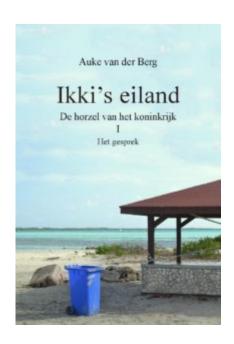
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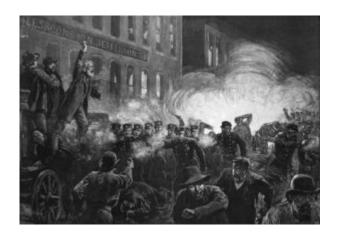
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# May Day And The United States Of Amnesia



May Day is celebrated in more than 90 countries around the world as International Workers' Day, with large-scale marches and protests, in honor of the struggles of the working class. But not in the country where it began, the United States of Amnesia.

The history of May Day has its origins in the summer of 1884 when the Federation of Organized Trades and Labor Unions decided to launch a nationwide movement to secure an eight-hour workday and called for May 1, 1886 to be the beginning of this campaign.

On May 1, 1886, hundreds of thousands of American workers staged a nationwide march demanding the creation of the eight-hour workday.

Chicago was the epicenter of the protests as they were scheduled to go on for days.

Eventually, the protests turned violent when the police attacked

picketing workers on May 3, killing one person and injuring several, at the McCormick Harvesting Machine Company, an event which led the next day to a bloodier confrontation between police and demonstrators in Haymarket Square.

What happened at Haymarket Square is an event of immense historical significance in its own right. More than 170 policemen carrying rifles attacked those that had gathered at Haymarket Square to protest police brutality, even though the city's mayor, Carter Harrison, had given permission for the meeting.

Ironically enough, most of the people had already left the protest meeting when the police attacked in an attempt to disperse the crowd. But during the confrontation, someone threw a dynamite bomb. The police panicked and opened fire in return. After the explosion and the subsequent gun fire, four workers and seven policemen were dead and dozens injured.

The next day, martial law was declared in Chicago and other parts of the country. Immediately thereafter, scores of labor leaders were rounded up, and eight men, most of them German-born, were eventually found guilty of murder and sentenced to death in a highly controversial trial in which no solid evidence was presented linking them to the bombing of May 4 at Haymarket Square.

The Haymarket Affair also led to an explosion in xenophobia and started the first "Red Scare" in the United States, courtesy of big business and the government.

Additionally, it led to a much more reformist labor movement with the birth of the American Federation of Labor whose first and longest-serving president, Samuel Gompers, was a core capitalist and had no interest in uniting the working class.

In the years following the dramatic events of 1886, the labor movement in the US would experience a series of ups and downs, all while American capitalism continued to operate on the basis of a brutal economy, down to this very day.

The "Red Scare" resurfaced in the late 1910s, with industrialists branding union members as "anti-American radicals," all while anti-union violence became a widespread practice until well into the mid-20th century.

In celebrating May Day in 2021, we must keep alive the memory of the early struggles of the working-class movement for a better future. We must draw

strength and inspiration from the accomplishments of the labor movement through time in order to challenge more effectively the brutality of today's capitalist socioeconomic order.

Indeed, the struggle against neoliberal capitalism requires a wellorganized working-class movement that hasn't succumbed to the form of historical amnesia imposed by the powers that be. The future has yet to be written.

# Religiously Based Political Parties In Democracies. The Case Of The Netherlands



Foto: tweedekamer.nl

Since the Netherlands became a full-fledged democracy in 1848 political parties of diverse ideological backgrounds competed for the vote of the electorate, be they Christian parties, liberal parties, socialist parties, and more recently populist parties. Religions claim that their values are God given and therefore immutable. In a democracy with several ideological streams seeking representation in Parliament, it is in most cases difficult if not impossible for one party to obtain more than 50% of the votes, and that poses a challenge to those religious parties that claim to base themselves on 'universal' God given values[i]. They have either

the choice to stay in an oppositional role in Parliament and continue giving voice to their opinions. The other option is that they seek alliances with parties to which they resemble in order to form a government. But that last strategy implies that they must be prepared to reach compromises with other parties, thus possibly renouncing in cases the 'eternal' values the parties claim to represent. The preparedness to compromise goes by the way as well for secular parties that claim 'universal truths', but the difference between religious parties and secular parties is of course that religious parties claim that their values are of a higher nature, i.e. coming from God.

This article treats how the mechanisms of compromise work in the Dutch political system, focusing in particular on religious, in the Dutch case, mostly Christian political parties that enter coalition governments with other -often- secular parties. The article first presents a description of the Dutch political system and its Constitution, and the coming to being of the Dutch Nation State. Then it goes into the subject of how governments are formed in the Kingdom. Following, the article treats the specific case of how the 2017 Dutch coalition government was formed and how it treated the highly sensitive issue of euthanasia law in its coalition agreement, where an orthodox Christian party and a secular party had to come to terms on this issue. I use this case as to show how a religious party can function in a democracy with, in the Dutch case, mostly non-religious parties.

#### 1 The Dutch Political System and Constitution

The Netherlands form since 1848 a constitutional Monarchy in which the King functions as a symbol of the unity of the people of the Netherlands but he does not hold any political power. The government, consisting of the Prime Minister and the Ministers, exercise power and are held responsible for their acts in Parliament. The Dutch Parliament consists of two Chambers. The Second Chamber is elected directly by the people and consists of 150 seats. The electoral system is of a representative nature, implying that the total number of valid votes in elections is divided by 150. The Netherlands does not have constituencies like the United Kingdom and France have. The First Chamber consists of 75 seats and is elected indirectly by the representatives of the 12 provinces the country counts. The country has a tradition that in elections no party ever obtained an absolute majority in Parliament and therefore coalition governments always ruled the country[ii].

The first article of the Dutch Constitution reads as follows[iii]:

'All persons in the Netherlands shall be treated equally in equal circumstances. Discrimination on the grounds of religion, belief, political opinion, race or sex or on any other grounds whatsoever shall not be permitted'.

