



THE NEW CLIMATE
CAPITALISM

GREEN GROWTH

POLITICAL – IDEOLOGY OF
INDUSTRIAL COMPETITION

INDUSTRY – GREEN INVESTMENTS

SOCIAL – GREEN GROWTH JOBS

CONCLUSION: CLIMATE
CAPITALISM

OUTLINE

POLITICAL ECONOMY OF A GREEN INDUSTRIAL POLICY

Electric or bust



A photograph of an industrial facility, likely a power plant or refinery, silhouetted against a sunset sky. The sky is a mix of orange, red, and dark brown. Several tall smokestacks are visible, with some emitting plumes of smoke or steam. The foreground is dark, suggesting a body of water or a flat landscape.

CLIMATE CAPITALISM

"A MODEL WHICH SQUARES
CAPITALISM'S NEED FOR
CONTINUAL ECONOMIC GROWTH
WITH SUBSTANTIAL SHIFTS AWAY
FROM CARBON-BASED INDUSTRIAL
DEVELOPMENT."

NEWELL, PETER, AND MATTHEW PATERSON. CLIMATE CAPITALISM: GLOBAL
WARMING AND THE TRANSFORMATION OF THE GLOBAL ECONOMY.
CAMBRIDGE UNIVERSITY PRESS, 2010. PG. 1

THE ELECTRIC WHITE HOUSE



Administration

BRIEFING ROOM

Statements on the Biden Administration's Steps to Strengthen American Leadership on Clean Cars and Trucks

AUGUST 05, 2021 • STATEMENTS AND RELEASES

Today, automakers, the United Autoworkers (UAW), and other leaders, released statements on the Biden Administration's steps to strengthen American leadership on clean cars and trucks:

Joint Statement of Ford, GM, and Stellantis:

"Today, Ford, GM and Stellantis announce their shared aspiration to achieve sales of 40-50% of annual U.S. volumes 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 Paris climate goals. Our recent product, technology, and investment announcements highlight our collective commitment to be leaders in the U.S. transition to electric vehicles.

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OPINION | REVIEW & OUTLOOK

The Electric Vehicle Welfare State

Car makers back the Biden climate agenda in return for subsidies and higher consumer prices.

By [The Editorial Board](#)

Aug. 5, 2021 6:35 pm ET

SAVE PRINT TEXT

2,135



President Joe Biden signs an executive order on transforming the country's auto fleet during an event for clean cars and trucks at the White House on August 5.

Statements on the Biden Administration's Steps to Strengthen American Leadership on Clean Cars and Trucks | The White House

INDUSTRIAL POLICY: INTERNATIONAL COMPETITION

INDUSTRIAL POLICY?

- “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 “partners.” Maybe they can put Elizabeth Warren and Bernie Sanders on the corporate board.”
- [The Electric Vehicle Welfare State - WSJ](#)

CLIMATE CAPITALISM – AMERICAN STYLE

- "Mr. Biden’s actions amount to an attempt to overhaul a major American industry in order to better compete with China, which makes about 70 percent of the world’s electric vehicle batteries. In 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." [Biden, in a Push to Phase Out Gas Cars, Tightens Pollution Rules - The New York Times \(nytimes.com\)](#)

RAPID TRANSITION – REQUIRES POLITICAL ACTION

2012 –VIEW – TECHNOLOGY SOLVES

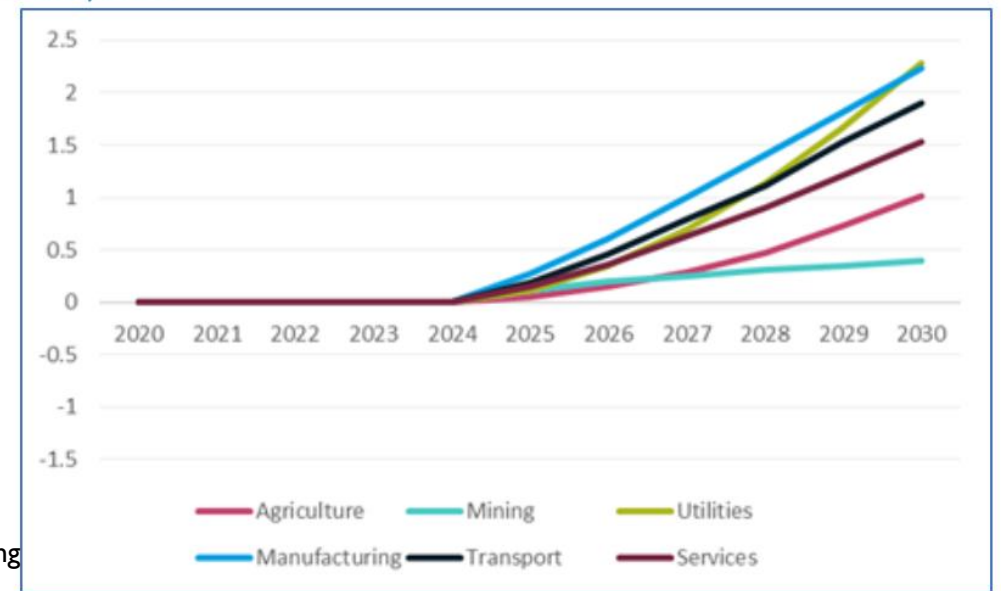
- “We should encourage resource-frugal growth wherever possible, an objective that tallies perfectly with Europe's commitment to reducing carbon emissions. Tougher EU carbon limits, and consequently a higher carbon price, would send consistent signals to investors in the energy-saving, renewables, nuclear and carbon-storage sectors.”

