consumers are going to be stuck in, in this fossil fuel system, which is cheaper in the in the short term basically. But But actually, it's going to be the higher cost both environmental terms and for politicians, okay. So and the rest of the definition is this, a technological and resource shift to away from carbon based industrial development, reduces geopolitical and economic risks threatened by climate change, and authoritarian regimes. So there has to be a technological resource shift away from basically the status quo, which is now which is authoritarian regimes like Russia, China, controlling Russia controlling gas and oil, China can controlling the industrial base around this clean technology, and for democracy, and I would say, even for capitalism to survive, this clean transition needs to occur. So with that, I hope you enjoyed this episode. And just kind of what I prepared for my green growth class. Usually, it's not as boring I get to interact with the students. And we talk through these, through these issues through these ideas in a much, much more interactive way. But what I thought I'd bring these ideas together for this week's episode, so it's August, been

lining up interviews, but also, a lot of people are away on vacation. So if you actually made it to the end, and this was interesting, I really encourage you to leave a comment on LinkedIn, or maybe even the Twitter, we're much more active on LinkedIn on posting our episodes. So that's a good place to do it. And any guest suggestions, feel free to message me on LinkedIn as well. And I want to thank you, actually, if you made it all the way to the very end, I really appreciate it, honestly. So thank you, and we'll meet you next week. Before you go hear his interview with Professor Munch a Kowalski about the cu Executive MBA.



Michael LaBelle 47:38

I want to welcome on Professor Maci kieslowski, associate professor and faculty Faculty Director of the cu Executive MBA. Ma che, thank you for coming on to the my energy 2050 podcast. Oh, thank you for having me, Mike. No problem. I just wanted to do like a quick check in since my day job is actually working with you fortunately, actually. And my question to you is why should professionals do a traditional MBA an MBA? And Can't we learn everything we need to know online? Since you know, for example, this great podcast is online.



48:15

Yeah, so I don't think we can learn everything online. And I'll get back to this in a second. But I think people should absolutely not do a traditional MBA. I think one of the reasons why I'm so excited at running this amazing group of people, including you who who deliver the cu Executive MBA is that it is not a traditional MBA, the traditional MBA in Europe is kind of centered around standalone schools, which are which are kind of firm like almost like vocational industry schools and in the US in a very, very autonomous business schools, which are, in many ways, similar, even though they're they piggyback on big brands of universities, they are micro costs in in themselves and the both models are very outdated, because increasingly we see that business is a business strategy is intertwined with and dependent on a number of social, technological, political and environmental phenomena. And and and this is not an add on. This is not a cocktail party conversation that you can have after class. This is becoming the core of business strategies, thinking about, you know, the the last 10 years Yes, in just 10 years, we get, you know, the biggest financial crisis in a sense against the press. In Europe, we had the greatest refugee crisis. In in decades, we had then major currency crisis in the Eurozone. And now we are living in against the latest pandemic in, in at least a century. And we are dealing with climate change. So, you know, you can't, you can't really deal with those things by, you know, sort of creating those walls around some mythical management of business studies that are going to prepare you for this world, you need to interact with, with other sources of

knowledge with other professional with other disciplines. And see you Executive MBA is, is really an innovative concept, because it is an MBA program that is delivered by a premier European us research university as a whole, not by a separate business school.

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Michael LaBelle 51:09

Exactly. And I guess my follow up is, so in the MBA program, and I like how you say, you know, this is not traditional, and students shouldn't do traditional approaches, but it's almost this guided, right, a kind of like a guided learning process that they gain and in both in person, and we could say even nowadays, online, in and it's this exchange of knowledge and getting to know each other that that's prompting them to learn. Is that is that right?

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51:38

Yes. And that that comes back to the your second part of your initial question, actually, because business is becoming so complex, and so driven by, you know, not only gut feelings, but how to is thinking about big data, or new financial modeling, or things that are happening in strategy. All of this requires much more rigorous approach, then, a few decades ago, and when you add those other factors that were not traditionally considered business management, or business administration, you, you know, you face a kind of a daunting task of creating these kind of nuanced, multi disciplinary toolkit, in order to get to a truly executive level. And that requires so many hard and soft skills and such a unique mix of the two, that you can't have it online, you need to kind of immerse yourself in this, you know, in this in this in this integrated, very carefully orchestrated experience, that, that we create, in order to grasp all those, you know, pieces of the puzzle, but also the connections between the pieces of the puzzle. I mean, the management today, think about manager in the 60s was kind of a pretty simple job compared to today. Yeah. Like, suddenly you need to know, you know, what's a collateralized debt obligation? What, you know, what are the reasons why the me to movement has imagined and what does this How does this impact organizational culture, and, you know,

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maybe as a manager,

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Michael LaBelle 53:36

interrupt, so managers need to be aware about the social context, financial context, even

in my mind, climate context,



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I was going to say that, like, you know, I've maybe in 2000, and epidemiologic maybe in 2015, they should have least we should have listened to Bill Gates, who was saying that we will be having a huge economic disruption for the next pandemic. And now, we probably need to as managers understand what that methane bomb base of what waves glacia has to do with you know, your strategy, if you are a Dutch company has invested in the coastline. So, so, so, I mean, all those things come together. And the only way human beings are able to gain this kind of new ones and, and kind of multifaceted knowledge is for a kind of integrative experience. It's a I often compare it to, you know, when you go to get fit. Yes, theoretically, everybody could just watch a YouTube video and exercise at home. But in practice, there is a bass industry of personal trainers, precisely for the same reason why you need a program like cu Executive MBA, because the human connection disciplines you focuses you And makes you achieve your goals better than when you are just left alone in front of you in front of a video.