This first article stipulates that all persons that live in the Netherlands are to be treated equally in equal circumstances. The fact that one is a man or a woman, that a person has Dutch roots or German, Chinese or any other root, that a person has conservative political opinions or progressive opinions, that a person is heterosexual, homosexual or transgender and that a person is a Christian, a Jew, a Muslim or an atheist, does not make a difference in their treatment.

Article 6 of the Constitution concerns the freedom of religion or belief and it is formulated as follows, in two parts[iv]:

- Everyone shall have the right to profess freely his religion or belief, either individually or in community with others, without prejudice to his responsibility under the law.
- Rules concerning the exercise of this right other than in buildings and enclosed places may be laid down by Act of Parliament for the protection of health, in the interest of traffic and to combat or prevent disorders.

Interesting in article 6 is that it mentions not only the right to profess freely one's religion, but also one's *conviction* (my italics). Conviction explicitly refers to non-religious beliefs, not necessarily religious ones. So, people with religious and non-religious, or secular, convictions have the right to profess these in Dutch society.

The present Constitution of the Netherlands is based on its first draft that dates to 1848.

#### 2 The genesis of the Dutch nation state

In 1789 the French revolution took place. The world would soon learn to know the new French regime based as it was on the principles of the Enlightenment. The French revolution would be the cradle of modern democracy and France would soon spread the revolution over Europe. French revolutionary troops occupied the Netherlands in 1795 causing the ruling prince Willem V to flee to Germany [v]. In the Netherlands there were at that time already citizens, referred to as 'patriots', who supported the principles of the Enlightenment, opposing the prince and the nobles that wanted to stick to the old rule. The Netherlands knew until 1795 a decentralized government in which the several provinces enjoyed great

autonomy. With the French and patriots taking over, the country formed a National Assembly that set itself in making a Constitution based on the principles of the French Revolution: Liberty, Equality and Fraternity. This was though no so simple. The Netherlands was until 1795 basically a country where the Protestant church was dominant and where the two other religious denominations, i.e. the Catholics and the Jews, were second rang citizens that never got positions in the local and provincial boards. The 80-year war against Spain (from 1568-1648) led to throwing of the yoke of the Spanish (and Catholic) occupier and although the Dutch Republic was at that time a relatively tolerant power in Europe when it comes to religious freedom, the Protestant church was dominant, and all other religions were subordinate to it. And now the new State had to develop a constitution that would guarantee liberty and equality to all citizens, including the Catholics and the Jews. It took a long time before the debates in the National Assembly led to a Constitution and laws that foresaw in the principle of equality for all but in the end, it managed to do so[vi][vii].

The French occupation ended in 1813. The French troops left the country to assist Emperor Napoleon in the last battles he fought and which he ultimately lost. The country looked back at 18 years of French presence. From 1806-1810 Napoleon had changed the country into a Kingdom with his own brother Louis Napoleon on the throne. Louis Napoleon was not a bad king. He tried to develop the country as much as possible in the spirit of the French revolutionary principles. When the French left, the country had a constitution that foresaw in the equality of all its citizens. The paradox of the period after the French left is that the Dutch nation state remained built on the principles of Enlightenment. There were voices in society that called for a retour to the situation before 1795 but the enlightenment ideology was stronger than the conservative forces. The Netherlands kept a constitution based on the enlightenment. The son of the late prince Willem V came back to the country to become the future King Willem I, and he as well submitted to the new order. The country wet itself in developing as a modern nation state, centrally governed, investing a lot in infrastructure and education.

In 1848 a reform of the constitution took place making the country more democratic than before. One of the major changes was that the King lost the political power he still had. A government that was democratically elected without any interference of a hereditary sovereign should rule the country. The King protested but accepted his limited role as head of state only. The principles of

liberty, equality and fraternity had in the end led to a society, which not only legally foresaw in equal chances for all, but also in reality[viii].

#### 3 A country of coalitions

The Parliamentary elections in the Netherlands of March 2017 shattered the political landscape more than ever with 28 parties participating in it and having 13 of them obtaining seats in parliament that does not know a threshold. Four parties have a religious background. It concerns the CDA (Christian Democrats; 19 seats), Christian Union (Orthodox Protestants; 5 seats), SGP (Fundamentalist Protestants; 2 seats), and newcomer DENK (Muslims; 3 seats). I treat the party programs of SGP and DENK first, followed by CDA and Christian Union further below as the two last ones would become part of the new coalition government.

The SGP represents the most orthodox or fundamentalist Christians in the country. The party was established in 1918 and has been represented in Parliament since 1946, never with more than 2 or 3 seats. They are part of an old tradition and its members are very conservative, supporting the Monarchy and, more importantly, believing that Christian Values are eternal. From this conviction, the SGP states on its website that that the government, as 'God's servant', has the task of promoting justice and righteousness in line with what God tells the people in His Holy Word, the Bible[ix]. There must, they claim furthermore, be 'strong action against radical Islamic ideas'. However, this struggle 'should not be used to curtail the freedom of organization of churches'.

DENK is the most recent religious party entering the Parliament with three seats. It originally split from the Labor Party and it bases itself on 'universal human values' but in practice its members are quite ardent supporters of Turkish President Tayyip Erdoğan and his AK Party, while claiming as well to represent the Muslim community in the Netherlands. [x] When it comes to the freedom of religion they are, as stated on their website, in favor of supporting and funding Islamic educational initiatives and in favor of offering training to Muslim spiritual leaders and imams. [xi] According to DENK, there are more people in the Netherlands who must accept integrated people than people who still need to integrate. The party program of DENK stipulates that integration applies to newcomers, not to people who are born and / or raised in the country. DENK is in favor of appointing a 'Minister for Mutual Acceptance' in the government. Both SGP and DENK are in an oppositional role in the Parliament, being therefore no

part of the coalition government that was formed in 2017.

The government that was formed after the 2017 elections consists of a coalition of four political parties that had together a minimal majority of 76 seats in the 150 seats Parliament. The biggest party furnished the Prime Minister, in this case the Liberal Party (VVD), possessing 33 seats. The other coalition parties were the Christian Democrats (CDA) with 19 seats, the Liberal Democrats (D66) as well with 19 seats and the earlier mentioned Christian Union with 5 seats.