[It's green growth or nothing | Chris Huhne | The Guardian](#)

2021 –VIEW – RAPID TRANSITION

- “In the Policies 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 provides a strong boost to the manufacturing sector” Cambridge Econometrics. pg 24

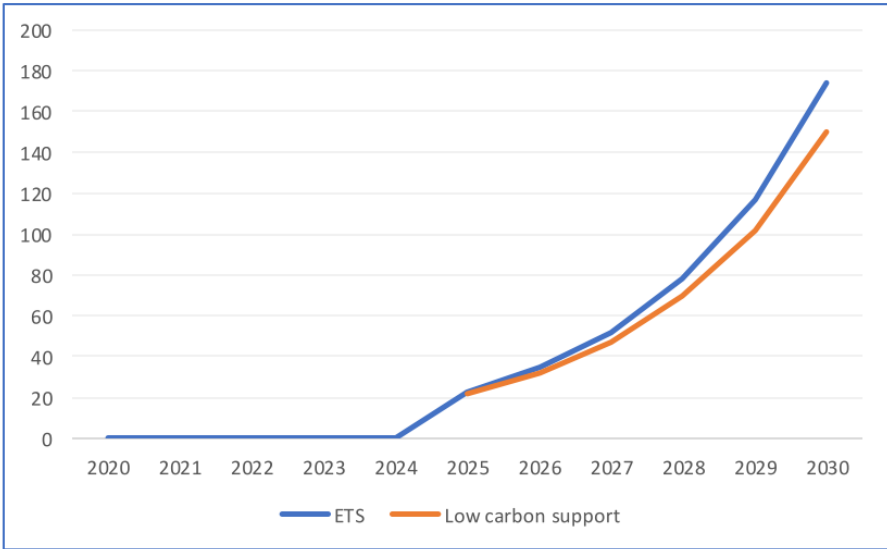
Figure 4.6 Output by sectors in the Policy Measures scenario (% difference from baseline) in EU27



HIGH CARBON PRICE = LOWER MANUFACTURING COMPETITIVENESS

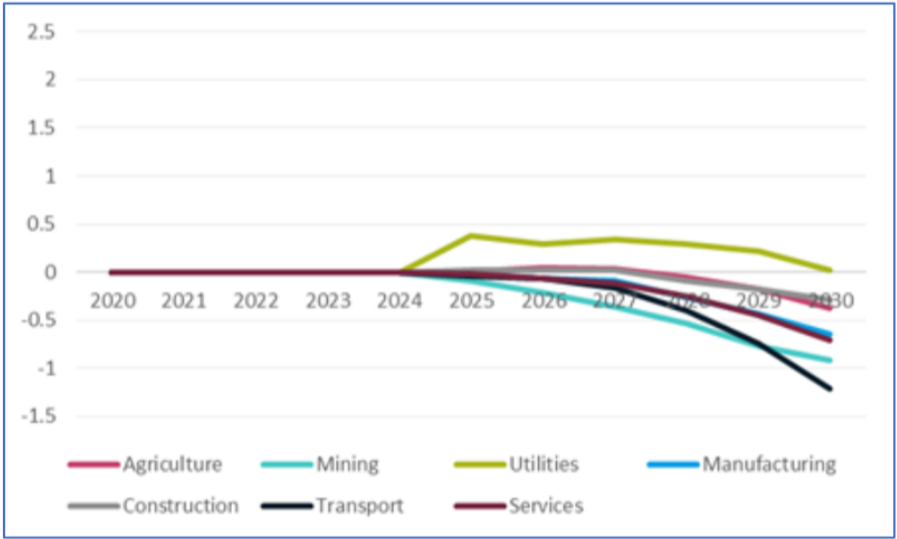
INDUCE CHANGE: "A VERY HIGH PERMIT PRICE FOR NON-ETS SECTORS IS REQUIRED TO MEET THE -40% TARGET IN 2030: €180

Figure 2.1 Carbon prices in the ETS scenario (2015euro/tCO2)