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Michael LaBelle 55:06

I think that's a great kind of comparison of why in person is better than just maybe online. And we do, of course, because we we've gotten to this past year with a lot of online, but I definitely see the difference in our students and the outcomes when it's only online, compared to maybe even a mix of online and in person.



55:26

Yeah, but that's even a separate issue. Because even when we do online, it still personnel, yes, you still have an exchange of ideas, you still have a real life person who interacts with you, and in real time. So of course, you know, maybe it's a little more challenging, you know, to concentrate and a little less fun, because you can't, you know, grab a glass of wine after classes. But but but I was talking about something else, I was talking about the importance of kind of impacts on a carefully designed curriculum. And that is often like with a degree program, innovative degree program like ours, and kind of online courses, which which rely much more on on our automated instruction. Yeah,

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Michael LaBelle 56:12

actually. I don't mean to be flippant, but I can just say my online yoga class allows me to

cheat a lot more than my in person yoga class. And I think for me that summarizes both online and offline, you can do it online, and you do do it right. But without the instructor physically being there kind of pushing you a bit more, then then your experiences a bit different. So much, I just want to kind of maybe wrap up here and and I actually don't want deviate from the question I sent you. Because I think both of us we're not that old. But as academics go, we're somewhere in the middle now. And you have previous students have gone out from from the program with MBAs and I have my students that I see working in companies or organizations really doing a lot. What do you what do you what are the people that leave? See you with this MBA? And it's, it's a reinvented program, or revitalized program, I can say when they're leaving, see you how do you see their skills going out? And what are they doing? Yeah,



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so the first thing that they gain is this very balanced mix of hard and soft skin. So a lot of MBA programs are kind of known for being either kind of the numbers heavy, or, you know, kind of soft skills, heavy programs, and you even know, kind of the names when you when you work in our industry, we have an aspiration, of not of not being recognized as Eden as being of actually being both Yes, as as kind of a program that balances this amazing quantitative skills that our finance colleagues or beta colleagues provide with with this kind of new ones, strategic, contextual abilities. So that I think that balance is is very unique for our graduates. And I think one thing that it really gives them is this, you know, especially from people from outside kind of North American culture, when maybe that's more of a given. And I think a lot of what people get out of this program is this kind of level of confidence that you see in senior executives, successful executives, around the world, that, that you, you not only are able to do things, but you are able to talk in an intelligent, inspiring kind of rigorous way organized way about things that you are doing. And that's very important, because that way you can scale your impact because you can teach people how to do things you can replicate a good practices that you have. So you go from kind of this intuitive management to much more rigorous self consciousness management typical of of the executive level,



Michael LaBelle 59:07

so greater self awareness and, and greater knowledge base to draw from when you're in these new situations.



59:14

Yes, yes. And, and to that, because we are such a, you know, newly redesigned curriculum. I mean, it's, it's, it's always the case like if you have this, you know, when you go into shopping malls in Eastern Europe, which were built later than the shopping malls in the West, they are actually better than the shopping malls in the West, which which kind of needed to be refurbished and gradually upgraded. So it's a little bit similar with our program, which basically were designed from scratch its curriculum two years ago, already within our knowledge of you know, of big data of environmental challenges, the energy transformation, and the social challenges that the new push for jazz These follow these advantage communities all of these, we already kind of naturally incorporated in the curriculum. It's not an add on. It's not it's not kind of torturously, you know, put into some existing structure. And that gives this program this kind of fresh and forward looking field that I think a lot of our participants appreciate.



Michael LaBelle 1:00:22

Yeah, exactly. And actually, all those topics you mentioned are totally involved in the energy transition. And this is why I wanted to have you on the even big data. We just had Dora Fozzie cash on from Cambridge economic tricks, talking about the importance of big data. I mean, there's there's all these issues that everything that's that's in the MBA program is relevant for the energy transition so much, I'm going to keep our discussion short. And I hope to see you in person very soon, in the next week or two. And thank you very much for coming on and kind of discussing this broader topic and also the specific topic of the EMBA Thank you so much, Mike. Thank you. Thank you for joining us. For this episode, we produce the my energy 2050 podcast to learn about cutting edge research, and the people building our clean energy system. If you enjoyed this episode or any episode, please share it. The more we spread our message of the ease of an energy transition, the faster we can make it. You can follow us on LinkedIn where we are the most active on the my energy 2050 web page, or on Twitter and Facebook. I'm your host Michael LaBelle. Thank you for listening to this week's episode.