In the Dutch political tradition, parties negotiate the conditions on which they form a new government. These negotiations can take a long time; in the case of the 2017 government, it was a record period of 225 days. The fact that in this government four parties participated made it a complex exercise as, and that is also part of the Dutch traditions, the agreement that is made between the ruling parties, is always very much detailed. Subjects of all possible nature are they social, economic, national, international, moral, or ethical, are discussed and in the end agreed upon, by compromises. It is impossible that one specific party completely gets what he wants as often interests are contradictory and parties must find the path to compromises, which is sometimes very hard. In what follows I discuss an example of how the 2017 government dealt with a subject on which two of the four coalition parties hold diametrical opinions. It concerns the issue of euthanasia law. The Liberal Democrats are basically in favor of a very liberal policy on this issue while the Christian Unionists are principally against it.

#### 4 Euthanasia: a thorny issue

The Netherlands has <u>laws</u> and regulations concerning euthanasia [xii]. The euthanasia law states that a doctor may assist in life termination or suicide. He must in such cases comply with the care requirements as stipulated by the law. The law also describes how the physician's actions must be reported and assessed. Euthanasia and assisted suicide are only legal if the following six requirements in the euthanasia law are met with:

- The doctor is convinced that the patient's request for euthanasia is voluntary and well considered.
- The situation of the patient is hopeless, and he suffers unbearably.
- The doctor informed the patient about his situation and his prospects.
- The doctor and the patient concluded that there was no reasonable other solution.

- The doctor has consulted at least one other independent doctor who has seen the patient. This doctor gave his judgment in writing about the situation, based on the care criteria of the law.
- The doctor has carefully executed his role in the termination of life or assisted suicide.

For the electoral campaign for the 15 March 2017 elections the diverse parties striving for seats in the Second Chamber, prepared their election programs, which included statements on euthanasia as well. In the public debate on euthanasia the euphemistical term 'completed life' was used more and more instead of 'euthanasia'. However it may be, the four parties that would in the end form the new government issued the following points of view on euthanasia in their programs:

<u>VVD</u> (Liberal Party) 'We support the expansion of the possibilities (i.e. of the euthanasia law) to find a solution for everyone that does justice to everyone's individual wishes. Also for people who consider their life complete without medical cause' [xiii].

<u>CDA</u> (Christian Democrats) 'We are not in favor of a further extension of euthanasia law or a bill that regulates a right to life termination. It is important that people also have the courage to advocate alternatives for the end of life issue' [xiv].

<u>D66</u> (Liberal Democrats) 'People who conclude that their life is complete must be able to decide for themselves how and when they want to die. D66 thinks that the provision of a last-will pill should be possible under strict conditions of care and testability in such situations'[xv].

<u>CU</u> (Orthodox Protestants) 'The Christian Union is not in favor of the euthanasia law, in which the government legitimizes that doctors put an end to the life of a fellow human being. We can never consider euthanasia as a normal medical treatment. The Christian Union wants to look after our elder people and give them the attention they deserve' [xvi].

It may be clear that the four points of view can be spread over a scale of a very liberal policy on the issue to a very conservative one. The Liberal Democrats aim for broadening the options for euthanasia, also for people, whose 'lives are complete', thus those ones who do not suffer from an actual physical disease. The

Christian Union supports maximum help of the government to old people, who are ill, or whose 'lives are complete' in order to optimize -the last phases of- their lives. The Christian Union is bluntly against the current law and states that only care to elder people is the solution to their possible suffering, loneliness and pain. The Liberals aim as well at expending possibilities of the current euthanasia law but not as drastic as the Liberal Democrats suggest, and the Christian Democrats want to stabilize the current euthanasia practice while not changing the law.

Due to all kind of political developments, with populist parties obtaining 22 seats in Parliament, the Labor Party that lost 29 seats (from 38 to 9) and the Green Left party that won (from 4 to 14) but all of them refusing to be part of the new government, each one for its own reasons, the task of forming a government was in the end on the shoulders of the four parties mentioned above. To them was the challenge to overcome their differences, also on the sensitive dossier of euthanasia. In the following paragraph I discuss the compromise that the four parties reached in the end.

#### 5 Reaching a compromise

The four parties that ultimately made a new government found each other relatively easy on dossiers of socio-economic nature. In that field the Christian Union sided very well with the Liberal Democrats, both parties being more left on the scale when it comes to socio-economic issues, while Liberals and Christian Democrats are more to the right in this field. So, when all the four parties reached in the end compromises in these dossiers, which have by nature less to do with God given values than euthanasia, the greatest challenge was to reach a compromise on the highly sensitive issue of euthanasia law. And they succeeded, as in the end an agreement was reached [xvii]. Focusing in this article on the issue of euthanasia I present what the final document forming the principles of the new government had to say on this subject. In what follows I analyze the compromise, using Political Discourse Analysis (PDA) method [xviii], based on the following three quotes from the coalition agreement:

Quote 1: 'Certainly when it comes to issues relating to life and death, there is sometimes a fundamental difference in opinion in society and politics. In the field of medical ethics there are major differences of opinion between the parties that form the basis of the new government'.

The first step to a compromise is to put the similarities and differences of opinion

on the table. There are major differences of opinion on issues 'in the field of medical ethics' between the parties to be part of the new government. Note that the word 'euthanasia' isn't even mentioned in the first quote. Above we saw in the description of the diverse statements of the four parties where they stand in this dossier and politically speaking the most eye-catching differences lie in the opinions of the Christian Union on the one hand and the Liberal Democrats of D66 on the other hand. Both these parties found each other easily on dossiers of a socio-economic nature, partial reasons for them to enter the coalition, but in the ethical field they couldn't be further away from each other. Both parties, and in fact all political parties have of course a major interest in keeping their voters content with the course they follow and the compromises they make. In that sense this first remark, the observation that in the field of medical ethics major differences are on the table does justice to the parties involved, in particular the ones that are on the extremes of the scale. This remark tells their voters and constituencies: 'we know about these differences and we respect each other's point of view'.