"THE MAIN ETS SCENARIO IS EXPECTED TO RESULT IN NEGATIVE IMPACTS ACROSS MOST SECTORS, RESULTING FROM HIGHER PRICES, LEADING TO A LOSS OF COMPETITIVENESS, AND LOWER REAL CONSUMER SPENDING" PG 22

Figure 4.2 Output by sectors in the ETS scenario (% difference from baseline) in EU27



GREEN GROWTH JOBS

GREEN JOBS

- “UNEP has adopted a definition that attempts to incorporate aspects of job content as well as the characteristics of industry goods and services (UNEP/ILO/IOE/ITUC, 2008).
- It defines ‘green’ jobs as “work in agricultural, manufacturing, research and development (R&D), administrative, and service activities that contribute substantially to preserving or restoring environmental quality. Specifically, but not exclusively, this includes jobs that help to protect ecosystems and biodiversity; reduce energy, materials, and water consumption through high-efficiency strategies; de-carbonize the economy; and minimize or altogether avoid generation of all forms of waste and pollution.”

(3) (PDF) 'Green' Growth, 'Green' Jobs and Labor Markets. Available from:

https://www.researchgate.net/publication/256014467_%27Green%27_Growth_%27Green%27_Jobs_and_Labor_Markets [accessed Aug 09 2021].

POLICIES AND JOBS

- Overall, GCN (2010) comes to the following conclusions:
- (i) Clear, consistent and targeted government policy will help boost jobs numbers;
- (ii) Finance is critical to the creation of low-carbon economic opportunities;
- (iii) Training is critical to the development of low-carbon sectors;
- (iv) Adjustment policies should also form part of the strategy; and
- (v) More analysis is needed of how globalized markets will affect job creation.

(3) (PDF) 'Green' Growth, 'Green' Jobs and Labor Markets. Available from:

https://www.researchgate.net/publication/256014467_%27Green%27_Growth_%27Green%27_Jobs_and_Labor_Markets [accessed Aug 09 2021].

- NATIONAL GREEN INDUSTRIAL COMPETITIVENESS
-

RAPID INDUSTRIAL
AND POLICY
TRANSITION
REQUIRED

NEW POLITICAL AND INDUSTRIAL
ALIGNMENT

COST OF MEDIOCRE TRANSITION TO
HIGH – POLITICALLY (VOTES) AND
ECONOMICALLY

GREEN GROWTH

CLIMATE CAPITALISM

POWER REGIMES: FOSSIL VS. GREEN GROWTH

POLITICAL GREEN WASHING: NICHE REGIME THEORY

- “By making modest tweaks to the policy dimension, governments absorb pressure for change while maintaining the status quo. Through this lens, introducing niche support policies can be seen as a strategy of accommodation used by government to help stabilise a socio-technical regime.
- Even though incumbent firms may resist niche support policies, they ultimately benefit when such policies satisfy calls for change without significantly challenging their dominant position.”
- Ford, Adrian, and Peter Newell. “Regime Resistance and Accommodation: Toward a Neo-Gramscian Perspective on Energy Transitions.” *Energy Research & Social Science* 79 (September 2021): 102163. <https://doi.org/10.1016/j.erss.2021.102163>. P 7

RAPID GREEN GROWTH ‘REGIME’

- National security
 - Manufacturing and mining as trade weapons
 - Geopolitics: energy prices and relations
- Voter support
 - Job creation
 - Higher energy prices – if business as usual – geopolitical leverage
 - Need rapid transition – minimize geopolitical industrial sabotage
- Industrial policy
 - Financial access
 - Incumbent support

