



THE GREEN NEW DEAL AND INDIA: AN OVERVIEW

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The celebrated economist late Joseph Schumpeter was the first to observe that capitalism proceeds through a process of creative destruction. According to him, novelty or the process of innovation is vital in driving economic growth. Innovation leads to the creation of new technologies which cannibalise ageing existing ones to facilitate renewal of the process of development and thereby human civilisation. Hence the ability to innovate is vital to any society, even as per axioms of conventional capitalism. The recurring economic recessions in the world economy are the symptoms of a deeper malaise of unsustainability of the 20th century model of growth. That model is burning out and is in its last embers. Its 'creative destruction' is essential for the creation of a new model of development which is sustainable. A sustainable economy is waiting to be born. But governments all over have to act decisively to stimulate the fecundity required for this new creation. After the 2008 global recession there have been many calls for a 'Green New Deal'.

The Original New Deal

The first New Deal was launched by President Franklin Roosevelt after the Wall Street crash of 1929 and the great depression of 1930s in the United States. Spurred on by the ideas of the British economist John Maynard Keynes, America embarked on an extended programme of public spending. The New Deal entailed massive investment in public sector works like bridges, roads, schools, dams, hospitals and other infrastructure. Millions of Americans came on the public payroll via the Works Progress Administration (WPA). The 2008 Nobel Prize winner in economics Paul Krugman says, "...to this day we drive on WPA-built roads and send our children to WPA-built schools." Roosevelt's New Deal may not have shown short-term results during his two terms in office. But its long-term impact was enormous. Talking about the financial crunch that triggered the 1929 crisis, Roosevelt said in the inaugural speech of his second presidency in 1933: "The money changers have fled from their high seats in the temple of our civilisation. We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit." Despite Roosevelt's noble intentions, profit motive continued to remain the prime mover of capitalist societies all over the world. Profit motive drives innovation and there is nothing wrong in it per se. But singular pursuit of profit at the cost of the very sources of wealth—the ecological foundations provided by the planet—have landed us in the current crises of environmental collapse, climate change and unsustainable or non-renewable patterns of production and consumption.

The Green New Deal Proposals

It is in this context that after the onset of the 2008 global recession, there have been many calls for a 'Green New Deal'; a new deal with a 'Green' content. Perhaps one of the earliest such declarations was in July 2008 by the 'Green New Deal Group' based in the United Kingdom. The group consists of members from Friends of the Earth, Greenpeace International, The New Economic Foundation, Operation Noah, The Green Party of UK, The Guardian newspaper, etc. They based their vision on the premise that the global economy is facing the triple crunch of the financial crisis, the climate crisis and the coming global energy crunch. Towards the end of 2008, Deutsche Bank in a report identified a 'green sweet spot' for economic stimulus spending. It comprised of investment in energy efficient buildings, the electricity grid, renewable energy and sustainable public transportation. The bank emphasised the labour intensity of many of the 'green' sectors and their potential to generate large number of jobs. In September 2008, the Centre for American Progress published their vision document titled 'Green Recovery'. In early 2009, the Heinrich Böll Foundation brought out a document prepared by the Worldwatch Institute titled 'Toward a Transatlantic Green New Deal'.

In March 2009, the United Nations Environment Programme (UNEP) joined the other groups by bringing out the 'Global Green New Deal: Policy Brief'. This was based on a study commissioned by UNEP and conducted by Prof. Edward B Barbier. In April 2009, The Potsdam Institute for Climate Impact Research and the Grantham Research Institute on Climate Change and the Environment joined together to publish 'Towards a Global Green Recovery: Recommendations for Immediate G20 Action'. Among the authors was Nicholas Stern, now known worldwide for his study of the economics of climate change. Many other groups also came out with their version of how the future should be shaped, as the world moves out of the global economic crisis. The UN Secretary General Ban Ki Moon joined up with Al Gore to issue a 'Let's Go Green' call. 'The United Green Parties of Europe' called for a 'Green New Deal for Europe'. Numerous other renowned economists and environmental authors joined the chorus.