The following step then is perfectly expressed by the second quote:

2 'In deciding on these subjects, existing legislation and regulations are the starting point for all parties. When there is a reason to adjust these laws and regulations, the government will do so in a manner that considers the conviction of all parties that the government support and on the basis of the general assessment framework as described below'.

The first sentence of the second quote makes clear where all the parties stand: the acceptance of the existing legislation and regulations of euthanasia. It is a tradition in the Netherlands' democracy to accept all decisions taken by any earlier government, also if a party has an oppositional status, and even if a party does not agree at all with the contents of a certain law. So basically, all four parties accept the status quo, and it is this status quo that is considered to be the basis for possible modifications. The following, second, sentence is politically more sensitive where it says 'if there is a reason to adjust these laws'. It keeps the time and subject frame empty. It does not say when in the future such a change might be relevant and more importantly, it does not mention as well the party or parties that take the initiative for such changes. This leaves lots of political room to the parties involved forming the coalition government. Then, still expressing respect to all parties' points of view, the text states that if a change should be

applied, it will be done taking into account the 'conviction of all coalition parties'. It may be clear that this sentence, that is very vague, continues to breath the same spirit as does quote 1: creating a broad platform between the four parties, that all four of them can interpret as they wish. More specific and politically relevant the key issue is though in the last sentence which refers to the question how such a change should be made possible. It refers to 'the general assessment framework' that is subsequently given shape in the third and last quote:

3 'In consultation with Parliament, while retaining everyone's own position and responsibility, the government will facilitate a broad discussion on the dignity of aging, the scope and application of current euthanasia law and the subject of completed life. With the outcomes of the aforementioned research, the government will consider what it can do, and the Chamber can independently decide to propose legislation'.

Here we see what kind of procedures the new government has in mind for the thorny issue of euthanasia (euphemistically referred to as 'completed life'). The new government strives after a broad societal discussion on the issue encompassing all aspects of it: 'the dignity of aging', 'the scope and application of the current euthanasia law' and the 'subject of completed life'. Interesting is the phrase 'dignity of aging' which the conservative Christians may interpret as giving maximum social and medical care to old people who suffer mentally or physically and the Liberal Democrats as giving these same old people the maximum of options to decide to end their lives themselves and making that practically possible. In the same vein we can interpret the second phrase 'the scope and application for current euthanasia law' which the Christian Unionists may interpret as limiting it and the Liberal Democrats as extending it. Then, if this discussion, if it will ever take place, is finished (and the text does not say if it will finish and how it will finish and who decides to finish it) the government 'considers what it can do' which is very vague but politically very clear: all options are open, and by the last phrase 'the Chamber can independently decide on initiative legislation' is meant that Parliament itself can take the initiative and come with new legislation on the issue, thus relieving the government from doing it itself, escaping as such the responsibility of the dossier, but taking the risk that there might be a majority in parliament for either limiting euthanasia law, as intended by the Christian Union, or extending it, as aimed at by the Liberal Democrats, and if any of these two proposals would have a majority in parliament

(it is not excluded that opposition parties will support the proposals) the government is faced with a possible problem: which of the two will it support? But it seems that the actual goal of the current government is that it hopes that it will never come that far as, after all, we have to wait for the results of the 'nationwide debate' and if that takes place, and one never knows when it ends, and it might even end after the term of the current government, which would be a relieve for the conservative parties which absolutely do not want an extension of the practice and a disappointment for the Liberal Democrats who want it extended. At the same time, if a new euthanasia bill is put to the vote in parliament, either in favor of extending it or limiting it, the parties forming the coalition are expected to be loyal to the whole government's position on the dossier and if that would not be the case, and the government falls on this dossier, it has to give up as well the much more important social economic policies it wants to implement which have a much broader base and support within the coalition. That is the price it eventually must pay.

#### 6 Evaluations

A reader might wonder what the value is of the compromise that the 2017 Dutch government reached when it comes to the issue of 'completed life' or euthanasia. In the one scenario nothing changes and in another scenario the law on euthanasia will be modified minimally. In the first case the conservative Christian Union will be the winner and in the second case the Liberal Democrats. Looking back at how the 2017 government functioned, and that ended with the elections of 2021, it turned out that in the end the euthanasia law did not change at all. This fact can be considered a win for the Christian Union and a loss for the Liberal Democrats: for the former any change would have been a loss and for the latter no change is a loss. Furthermore, I believe that, looking back at the term of the 2017 government, the government deliberately aimed at 'no change' because the euthanasia dossier was so sensitive for the Christian Union that it might have left the government with as consequence that it might have fallen (remember that the 2017 government had a majority in parliament of one seat only). The 2017 government had a great interest in applying its social economic policies and it deliberately formulated the agreement text on euthanasia in such a way that no change would ever take place. That would then be the price for the Liberal Democrats to pay for their participation in the government. But the things the party got in return were a great financial investment in education, which the party regards as highly important in its party program. The price the Christian Union had to pay is that the current euthanasia law is maintained. In that sense the party supports in fact a practice that goes completely against its conviction that God rules over the beginning and end of someone's live. But their gain was that the law was not extended during the rule of this government of which they were part.

Philosopher Niccholo Macchiavelli (1469-1527) stated in his *Il Principe* that a modern good government bases itself on texts that give the impression to be crystal clear but that in fact hide a real political agenda and that keep all options open [xix]. Is that a form of deceiving the people? In the end that might indeed be the case, but the option of parties exposing their policies in the open, showing their vulnerability, teaches us that ultimately no good and effective polities follow. The struggle for power happens by nature through rhetoric and compromise and whatever negative name rhetoric and compromise have, these concepts help to establish a solid government in democracies, be they of any ideological color, secular or religious [xx].

If a party, based on religious principles and beliefs, enters the arena of democracy, it must realize that it must negotiate political issues with other political parties. In doing so, religious parties may have to violate their own principles or beliefs. At the same time, just because this kind of parties enter the arena of democracy, they can also hinder legislation that opposes their values. In this way they can defend their values: their democratic presence gives them the opportunity to voice their visions on all kind of themes that are important to them. They learn that they can never reach 100% of what they want but reaching some of their political goals or part of them is in all cases, better than reaching nothing. In the case of the Netherlands we see that the diverse Christian parties have always had a solid say in all political decisions taken by the government.

