

## Conference proceedings

### The limits to capital accumulation - Radical analysis and strategy

Frederik Blauwhof

School of Geography, Politics and Sociology  
University of Newcastle upon Tyne

*f.b.blauwhof@newcastle.ac.uk*

**2nd Conference  
on Economic  
Degrowth  
For Ecological Sustainability  
and Social Equity**

**BARCELONA  
26th-29th March 2010**





## Abstract

---

Infinite economic growth on a finite planet is not possible. But economic history shows that capitalist economies periodically lapse into crisis and recessions. This paper argues that social sustainability and environmental sustainability are necessarily incompatible under and because of the foundational social relations of capitalism. Without growth, the profit rate will tend to zero, which necessitates cuts in social provision to keep companies profitable and governments' budgets balanced. Ecological sustainability and social provision will therefore require addressing and resolving the class antagonism in companies between shareholders and managers on the one hand, and workers on the other. From a political perspective this paper proposes an alliance between labour unions, socialists, anarchists and environmentalists to fight for democratically organized green industry. This can be an important step towards building the kinds of movements that can, in practice, fight for and achieve a 'steady state' economy that is democratically owned and managed.

## Keywords

---

capital accumulation; anti- capitalist movement; green industry

## 1 Introduction

---

Since the publication of the influential study *The Limits to Growth*<sup>1</sup>, a debate has been raging about whether the expansion of industrial society is approaching the natural limits of growth in terms of natural resources and the capacity of ecosystems to absorb pollution. While it is not completely transparent how close the world economy is to those limits, it should be clear that infinite economic growth on a finite planet is not possible. Peak oil and gas are just a few years or decades off, and even if that would not be a problem there's climate change to worry about. The question is, then, how human societies that have become used to institutionalised economic growth can deal with those limits. This is no small matter, since whenever economic growth stops in capitalist economies, the result has always been crisis<sup>2</sup>.

The history of capitalism is dotted with such periods of crisis. Obviously, we are living through a massive crisis of capitalism right now, characterised by the classic symptom of overaccumulation of capital. Such periods of bursting bubbles and bankruptcies and falling government revenue have always resulted in a rise in unemployment, cuts in wages, public spending cuts. These then expose the inability of the system to guarantee the fulfilment of basic needs of everyone in society.

There is no doubt that growth is necessary under capitalism to keep capital accumulation going, which is the necessary precondition for the maintenance of some default level of social provision. Without growth, average profit rates will tend to zero. The only way to get economic activity going again is by cuts in social provision to keep companies competitive and governments' budgets balanced. If we really are approaching the limits to (economic) growth, we are faced with a permanent crisis of capitalism.

In this paper I will argue that the twin goals of environmental sustainability and social justice, meeting the basic needs of people on this planet and keeping our economic system within planetary ecological limits, are necessarily incompatible under and because of the foundational social relations of capitalism<sup>3</sup>. In the first part, I will address what I consider to be the central difference of perspective between ecological economists who argue for some kind of steady state capitalism and radical thinkers, most of them Marxists, who claim that such a system is not possible. I agree with such critiques of steady state capitalism. I will argue that because such a steady state economy is not possible, the only way to achieve a zero growth economy that can serve even the most basic of human needs universally is to transcend the social relations of capitalism.

In the second paragraph this paper will address the strategic implications for activists who accept the Marxist critique of the impossibility of steady state capitalism. Here I will focus my discussion on three different levels. First of all, on the scale of the individual company, the class antagonism between capital and labour can be overcome through establishing cooperatives. Secondly, on a wider political perspective I advocate a broad alliance between labour unionists, socialists, anarchists and environmentalists to take 'green issues' into the class struggle. The beginnings of such a model, at least for Western European countries, can I believe be found in the 'One Million Climate Jobs Now!' campaign of the Campaign against Climate Change in Britain<sup>4</sup>. Finally, I will argue that such an alliance of social forces could serve as the foundation for a movement that has and must use the potential to finally overcome capitalism to achieve a steady state economy that has human need as a first priority, not profit. In other words, environmentalism

---

<sup>1</sup> Meadows, D. H., Meadows, D. L. and Randers, J., 2004. *Limits to Growth, the 30-year Update*, Chelsea Green Publishing, White River Junction.

<sup>2</sup> What is meant here by capitalism is a particular form of society in which the means of production are largely owned privately, and goods and services are produced for profit realised by selling commodities in the market.

<sup>3</sup> By these social relations are meant the class division between capital and labour (of course with shades of grey in actual social groups) and market relations of exchange.