The Basic Approaches

The views of each group are obviously coloured by their ideological predilections. However, the essence of most of the approaches could be summarised as follows:



The Global Green New Deal

SPOTLIGHT

- Implementing a bold new vision for a low-carbon energy system. Myriad plans and policies for this need to be put in place.
- Creating a low-carbon economy involving massive investment in renewable energy development, energy conservation, creation of smart grids, a greener transportation system, development of green technologies in all sectors, restoration of ecosystems, creating institutional and policy frameworks for recycling, etc.
- Promoting sustainable agriculture and restoring water bodies to their environmental health, saving water, improving fresh water quality and storage.
- Creating and training a 'carbon army' of highly skilled to semi-skilled professionals and workers—creating millions of 'green jobs'.
- Removing perverse subsidies to fossil fuels and activities based on them.
- Drastic reform of the financial sector to provide low interest debt to 'green' projects with the triple objectives of financial stability, social justice and environmental sustainability.
- Setting up international targets for emissions reduction to keep temperature rises much below 2°C.
- A fair and equitable international climate agreement to succeed the Kyoto Protocol in 2012.
- Helping poorer countries in poverty alleviation without fuelling global warming by offering them assistance to facilitate massive investment in renewable energy and climate change adaptation.
- Channelising international aid in the above direction.
- Accelerating research and development of clean technologies and facilitating free and unconstrained transfer of new energy technologies and other green technologies to developing countries.
- Evolving international and national policy and regulatory architectures to facilitate these transitional activities.
- Enabling decisive government action in this direction to facilitate millions of 'green jobs' and help solve the triple crunches of climate change, the financial crunch and the energy crunch.



ensuring stability and maintaining employment—a different kind of economic structure for an ecologically-constrained world. Jonathon Porritt calls it 'Sustainable Capitalism', which involves what he calls 'a root-and-branch' transformation model of capitalism. This model aims at reducing resource throughput and de-emphasising consumerism, while continuing to maintain prosperity. Perhaps something like the 'Steady-state Economics' propounded by the famous ecological economist Herman Daly. However, detailing these alternatives is beyond the scope of this article.

India: Towards Low Carbon Growth

Beginning with 2008, India has taken some major policy steps in promoting green energy technologies. But these are more in the nature of sporadic actions and not part of a coherent plan for a transition to a green economy. We continue to push 'ultra-mega power projects' based on coal, even as we struggle to meet the coal requirements of our existing projects. Pressure is being applied on the

Ministry of Environment and Forests to allow coal mining in 'no-go' forest areas. 35 percent of nine coal fields are no-go areas. The 'Expert Group on Strategy for a Low Carbon Economy' appointed in January 2010 by the Planning Commission is headed by the principal author of the Integrated Energy Policy (IEP). The IEP has relegated renewables to a peripheral position in our economy. It is unlikely that this new committee will come up with anything worthwhile.

India has the great opportunity of transitioning to a green economy by avoiding the mistakes of the developed countries. Therein lies our chance to generate millions of green jobs, ensuring energy security and environmental sustainability. Just to give one example: if we add 90,000 MW of additional grid-connected renewable power capacity by 2020—required to meet the 15% target set by the NAPCC—that alone can create close to 18 lakh jobs. Other benefits in terms of emissions reduction, improved life support systems and habitats would be enormous.

We in India gloat over the fact that the global recession did not affect us, the way it did the developed world. But we seldom remember that this was so because we did not reach the abyss of the capitalist path of extreme liberalisation and globalisation of our financial system, mainly because of internal democratic pressures in our society. If we continue our obsession with the western model of GDP-oriented economic growth, our system will also some day implode as it did in the west. Similarly, mindless business-as-usual growth can also result in environmental and resultant social implosion. A green transition in a planned and phased manner is imperative to avoid such future cataclysms. We need a 'Green New Deal' for India also—but in our own Indian way.

Groups like the Sustainable Development Commission of UK (chaired by the environmental author Jonathon Porritt) have criticised this mainstream approach for its belief in Keynesian-style consumption-led growth. In a report titled 'Prosperity Without Growth' authored by Prof Tim Jackson published in March 2009, they have put forth alternative proposals. The main contention of the report is that a consumption-led growth, even if it is of the 'green' variety, will push the world relentlessly towards ever more unsustainable resource throughput. They argue for a different way of