#### Notes

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[ii] Sander Bax & Jan Jaap de Ruiter, 'Church and state in the Netherlands. The case of Islam, Hartmut Behr & Marcus Hildebrandt (eds.), *Politik und Religion in der Europäische Union. Zwischen nationalen Tradition und Europäissierung.* (Wiesbaden: VS Verlag für Sozialwissenschaft, 2006): 201-225.

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[iv] See the website mentioned in note 3 for the text of article six as well.

[v] Simon Schama, *Patriots and Liberators: Revolution in the Netherlands* 1780-1813. (New York: Harper Collins Publishers, 2010).

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[xii] https://www.rijksoverheid.nl/onderwerpen/levenseinde-en-euthanasie

[xiii] <a href="https://www.vvd.nl/nieuws/verkiezingsprogrammas/">https://www.vvd.nl/nieuws/verkiezingsprogrammas/</a>

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[xviii] Jan Blommaert & Chris Bulcaen, 'Critical discourse analysis', *Annual Review of Anthropology* 29, (2000): 447-66.

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[xx] Sam Leith, You talkin' to me? Rhetoric from Aristotle to Obama. (London:

# Noam Chomsky And Robert Pollin: Green New Deal Is Essential For Human Survival



This story is part of <u>Covering Climate Now</u>, a global journalism collaboration strengthening coverage of the climate story.

Earth Day has been celebrated since 1970, an era which marks the beginning of the modern environmental movement, with concerns built primarily around air and water pollution. Of course, the state of the environment has shifted dramatically since then, and while environmental policy has changed a lot in the United States over the past 50 years, biodiversity is in great danger and the climate crisis threatens to make the planet uninhabitable. On the 51st anniversary of Earth Day, world-renowned scholar and public intellectual Noam Chomsky, Institute professor emeritus at Massachusetts Institute of Technology, laureate professor of linguistics and also the Agnese Nelms Haury chair in the Agnese Nelms Haury Program in Environment and Social Justice at the University of Arizona; and leading progressive economist Robert Pollin, distinguished professor of economics and co-director of the Political Economy Research Institute at the University of Massachusetts at Amherst, share their thoughts on the state of planet Earth in this exclusive interview for Truthout.

C.J. Polychroniou: The theme of Earth Day 2021, which first took place in 1970 with the emergence of environmental consciousness in the U.S. during the late 1960s, is "Restore Our Earth." Noam, how would you assess the rate of progress

to save the environment since the first Earth Day?



Noam Chomsky

*Noam Chomsky:* There is some progress, but by no means enough, almost anywhere. Evidence unfortunately abounds. The drift toward disaster proceeds on its inexorable course, more rapidly than rise in general awareness of the severity of the crisis.

To pick an example of the drift toward disaster almost at random from the scientific literature, <u>a study</u> that appeared a few days ago reports that, "Marine life is fleeing the equator to cooler waters — this could trigger a mass extinction event," an eventuality with potentially horrendous consequences.

It's all too easy to document the lack of awareness. One striking illustration, too little noticed, is the dog that didn't bark. There is no end to the denunciations of Trump's misdeeds, but virtual silence about the worst crime in human history: his dedicated race to the abyss of environmental catastrophe, with his party in tow.

They couldn't refrain from administering a last blow just before being driven from office (barely, and perhaps not for long). The final act in August 2020 was to roll back the last of the far-too-limited Obama-era regulations to have escaped the wrecking ball, "effectively freeing oil and gas companies from the need to detect and repair methane leaks — even as new research shows that far more of the potent greenhouse gas is seeping into the atmosphere than previously known ... a gift to many beleaguered oil and gas companies." It is imperative to serve the prime constituency, great wealth and corporate power, damn the consequences.

Indications are that with the rise of oil prices, fracking is reviving, adhering to Trump's deregulation so as to improve profit margins, while again placing a foot on the accelerator to drive humanity over the cliff. An instructive contribution to

impending crisis, minor in context.

Even though we know what must and can be done, the gap between willingness to undertake the task and severity of the crisis ahead is large, and there is not much time to remedy this deep malady of contemporary intellectual and moral culture.

Like the other urgent problems we face today, heating the planet knows no boundaries. The phrase "internationalism or extinction" is not hyperbole. There have been international initiatives, notably the 2015 Paris agreement and its successors. The announced goals have not been met. They are also insufficient and toothless. The goal in Paris was to reach a treaty. That was impossible for the usual reason: the Republican Party. It would never agree to a treaty, even if it had not become a party of rigid deniers.

Accordingly, there was only a voluntary agreement. So it has remained. Worse still, in pursuit of his goal of wrecking everything in reach, the hallmark of his administration, Trump withdrew from the agreement. Without U.S. participation, in fact leadership, nothing is going to happen. President Joe Biden has rejoined. What that means will depend on popular efforts.

I said "had not become" for a reason. The Republican Party was not always dedicated rigidly to destruction of organized human life on Earth; apologies for telling the truth, and not mincing words. In 2008, John McCain ran for president on a ticket that included some concern for destruction of the environment, and congressional Republicans were considering similar ideas. The huge Koch brothers energy consortium had been laboring for years to prevent any such heresy, and moved quickly to cut it off at the past. Under the leadership of the late David Koch, they launched a juggernaut to keep the party on course. It quickly succumbed, and since then has tolerated only rare deviation.

The capitulation, of course, has a major effect on legislative options, but also on the voting base, amplified by the media echo-chamber to which most limit themselves. "Climate change" — the euphemism for destruction of organized human life on Earth — ranks low in concern among Republicans, frighteningly low in fact. In the most recent <a href="Pew poll">Pew poll</a>, just days ago, respondents were asked to rank 15 major problems. Among Republicans, climate change was ranked last, alongside of sexism, far below the front-runners, the federal deficit and illegal immigration. Fourteen percent of Republicans think that the most severe threat in

human history is a major problem (though concerns seem to be somewhat higher among younger ones, an encouraging sign). This must change.