<sup>4</sup> Campaign against Climate Change, 2009. *One Million Climate Jobs NOW! Campaign Against Climate Change*, London.

and socialism<sup>5</sup> have to go hand in hand not only in the sense of what strategy to adopt, but also in terms of what kind of society we are ultimately fighting for. To propose a political perspective that can formulate a credible answer to these two questions is ultimately the aim of this paper.

## 2 Ecological economics vs. Marxian political economy

---

Can a capitalist economy function without growth? To find an answer to this question, I will examine two different general positions on what sustainable economics would require. The first position is that of ecological economists like Herman Daly or Robert Costanza<sup>6</sup>. Where the more neoclassical environmental economics is only concerned with valuing the natural environment and resources to bring them into the accounting system of capital, these interdisciplinary researchers have built models of 'steady state economics'. They emphasise that sustainability requires not only a proper valuation of 'natural capital', but also an end to economic growth<sup>7</sup> and a review of the materials economy with a view to reduce material throughput. According to Herman Daly, "we might define a [Steady State Economy] as an economy with constant population and constant stock of capital, maintained by a low rate of throughput that is within the regenerative and assimilative capacities of the ecosystem" (Daly, 2008: 3). The resulting inequality in income could be dealt with by welfare state measures, like "minimum income and a maximum income" (ibid.: 4). The solution is to stop producing more stuff of the same quality, and start producing a constant quantity of increasing quality. This can be measured and achieved by bringing nature into the balance sheets of a firmly regulated capitalism that gives proper economic weight to nature, social equity and the commons.

The second position is a Marxian one, which denies the possibility of such an harmonious 'steady state' capitalism because of the drive for capital accumulation. For Marxist political economists like Elmar Altvater, John Bellamy Foster, and Minqi Li<sup>8</sup>, ecological economists are right to raise the question of economic growth, but fail to see why growth has become such an imperative and taboo for mainstream economists in the first place. According to this view, the central conceptual problem with the ecological economics of theorists like Daly is their conception of capital. Their use of the concept as a static stock variable, implicit also in definitions like natural or knowledge capital, obscures the ongoing *process of capital accumulation*. Or in the words of John Bellamy Foster: "The principal characteristic of capitalism, which this whole market-utopian notion of the capitalization of nature ignores, is that it is a system of self-expanding value in which accumulation of economic surplus- rooted in exploitation and given the force of law by competition- must occur on an ever larger scale"<sup>9</sup>. In Marxist terminology, capital is not just a reservoir of equipment structures and resources used to produce goods and services, but ultimately the expression of a social relationship. Capital is wealth thrown into circulation with the purpose of reaping as high a profit as possible. Capital can come in money form or in the form of machines or commodities, as it moves through the stages that allow for the accumulation of profits. For example, profits made through

---

<sup>5</sup>What I call socialism here, other people have called industrial democracy, participatory economics or anarchy. It means communal ownership of the means of production and locally based but federally coordinated democratic management of production and allocation of goods and services.

<sup>6</sup>Herman E. Daly, 1997. *Beyond Growth: the economics of sustainable development*. Beacon Press, Boston. Robert Costanza. 2006. Thinking broadly about costs and benefits in ecological management. *Integrated Environmental Assessment and Management*. 2:166-173.

<sup>7</sup>In terms of GDP, which tends to translate into growth in consumption of materials as well. Most ecological economists apply this demand of ending growth to the global north, not the south.

<sup>8</sup>Elmar Altvater, 2005. *Das Ende des Kapitalismus, wie wir ihn kennen. Eine radikale Kapitalismuskritik*. Westfälisches Dampfboot, Münster.

John B. Foster, 2009. *The Ecological Revolution: Making Peace with the Planet*. Monthly Review Press, New York. Minqi Li, 2007. Climate Change, Limits to Growth, and the Imperative for Socialism. *Monthly Review*. 60(3): 38-49.

<sup>9</sup>John B. Foster, 2002. *Ecology against Capitalism*. Monthly Review Press, New York, p. 36.

unequal exchange exploits the difference in prices of some good in two different localities. The simple formulation M-C-M' shows the stages (money, commodity, surplus money) that capital goes through to make a profit. Different kinds of capital achieve this profit in different ways, but they all can be reduced to the M-C-M' cycle.

