Eco-efficiency and natural capitalism

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The global financial crisis continues. Recessions have spread far and wide. This current economic turmoil has proved we are living in a borderless society. This planet is just a global village, where we can see the other end of the world. Unsurprisingly, economic crisis in one country, a superpower, ignites a worldwide problem.

Our farmers, for example, are suffering due to the decline of agricultural commodity prices.

Thomas L. Friedman, in his best-selling book, The World is Flat, says that in the globalization era, geographical divisions are becoming more irrelevant. Countries, companies and individuals have to remain competitive in order to survive in this situation.

In the last two decades, the world has also been surrounded by the prediction of global climate change. The United Nations has taken a major role by initiating the United Nation’s Framework on Climate Change (UNFCC) in 1992.

This framework was then followed by several Conferences of the Parties (COP).

Some initiatives had been launched to deal with the problem, such as the Kyoto Protocol and Clean Development Mechanism. During the COP 13 in Bali, the Reducing Emissions from Deforestation and Forest Degradation (REDD) scheme was introduced. During the last COP, on Dec. 14 last year in Poznan, Poland, the emission reduction scheme was agreed.

The direction of international diplomacy in determining global steps to save planet Earth is still a long and winding road. In fact, the reality of climate change phenomenon is still debated by many experts. However, if there is still some speculation about the truth of the global climate crisis, the environmental crisis due to human activities has turned into a nightmare.

It is not exaggerating when Thomas L. Friedman, in his latest book, states that now the world is not only flat, but already hot, flat and crowded. In this new book, he examines the possibility of the threat of climate crisis and rising competition for energy could poison this world if we do not act quickly and collectively.

Now is the right time to rethink our basic paradigms in managing our only planet. The current global economic and environmental crises, essentially, are sourced from the same cause: the greed of extreme liberalism.

Liberalism has two foundations: market freedom and capitalism. The development of the market and capitalism has made the world grow rapidly. Of course, there is nothing wrong with that. In capitalism, however, markets are devoted primarily to capitalists.

The market is only aimed at feeding most people in welfare societies. A lack of access to the market has caused millions of people to live in poverty. Hence, there is no global justice. The capitalists, with the help from the virtual market, collect unlimited, or even unimagined, wealth. Nonetheless, when they lose their money on the stock exchange, the world is forced to suffer as well.

Uncontrolled market domination by these capitalists has also caused the overexploitation of natural resources. It is true that this exploitation has made world economies grow, but it leaves severe environmental degradation. Capitalism has produced rapid forest losses. Millions of tons of carbon are emitted and pollute the atmosphere. Dangerous waste is left in many places.

This exploitation certainly aims to feed market demands, even though those demands are sometimes only pseudo-needs. The situation is not getting any better as consumption becomes higher. People consume more
than they need. Consequently, the rate of global destruction increases. Globalization finally fails to become an instrument to create a just world order.

In reality, globalization only serves as a way to accumulate resources at the centers of world economies. Third countries once again become world peripheries. In short, this global imbalance is not only causing global poverty and unfair economic resource distribution, but also creating gaps in the environmental burden. Liberalism offers freedom, but collective responsibilities are degraded.

However, capitalism is not something to be scared of. Without capitalism, our world would not be developing rapidly. Therefore, paradigm change is a must. Paul Hawken, et al. (2000), offers "natural capitalism" as a new paradigm to save the planet. The main premise behind this concept is how to ecologically efficiently use the earth's resources. Humans have the technical abilities to do this.

Ecological efficiency can be achieved by improving capacity on the one hand, and reducing overexploitation of natural resources on the other. Reducing overexploitation should be followed by reducing waste and other destruction.

The philosophy of natural capitalism is urging businesses to operate more like biological systems, where waste is recycled into new raw materials. Businesses are also urged to provide services rather than products. Thomas L. Friedman states that in the next decades huge economic opportunities will have moved from IT (information technology) to ET (renewable environmental technologies).

However, the motivation for ecologically sound ways of doing business would be economic rather than altruistic, because efficiency could create opportunities to save money, which consequently increase financial benefits.

Therefore, ecological efficiency could become an alternative to balance the advantages of capitalism while slowing down the rate of the planet's destruction because of industrialization.

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