Turning elsewhere, the picture varies but is not very bright anywhere. China is a mixed story. Though far below the U.S., Australia and Canada in per capita emissions — the relevant figure — it nevertheless is poisoning the planet at much too high a level and is still building coal plants. China is far ahead of the rest of the world in renewable energy, both in scale and quality, and has pledged to reach net-zero emissions by 2060 — difficult to imagine at the present pace, but China has had a good record in reaching announced goals. In Canada, the parties have just released their current plans: some commitment but nowhere near enough. That's aside from the terrible record of Canadian mining companies throughout the world. Europe is a mixed story.

The Global South cannot deal with the crisis on its own. To provide substantial assistance is an obligation for the rich, not simply out of concern for their own survival but also a moral obligation, considering an ugly history that we need not review.

Can the wealthy and privileged rise to that moral level? Can they even rise to the level of concern for self-preservation if it means some minor sacrifice now? The fate of human society — and much of the rest of life on Earth — depends on the answer to that question. An answer that will come soon, or not at all.



Prof.dr. Robert Pollin

Bob, in hosting the Earth Day 2021 summit, Biden hopes to persuade the largest emitters to step up their pledges to combat the climate crisis. However, the truth of the matter is that most countries are not hitting the Paris climate targets and the decline in emissions in 2020 was mostly driven by the COVID-19 lockdowns

and the ensuing economic recession. So, how do we move from rhetoric to accelerated action, and, in your own view, what are the priority actions that the Biden administration should focus on in order to initiate a clean energy revolution?

Robert Pollin: In terms of moving from rhetoric to accelerated action, it will be useful to be clear about what was accomplished with the 2015 Paris climate agreement. Noam described the Paris agreement and its successors as "insufficient and toothless." Just how insufficient and toothless becomes evident in considering the energy consumption and CO2 emissions projections generated by the International Energy Agency (IEA), whose global energy and emissions model is the most detailed and widely cited work of its kind. In the most recent 2020 edition of its World Energy Outlook, the IEA estimates that, if all signatory countries to the Paris agreement fulfilled all of their "Nationally Determined Contributions" set out at Paris, global CO2 emissions will not fall at all as of 2040.

It's true that, according to the <u>IEA's model</u>, emissions level will not increase any further from now until 2040. But this should be cold comfort, given that, according to the Intergovernmental Panel on Climate Change (IPCC), CO2 emissions need to fall <u>by 45 percent as of 2030</u> and hit net-zero emissions by 2050 in order for there to be at least a decent chance of stabilizing the global average temperature at 1.5 degrees Celsius above pre-industrial levels. In other words, soaring rhetoric and photo opportunities aside, the Paris agreement accomplishes next to nothing if we are serious about hitting the IPCC emissions reduction targets.

The "American Jobs Plan" that the Biden administration introduced at the end of March does give serious attention to many of the main areas in which immediate dramatic action needs to occur. It sets out a range of measures to move the U.S. economy onto a climate stabilization path, including large-scale investments in energy efficiency measures, such as retrofitting buildings and expanding public transportation, along with investments to dramatically expand the supply of clean energy sources to supplant our current fossil fuel-dominant energy system. Burning oil, coal and natural gas to produce energy is now responsible for about 70 percent of all CO2 emissions globally.

The Biden proposal also emphasizes the opportunity to create good job opportunities and expand union organizing through these investments in energy

efficiency and clean energy. It also recognizes the need for just transition for workers and communities that are now dependent on the fossil fuel industry. These are important positive steps. They resulted because of years of dedicated and effective organizing by many labor and environmental groups, such as the Green New Deal Network and the Labor Network for Sustainability.

I also have serious concerns about the Biden proposal. The first is that the scale of spending is too small. This is despite the constant barrage of press stories claiming that the spending levels are astronomical. During the presidential campaign, Biden's "Build Back Better" proposal was budgeted at \$2 trillion over four years, i.e., \$500 billion per year. His current proposal is at \$2.3 trillion over eight years, i.e., somewhat less than \$300 billion per year. So, on a year-by-year basis, Biden's current proposal is already 40 percent less than what he had proposed as a candidate.

This overall program also includes lots of investment areas other than those dealing with the climate crisis, such as traditional infrastructure spending on roads, bridges and water systems; expanding broadband access; and supporting the care economy, including child and elder care. Many of these other measures are highly worthy. But we need to recognize that they will not contribute to driving down emissions. I would say a generous assessment of the Biden plan is that 30 percent of the spending will contribute to driving down emissions. We now are at a total annual budget of perhaps \$100 billion. That is equal to 0.5 percent of current U.S. GDP.

It is conceivable that this level of federal spending could be in the range of barely adequate. But that would be only if state and local governments, and even more so, private investors — including small-scale cooperatives and community-owned enterprises — commit major resources to clean energy investments. By my own estimates, the U.S. will need to spend in the range of \$600 billion per year in total through 2050 to create a zero-emissions economy. That will be equal to nearly 3 percent of U.S. GDP per year.

But the private sector will not come up with the additional \$400-\$500 billion per year unless they are forced to do so. That will entail, for example, stringent regulations requiring the phase out of fossil fuels as energy sources. As one case in point, utilities could be required to reduce their consumption of coal, natural

gas and oil by, say, 5 percent per year. Their CEOs would then be [held responsible] if they fail to meet that requirement.

At the same time, the Federal Reserve can easily leverage federal spending programs by establishing Green Bond purchasing programs at scale, such as in the range of \$300 billion per year to finance clean energy investments by both state and local governments as well as private investors. Right now, a significant number of Green Bond programs do already exist at state and local government levels, including through Green Banks. These are all worthy, but are operating at too small a scale relative to the need.

Beyond all this, those of us living in high-income countries need to commit to paying for most of the clean energy transformations in low-income countries. This needs to be recognized as a minimal ethical requirement, since high-income countries are almost entirely responsible for having created the climate crisis in the first place. In addition, even if we don't care about such ethical matters, it is simply a fact that, unless the low-income countries also undergo clean energy transformations, there will be no way to achieve a zero-emissions global economy, and therefore no solution to the climate crisis, in the U.S., Europe or anyplace else. The Biden proposal to date includes nothing about supporting climate programs in developing economies. This must change.