Capital accumulation, the prime driving force of capitalism, also leads to the system's systematic drive towards inequality and periodic crises, which happens when the cycle of capital accumulation is significantly frustrated. Since corporations are owned as private capital for the purpose of profit making, new profits have to be generated in each period for the company to stay afloat. After all, no rational investor would invest in a company that yields lower returns than the interest of alternatives normally considered safe, like government bonds. This is the cause of the social necessity for economic growth, because profits either have to be generated out of growth or at the expense of the rest of society. Without growth, there is only a limited amount of profit that can be squeezed from workers and the (welfare) state. The result is that under zero growth, average profit rates would tend to fall to 0, which results in a (permanent) crisis of capitalism<sup>10</sup>. Therefore, a recurring crisis of capitalism will haunt not only the more laissez faire capitalism implied by environmental economics, but also the firmly regulated capitalism espoused by ecological economists.

If the previous argument is correct, this process of capital accumulation will need to be addressed in any proposal for a realistic economic institutional arrangement that can stay within the limits of our planet. As I already stated above, the Marxist definition of capital seems to me extremely useful and the resulting critique of ecological economics and steady state capitalism correct. Capitalism under conditions of zero growth will result in permanent crisis, and a reformed 'natural capitalism' as envisaged by ecological economics is cannot address the root causes of this problem. As Minqi Li put it: "the global capitalist economy has expanded to the point that the underlying material foundation (the earth's resources and the ecological system) for accumulation has been largely undermined by accumulation itself"<sup>11</sup>. To achieve a society that is both ecologically and socially sustainable, the mechanism or logic of capital accumulation has to be broken. This requires dealing with the fundamental social relations inherent in capitalism. By these I mean firstly the class relation between capital and labour, and secondly the allocation of resources and distribution of goods through market exchange.

So far I have phrased the argument about the inability of capitalism to deal with zero growth in purely economic, analytic terms. Looking at the historical performance of capitalism in terms of social provision and ecological stewardship paints a much more dramatic picture. Given the limits to growth, we are more or less at what the historical summum of wealth creation and consumption, at least for the foreseeable future. But even in the last half century or so we find unprecedented levels of global inequality<sup>12</sup>. For all the promises of 'trickle down' and 'rising tides lifting all boats', basic human needs go unmet throughout the global south and increasingly within the 'developed' countries. This is after of hundreds of years of capitalism that experienced historically unprecedented growth rates. Even under the best of circumstances for social provision under capitalism, with high growth rates, capitalism has not solved but rather aggravated the food and water crises. It has not solved, but blocked and is still blocking credible measures to prevent climate change. It has not prevented but implemented such practices as monocropping, the increasing reliance on and abuse of chemical fertilizers, pesticides and insecticides from leading to problems like soil fertility decline, which on the long term threaten the ecological life support systems that form our food supply.

---

<sup>10</sup>For a more detailed discussion, see Minqi Li, 2007. Capitalism with Zero Profit Rate?: Limits to Growth and the Law of the Tendency for the Rate of Profit to Fall. University of Utah Department of Economics Working Paper Series.

<sup>11</sup>Ibid.: 30.

<sup>12</sup>One interesting statistic is that in 2007, the million people classified as "high net worth individuals" together hold wealth equivalent to more than 50% of world GDP, totaling 35 trillion dollars (source: World Wealth Report, accessed at <http://www.capgemini.com>). For an extensive discussion of global poverty statistics see Thomas Pogge, 2008. World Poverty and Human Rights: Cosmopolitan Responsibilities and Reforms. Polity Press, Cambridge.

Privately, corporations have also taken heed of the reality of peak oil and gas, but for obvious systemic reasons they cannot possibly facilitate the societal and industrial transformation that would allow for a smooth energy transition<sup>13</sup>. In stead, what we have seen are resource grabs and occupations, the reinforcement of imperialism in the Middle East, but also Latin and South America with the latest coup in Honduras and US expansion in Colombia, the expansion of US military bases in the FSU and the establishment of Africom. Unlimited capital mobility has hollowed out the substantive content of our democracies and left wealth and power in the hands of small elites, notably in corporations and multilateral institutions. Whatever the intentions or convictions of individual actors, corporations operate according to the internal logic of competitive profit making, while governments are forced to comply with what Thomas Friedman approvingly but aptly called 'the Golden Straitjacket' to attract and retain investment in competition with other countries<sup>14</sup>.

All this institutional inadequacy and madness does not mean that social provision and environmental sustainability are necessarily at odds with each other. The problems mentioned above are either caused or cannot be solved by the current capitalist system. But there are different, much more democratic ways of organising economic life possible that do not lead to the same outcomes. We are not forced into some view that human beings are self-destructive by nature, that nothing can be done to stop the self-destructive tendencies of human societies. These conclusions are drawn by those who don't relate these failures to the capitalist system.

