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978-1-107-07822-2 - Climate Change, Capitalism, and Corporations: Processes of Creative Self-Destruction

Christopher Wright and Daniel Nyberg

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Climate Change, Capitalism, and Corporations

Climate change is one of the greatest threats facing humanity, a definitive manifestation of the well-worn links between progress and devastation. This book explores the complex relationship that the corporate world has with climate change and examines the central role of corporations in shaping political and social responses to the climate crisis. The principal message of the book is that despite the need for dramatic economic and political change, corporate capitalism continues to rely on the maintenance of 'business as usual'. The authors explore the different processes through which corporations engage with climate change. Key discussion points include climate change as business risk; corporate climate politics; the role of justification and compromise; and managerial identity and emotional reactions to climate change. Written for researchers and graduate students, this book moves beyond descriptive and normative approaches to provide a sociologically and critically informed theory of corporate responses to climate change.

CHRISTOPHER WRIGHT is Professor of Organisational Studies at the University of Sydney Business School. He has researched and published widely in the areas of management knowledge diffusion, organisational change, and consultancy. His current research explores organisational and societal responses to climate change, with a particular focus on how managers and business organisations interpret and respond to climate change.

DANIEL NYBERG is Professor of Management at Newcastle Business School, Australia, and Honorary Professor at the University of Sydney. His research focuses on political activities in and by organisations. He has pursued this interest in projects on how organisations respond to climate change, adaptations of sickness absence policies, and the implementation of new technologies.

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*For our kids – Genevieve and Alexander,
Linnéa and Matilda*

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Foreword

In his 2006 landmark report on how we should respond to the climate crisis, Nicholas Stern characterised global warming as an ‘externality’, a damage to others due to market activity whose cost is not met by those who cause it. Indeed, Stern characterised climate change as ‘the largest ever market failure’. In other words, the problem of global warming arises because the market system is not working well enough, and if we could find a way to correct the fault then the problem would be solved.

It was a geophysicist, Brad Werner, who in 2012 argued precisely the opposite case – that we are in this mess not because the market system is not working well enough but because it is working too well. Werner’s startling presentation to the annual conference of the American Geophysical Union was titled ‘Is the Earth F**ked?’ and he posed in public the question climate scientists and others who follow their work had been asking in private. His answer was bleak, or just possibly inspirational.

Building on the fact that humans now constitute a force of nature so powerful that we have caused the Earth to enter a new geological epoch, the Anthropocene, Werner approaches the question of the sustainability of humankind through a dynamic model known as a global, coupled human-environmental system. The activities of humans are captured in a module called ‘the dominant global culture’, which essentially describes the globally integrated market system of resource use and waste generation driven by the relentless need to grow. He also included a representation of the political institutions that facilitate the smooth operation of the system.

The essential problem, Werner argued, is that there is a mismatch between the short timescales of markets, and the political systems tied to them, and the much longer timescales that the Earth system needs to accommodate human activity, including soaking up our carbon dioxide and other wastes. Technological progress and globalisation of

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finance, transport, and communications have oiled the wheels of the human components of the planetary system allowing it to speed up. But the pace of the natural system carries on as it always has. The problem is not Stern's market failure but market success.

Brad Werner's conclusion is that the Earth is indeed f**ked, unless somehow the market system can be prevented from working so well. What we urgently need is friction; sand must be thrown into the machine to slow it down. Only resistance to the dominant culture will give some hope of avoiding collapse. For Werner, prevailing political customs, including system-compatible ideas like cost-benefit analysis, global agreements, and carbon prices, are embedded in the established structure of the human component of the planetary system. Only activism that disrupts the dominant culture – including 'protests, blockades, and sabotage' – provides an avenue for a negative answer to his rude question. It is a kind of geophysical model of Naomi Klein's recent call to arms.

In their important book Christopher Wright and Daniel Nyberg give us a detailed and fascinating analysis of what global corporations do to keep the wheels of the system spinning, a phenomenon they term 'creative self-destruction'. This extends beyond how business activities contribute to the climate crisis to how the 'dominant global culture' persuades those inclined to throw sand in the wheels to express their anger in more system-compatible ways. That is, they show how critique of corporate responsibility is incorporated and converted to the continuation of 'business as usual'.

The stakes could not be higher, on both sides.

When Bill McKibben calculated that limiting global warming to 2°C above pre-industrial levels requires that 80 per cent of proven reserves of coal, oil, and natural gas be left in the ground untouched, but that doing so would destroy the balance sheets of several of the world's largest and most powerful corporations, he showed us in the starkest possible way the fundamental incompatibility of the current structure of economic power and the survival of the world as we know it.

The hard truth is that these corporations would sooner see the world destroyed than relinquish their power. As this book shows in fascinating detail, it is not that the executives who run them are evil; they simply function the way the system dictates and the system, as we find here over and over, is structured to keep the global capitalist system growing. The executives have no choice: if they cannot stomach it

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then they must leave and be replaced by people with fewer scruples or an enhanced ability to deceive themselves, to believe the stories their own Public Relations (PR) people make up.

This book seeks ‘to outline the *processes* through which corporations are shaping humanity’s response to the climate crisis’. Its analysis is revolutionary in a way because it explains to us that these shaping processes are much deeper and subtler than we realised. They include how corporations manipulate our very identities and emotional responses to the predicament we face.

The oleaginous rhetoric about sustainable business practices, green consumerism, and green growth churned out by the clever people in marketing has proven highly effective. Even some environmental organisations believe we can somehow consume our way out of the crisis and persuade themselves that the only way to change the system is by working with it (and taking corporate money in the process). Ecologists and conservation biologists have been convinced that they have to speak the language of the market to be heard and so busy themselves with ‘putting a price on the environment’ so that the externalities can be internalised. Governments fall over themselves to laud corporations as ‘wealth creators’ who must be allowed to get on with the job (political donations help oil the wheels of that machine too), even if the job in question is killing our world.

It is astonishing how gullible we all are. In the history of greenwash rarely has there been a more cynical corporation than the oil company BP, which in July 2000 rebranded itself ‘Beyond Petroleum’, announcing it would over time transition out of fossil fuels and into renewable energy. Today it has sold out of its small investments in wind power and solar energy and is investing heavily in the development of shale gas and oil sands in Alberta (the worst kind of fossil energy), and, we must not forget, new oil fields under the melting Arctic.

Because it is written by two business professors with decades of research into the corporate world, a knowledge deepened for this study by intensive engagement with a range of executives, this book is a very welcome corrective to the beguiling world of mistaken ideas we carry around that have us sleepwalking into disaster.

**Clive Hamilton, Professor of Public Ethics,
Charles Sturt University and author of *Requiem for a Species:
Why We Resist the Truth about Climate Change***

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