Noam, when surveying reactions to whatever environmental gains have been made over the past 50 years, one observes a rather unsurprising pattern, which is, namely, that the right assigns virtually all credit to businessmen and to capitalism, while the left to environmental activists, and contends that the only hope for a greener tomorrow mandates the rejection of capitalist logic. Is capitalism saving or killing the planet?

Chomsky: It's close to a truism that, "capitalist logic will kill the planet." That's one of the many reasons why business has always rejected the suicidal doctrines that are piously preached. Rather, the business world demands that a powerful state, under its control, intervene constantly to protect private power from the ravages of an unconstrained market and to sustain the system of public subsidy, private profit that has been a cornerstone of the economy from the early days of industrial state capitalism....

The only way to answer the question posed is to look at examples. Let's pick a

central one: a Green New Deal. In one or another form, such a program is essential for survival. A few years ago the idea was ignored or ridiculed. Now it is at least on the legislative agenda. How did the transition occur? Overwhelmingly, thanks to wide-ranging activism taking many forms, culminating in the occupation of congressional offices by activists of Sunrise Movement. They received support from representatives swept into office on the Sanders wave of popular activism, notably Rep. Alexandria Ocasio-Cortez, joined by senior Sen. Ed Markey, who had long been concerned with environmental issues.

There's a long way to go from legislative agenda to implementation, but we can be confident that steady and dedicated activism will be a prime factor in carrying the project forward; to be concrete, in pressing Biden's program, itself a product of sustained activism, toward the kinds of policies that are necessary to reach such goals as net-zero emissions by mid-century. The example breaks no new ground. It is, in fact, the norm.

The protestations of the right are, however, not without merit. Given the right structure of benefits and threats, private capital, driven by profit and market share, can be enlisted in pursuing the goal of species survival. That covers contingencies ranging from incentives to invest in solar power to imposing what the private sector calls "reputational risks," the polite term for the fear that the peasants are coming with the pitchforks.

There is an impact. We see it in the current rage for ESG investment (environmental and social factors in corporate government) — all, of course, in service of the bottom line. We also see it in the solemn pledges of corporate executives and business groups to reverse their self-serving course of recent years and to become responsible citizens dedicated to the common good — to become what used to be called "soulful corporations" in an earlier phase of this recurrent performance — which may, on occasion, have an element of sincerity, though always subject to institutional constraints.

Such impacts of popular activism should not be dismissed — while always regarded with due caution. They may induce the search for private gain to veer in a constructive direction — though far too slowly, and only in limited ways. Like it or not, there is no alternative now to large-scale governmental projects. The reference to the New Deal is not out of place.

Whatever the source, the outcome should be welcomed. It's of no slight importance when "More than 300 corporate leaders <u>are asking</u> the Biden administration to nearly double the emission reduction targets set by the Obama administration," including big boys like Google, McDonalds, Walmart.

The choice is not popular activism or managerial decisions, but both. However, a little reflection on time scales, and on the urgency of the crisis, suffices to show that the critical problems must be addressed within the general framework of existing state capitalist institutions. These can and should be radically changed. At the very least, serious moves should be made to escape the grip of predatory financial capital and the rentier economy that impedes the right mixture of growth/de-growth: growth in what is needed, like renewable energy, efficient mass transportation, education, health, research and development, and much more; de-growth where imperative, as in fossil fuel production. But overall, substantial social change, however important for decent survival, is a long-term project.

Bob, certain studies seem to indicate that the climate crisis won't be stopped even if we reduced greenhouse gas emissions to zero. I am compelled therefore to ask you this: Is the climate crisis a race we can actually win?

*Pollin:* I am not a climate scientist, so I am not qualified to answer the question at the first, most critical level of climate science itself. But I can at least comment on some related points.

First, we do know what the IPCC has said about what is needed to have a reasonable chance at climate stabilization — that is, first of all, to cut global CO2 emissions by 45 percent as of 2030 and to reach net-zero emissions by 2050 in order to stabilize the global average temperature at 1.5 degrees Celsius above pre-industrial levels. How are we doing in terms of meeting those goals? The only fair assessment is that, to date, the record is dismal.

I would add here one additional set of observations beyond what we have already described. That is, climate scientists have known about the phenomenon of global warming since the late 19th century. But, as a steady pattern, the average global temperature only began rising above the pre-industrial level in the late 1970s. By the mid-1990s, the average temperature was 0.5 degrees Celsius above the pre-industrial level. As of 2020, we are nearly at 1 degree above the pre-industrial

level. If we follow the pattern of the past 20 years, we will <u>therefore breach</u> the 1.5 degrees threshold by roughly 2040.

What happens if we do breach the 1.5 degrees threshold? I claim no expertise on this, and I think it is fair to say that nobody knows for certain. But we do at least know that the patterns we are already seeing at our current level of warming will only intensify. Thus, the World Meteorological Organizations' provisional 2020 report, "State of the Global Climate" finds that,

"Heavy rain and extensive flooding occurred over large parts of Africa and Asia in 2020. Heavy rain and flooding affected much of the Sahel, the Greater Horn of Africa, the India subcontinent and neighboring areas, China, Korea and Japan, and parts of southeast Asia at various times of the year. Severe drought affected many parts of interior South America in 2020, with the worst-affected areas being northern Argentina, Paraguay and western border areas of Brazil.... Climate and weather events have triggered significant population movements and have severely affected vulnerable people on the move, including in the Pacific region and Central America."

We also know that poor people and poor countries have already borne the greatest costs of the climate crisis, and that this pattern will continue as global average temperatures increase. As the economist James Boyce has written, poor people "are less able to invest in air conditioners, sea walls and other adaptations. They live closer to the edge ... and the places that climate models show will be hit hardest by global warming — including drought-prone regions of sub-Saharan Africa and typhoon-vulnerable South and South East Asia — are home to some of the world's poorest people."