### **3 Towards a Green-Labour Anti-Capitalist Movement**

---

The anti-capitalist analysis of the current ecological predicament has gained ground since the failure of the Copenhagen UNFCCC conference, or more accurately, the sabotage of the Kyoto Protocol and the UNFCCC process by the major world leaders. A growing faction within the environmental movements have adopted slogans like 'system change, not climate change', and Chavez' phrase 'if the climate was a bank, they would have saved it,' and formed one of the major blocks in the Copenhagen protests. This is undoubtedly a healthy development; to stop asking nicely and start demanding real change is the beginning of success. But which direction this radical faction of the environmental movement will take, what strategies it will adopt and what social forces it will try to mobilise to achieve its aims is still an open question.

If the objective is not simply to challenge government policy, make policy recommendations, lobby for reforms or carry out direct action over single issues but to replace the social relations of capitalism, the implications for activist strategy are obviously significant. One needs to slowly but surely build a mass movement that is able to count on critical mass, solidarity and radicalism to fight and win strikes, occupations and expropriations. It takes an enormous amount of organisation to make that happen.

There are different ways to overcome the social relationships of capitalism. To start with the small scale of the individual company, the class antagonism between capital and labour can be overcome by establishing cooperatives<sup>15</sup>. While setting up new cooperatives might not be a practical problem, converting existing

---

<sup>13</sup> First of all, planning and implementing such a transition takes several decades. That kind of project should have started long ago. Second, a project on a scale like that will need to be profitable every quarter to attract investment. In times of crises and energy price volatility, that profitability will be highly uncertain. Third, big energy corporations do not take climate change into consideration, and will continue to do so unless they are forced. Finally, the wider social adjustments that need to be made in terms of expanding public transport, city planning, house insulation, need to be integrated in a wider energy/climate plan that needs to be coordinated publicly.

<sup>14</sup> Thomas L. Friedman, 2000. *The Lexus and the Olive Tree*. Farrar, Straus and Giroux, New York.

<sup>15</sup> By cooperatives I mean companies owned and run by the workers in those companies themselves. Management is elected and held accountable democratically. Successful cooperatives have rules that ensure the survival of the model, fe. rules preventing workers from selling their shares in the company except when they leave the cooperative.

companies into cooperatives has always required and will require a serious amount of class struggle. And even when one has won the fight for expropriation, all one has achieved is a little island of industrial democracy and equality that is still dependent on the market. So cooperatives are great examples for what can be achieved, and a much better way of organising economic life than the conventional corporation. They are democratic in structure, achieve real equality and collective ownership, and are significantly crisis resistant. After all, when a cooperative makes losses the workers don't have to decide to fire workers or close down the factory, they can work out how to spread the pain and deal with the losses. But cooperatives are limited, and these movements still have to be tied to the wider political struggle.

On that level, what could be achieved is a broad alliance between labour unionists, socialists, anarchists, environmentalists and other activists to take 'green issues' into the class struggle. That this kind of alliance can be very effective and persuasive has been shown by the support generated for the Vestas wind turbine workers' occupation on the Isle of Wight. This partly successful occupation<sup>16</sup> inspired the British trade union movement to start the 'One Million Climate Jobs NOW!' Campaign<sup>17</sup>. The aim is not just to lobby politicians and organise protests and direct action, but also to politically intervene in the class struggle at crucial junctures like mass job cuts, bankruptcies and plant closures, especially in those workplaces that are producing green technologies or could be retooled to do so. Wherever an industrial dispute can be used to issue demands for green new deal (direct government creation of jobs that have the net effect of reducing carbon emissions) measures, the various groups working together in the Campaign against Climate Change try to get these demands on the ballot and mobilise support for industrial action. Together, these social forces can connect environmental demands with those of social justice in a way that can get rid of animosity between workers and environmentalists, and poses a serious challenge to the corporate and political establishments.

But the ultimate goal is not just an extensive green new deal reform. In the final analysis, the intricate political economic puzzle posed by the various limits to growth will not be solvable through government regulation or legislation, nor through the kind of localism that avoids taking on capitalism on the larger scale. The imperatives of climate change, managing and genuine recycling of limited resources on the basis of 'cradle to cradle'<sup>18</sup>, combating the social consequences of crisis and meeting the basic needs of those who have already been excluded by the system will necessitate some form of democratic control and management of the major sections of the economy. No movement has ever come close to that without sooner or later taking on the state<sup>19</sup>. So the objectives of movements like the Campaign against Climate Change falls short of what is ultimately required. But its wide-ranging appeal and capacity to tie together workers' struggles with the kind of industrial change that is necessary because of the limits to growth means that it is a vital step to mobilise both solidarity and political consciousness among the general public. But it is only a step.