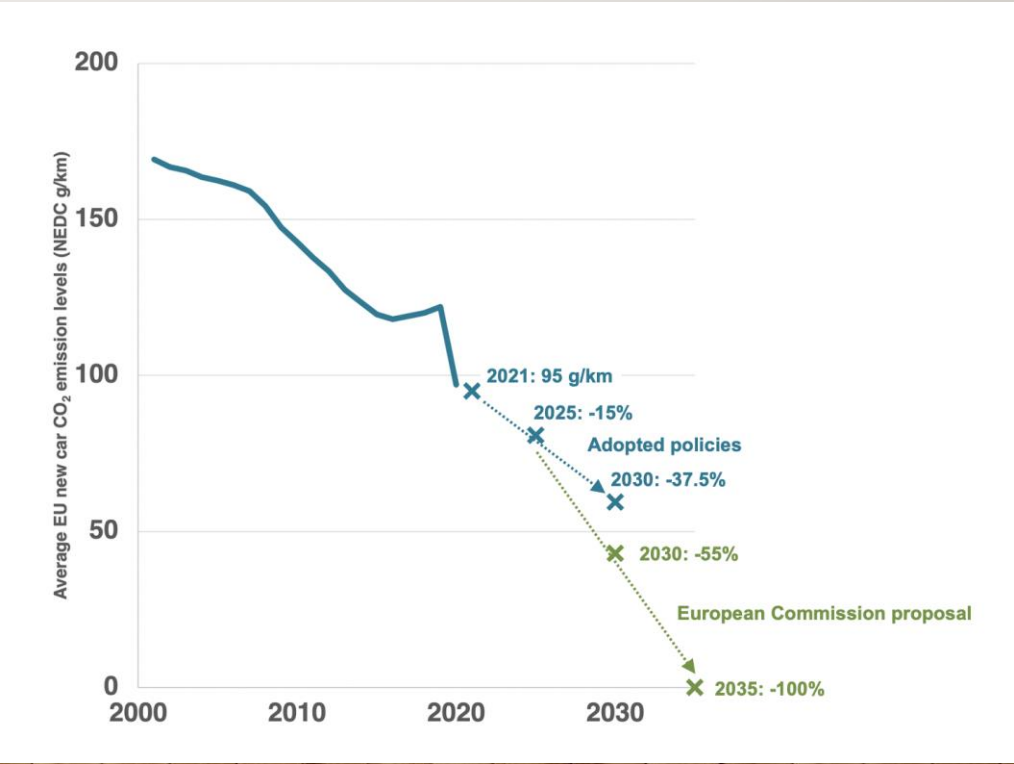
EU GOES FOR NO FOSSIL VEHICLES BY 2035

EU: 2021 15% NEW CAR SALES
 US: 2+%
 [IN US - OR 4%]



Table 2. Share of electric passenger cars, by manufacturer.

	Share of electric cars					
	May 2021		YTD 2021		2020	
	BEV	PHEV	BEV	PHEV	BEV	PHEV
FCA-Tesla-Honda	15%	3%	15%	3%	12%	1%
Daimler	11%	19%	9%	21%	6%	15%
Hyundai	10%	6%	11%	3%	14%	1%
Kia	9%	10%	10%	11%	9%	8%
VW Group	9%	9%	7%	7%	7%	4%
Renault-Mitsubishi	9%	4%	8%	4%	9%	3%
AVERAGE	8%	8%	7%	8%	6%	5%
BMW	6%	16%	6%	18%	5%	12%
PSA-Opel	6%	5%	6%	5%	4%	3%
Other	5%	6%	5%	7%	6%	4%
Ford-Volvo	5%	18%	2%	17%	1%	11%
Toyota-Mazda	1%	2%	1%	2%	1%	1%



THE ERA OF CLIMATE CAPITALISM THROUGH GREEN GROWTH IS HERE

BIDEN ADMINISTRATION

- 2030: 40% – 50% electric vehicle fleet
- Power wrestling with executives
- Where's the government support?
- Regulatory measures
- Tax incentives?
- Cash for R&D

VON DER LEYEN COMMISSION: FIT FOR 55

- 2035: No Internal Combustion Engines
- Regulatory mandate
- “manufacturers voluntarily announced a phase-out of the sales of new combustion engine vehicles in Europe, among them Audi (by 2033), Fiat (2030), Ford (2030), Opel (2028), and Volvo (2030).”
- Voluntary = Assistance from governments & EU
- [The European Commission's fitness program for climate protection sluggards | International Council on Clean Transportation \(theicct.org\)](#)

THE POLITICAL-ECONOMY OF GREEN GROWTH

POLITICAL

- State support
- State regulations
- Political will
- Goals and penalties

ECONOMIC

- Competitive advantage
- Incumbent position
- Social and political awareness
- Utilize government funds

CLIMATE CAPITALISM

SOCIAL

- Central pillar – Success = social acceptance
- Market prices will determine public support
- Job replacement = reindustrialization
- Geopolitics will influence social support

ECONOMIC

- Rapid infusion of government funds
- Private financial shift
- Redirect fossil finance
- Retool economy in 15 – 20 years

LIMITATIONS

GEOPOLITICS

- Oil and gas investments and cartels
- Resources – mining and technology
- Democracy vs. Autocracy

RISKS

- Misallocation of private and government capital
- Winners and losers – but who
- Collaboration or Competition?
- Public support for transition

CONCLUSION: DEFINING CLIMATE CAPITALISM

- **Climate Capitalism**

"A model which squares capitalism's need for continual economic growth with substantial shifts away from carbon-based industrial development."

Newell, Peter, and Matthew Paterson. *Climate Capitalism: Global Warming and the Transformation of the Global Economy*. Cambridge University Press, 2010. pg. 1

- "A model pushed by the threat of losing technological and political dominance by the loss of social support for capitalistic modes of production. A technological and resource shift to away from carbon-based industrial development reduces geopolitical and economic risks threatened by climate change and authoritarian regimes."
 - Michael La Belle – this presentation