The movement has to be taken further down the revolutionary road if a workable 'steady state' socialism is to be achieved. And this can only be done by a critical mass of people working together for a common goal, out of an understanding that whatever it is one is fighting for, whether it is a world without war, an economy that is embedded in rather than parasitic on the natural environment, the realisation of democracy as government by the people for the people, or the eradication of poverty, it is capitalism that ultimately has to be dealt with.

---

<sup>16</sup>The workers did not win their prime demand, nationalisation of the Vestas wind turbine plant to be incorporated into the government climate change plan, but did win substantial redundancy packages.

<sup>17</sup>Campaign against Climate Change. One Million Climate Jobs NOW!

<sup>18</sup>Michael Braungart, and William McDonough, 2002. *Cradle to Cradle, Remaking the Way We Make Things*. North Point Press, New York.

<sup>19</sup>If this ambition sounds antidemocratic to the reader, I would respond that classical liberal political theorists from Locke to Mill always reserved the right of revolution for times when government fails to serve the interests of the people. Surely the kinds of emergencies like climate change, the utter lack of preparation for peak oil, the resulting permanent crisis, and the long-term systematic democratic deficit in most Western governments on other issues like war and the bank bailouts would suffice to fit that category. Also, revolutions do not happen without massive popular support.

This argument does not imply that one has to choose who to work with; reformists or revolutionaries<sup>20</sup>. But it does imply that if one agrees with the analysis of capitalism proposed in this paper, the work of the activist is never done until the root causes has been dealt with. To be a radical, after all, means to deal with the root (radix in latin) causes of problems. For those who are serious about building the kind of movement that can address the root causes of the various crises we want to address, this means building an organisation or several organisations working within the wider movements for many different causes to argue for anti-capitalist analysis, for the necessity of socialism, and ultimately for the kinds of movements that can muster the critical mass of social forces to make it happen in practice.

---

<sup>20</sup>To be clear, reformists in this context are those who want to change the system, while revolutionaries are those who want to change systems.

## References

---

- Altvater, E. 2005. *Das Ende des Kapitalismus, wie wir ihn kennen. Eine radikale Kapitalismuskritik.* Westfälisches Dampfboot, Münster.
- Braungart, M. and McDonough, W., 2002, *Cradle to Cradle, Remaking the Way We Make Things.* North Point Press, New York.
- Campaign against Climate Change, 2009. *One Million Climate Jobs NOW!* Campaign Against Climate Change, London. Accessed on March 25th, 2010, at: [http://www.pcs.org.uk/en/resources/green\\_workplaces/green\\_campaigns/one-million-climate-jobs-now.cfm](http://www.pcs.org.uk/en/resources/green_workplaces/green_campaigns/one-million-climate-jobs-now.cfm)
- Costanza, R., 2006. Thinking broadly about costs and benefits in ecological management. *Integrated Environmental Assessment and Management*. 2, 166-173.
- Friedman, T. L., 1999. *The Lexus and the Olive Tree.* Farrar, Straus and Giroux, New York.
- Meadows, D. H., Meadows, D. L. and Randers, J., 2004. *Limits to Growth, the 30-year Update.* Chelsea Green Publishing, White River Junction.
- Daly, H. E., 2008. *A Steady-State Economy.* Sustainable Development Commission, United Kingdom.
- Foster, J. B., 2009. *The Ecological Revolution: Making Peace with the Planet.* Monthly Review Press, New York.
- Foster, J. B., 2002. *Ecology against Capitalism.* Monthly Review Press, New York.
- Li, M., 2007. *Capitalism with Zero Profit Rate?: Limits to Growth and the Law of the Tendency for the Rate of Profit to Fall.* University of Utah Department of Economics Working Paper Series. As accessed on March 25th, 2010 at: [http://www.econ.utah.edu/activities/papers/2007\\_05.pdf](http://www.econ.utah.edu/activities/papers/2007_05.pdf)
- Li, M., 2008. *Climate Change, Limits to Growth, and the Imperative for Socialism* *Monthly Review*. 60(3), 38-49. As accessed on March 25th 2010, at: <http://www.monthlyreview.org/080721li.php>
- Pogge, T., 2008. *World Poverty and Human Rights: Cosmopolitan Responsibilities and Reforms,* Polity Press, Cambridge.





ECOLOGISTAS  
*en acción*



INITIATIVE INTERNATIONALE POUR REPENSER L'ÉCONOMIE

[www.degrowth.eu](http://www.degrowth.eu)