It therefore seems clear that we are obligated to act now on the premise that the climate crisis is a race that we can still win, even if we don't know for certain whether that is true. But in addition, it is important to also recognize that advancing a global Green New Deal is fundamentally a no-lose proposition, as long as it includes generous transition support for fossil fuel-dependent workers and communities. This is because, first, the global clean energy transformation will be a major source of job creation in all regions of the world as well as creating a viable path to building a zero-emissions global economy. It will also significantly improve public health by reducing air pollution, lower energy costs across the board, and create opportunities to deliver electricity to rural areas of low-income countries for the first time.

All of these impacts will also help break the grip that neoliberalism has maintained over the global economy over the past 40 years. If we do end up building a viable clean energy system through a global Green New Deal, we will therefore also succeed in advancing democracy and egalitarianism.

- This interview has been lightly edited for length and clarity.

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C.J. Polychroniou is a political economist/political scientist who has taught and worked in numerous universities and research centers in Europe and the United States. Currently, his main research interests are in European economic integration, globalization, climate change, the political economy of the United States, and the deconstruction of neoliberalism's politico-economic project. He is a regular contributor to Truthout as well as a member of Truthout's Public Intellectual Project. He has published scores of books, and his articles have appeared in a variety of journals, magazines, newspapers and popular news websites. Many of his publications have been translated into several foreign languages, including Arabic, Croatian, Dutch, French, Greek, Italian, Portuguese, Russian, Spanish and Turkish. His latest books are *Optimism Over Despair: Noam* Chomsky On Capitalism, Empire, and Social Change, an anthology of interviews with Chomsky originally published at *Truthout* and collected by Haymarket Books; Climate Crisis and the Global Green New Deal: The Political Economy of Saving the Planet (with Noam Chomsky and Robert Pollin as primary authors); and The Precipice: Neoliberalism, the Pandemic, and the Urgent Need for Radical Change, an anthology of interviews with Chomsky originally published at Truthout and collected by Haymarket Books (scheduled for publication in June 2021).

## Is Saving The Planet Under

### Capitalism Really Possible?



CJ

Polychroniou

C.J. Polychroniou looks at the evidence and wonders if our leaders' ever consider that capitalism is at the core of what's causing life on Earth to vanish.

The theme of the 51st Anniversary of <u>Earth Day</u> is "Restore Our Earth." To be sure, while there has been a growing level of environmental consciousness since the first Earth Day and environmental policies have changed dramatically over the last fifty years, we are really in a race to save the planet.

As things stand, the world now faces two existential crises that threaten organized human life as we know it, and life in general on planet Earth. The first one stems from the continued presence of nuclear weapons. The second one comes from global warming. However, while a nuclear war is actually preventable, we are not sure about global warming.

Allow me to elaborate.

The world has been faced with a threat from a nuclear war since the end of the Second World War. It is an intolerable threat to humanity, and it may just be the case that we have managed so far to avoid a nuclear holocaust by sheer accident. But a nuclear war can be prevented by addressing the sources of conflict and going beyond arms control. We can actually abolish nuclear weapons.

On the other hand, global warming is a certainty. It is already happening. According to the 2020 Global Climate Report from NOAA's National Centers for Environmental Information, the global annual temperature has increased at an average rate of 0.08 degrees Celsius per decade since 1880, but the average rate of increase since 1981 (0.18 degrees Celsius) has been more than twice that rate.

Moreover, the effects of global warming are already present and include excessive heat waves, frequent wildfires, more droughts, greater frequency, intensity and duration of hurricanes, and higher sea levels which will have profound impact on low-lying coastal areas.

The effects of global warming will also be felt most severely on all categories of human movement: displacement, migration, and planned relocation. The data on human movement in the context of the climate emergency is already daunting. The Internal Displacement Monitoring Center (IDMC), which has been compiling data since 2008 on displacement due to natural disasters, estimated that between 2008 and 2019 there were 265 million new displacements associated with disasters such as storms, floods, and wildfires. This figure does not include estimates on displacement related to drought or estimates on migration and planned relocation associated with the climate emergency.

The impact of human migration due to the climate crisis is expected to be simply overwhelming. A report released by the World Bank in 2018 <u>estimates that</u> three regions of the world (Latin America, sub-Saharan Africa, and Southeast Asia) will produce 143 million more environmental migrants by 2050.

Make no mistake, global warming is the defining crisis of our time. Climate change has always happened on planet Earth, but there is overwhelming scientific evidence that the Earth's globally averaged temperature surface temperature has been rising due to anthropogenic factors. According to the Intergovernmental Panel on Climate Change's (IPCC) fifth assessment report, human emissions and activities have caused 100% of the observed increase in temperature since 1950.

Global warming is human-caused and the culprit is industrial capitalism and its addiction to fossil fuels. The burning of fossil fuels (coal, oil, and natural gas) releases carbon dioxide and other greenhouse gases which trap heat in the atmosphere and contribute to temperature increases. Scientists have known for decades how exactly carbon dioxide causes global warming. Nuclear physicist Edward Teller warned the oil industry all the way back in 1959 that its product will end up having a catastrophic impact on human civilization.

Moreover, scientific studies <u>have established</u> a proportional correlation between global mean surface air warming and cumulative carbon dioxide emissions. Unsurprisingly, therefore, the 2010s, in which emissions from greenhouse gases <u>grew faster</u> over this decade than they did over the previous three decades, were the hottest decade.

So the heat is on, yet action to contain global warming has been very slow. At COP 21 in Paris, on December 12, 2015, nearly every nation on earth agreed to

combat global warming by "holding the increase in the global average temperature well below 2 degrees Celsius above pre-industrial levels." This goal is to be attained through substantial cuts in carbon dioxide and other greenhouse gas emissions. However, the Paris Agreement is a toothless climate accord. It lacks an enforcement mechanism and contains very few direct requirements. Most of the countries that signed the Paris Agreement are not on track to meet their pledge, and while some investors move away from coal, new coal-fired plants continue to be built in many parts of the developing world. Indeed, perhaps indicative of all of the above, a recent United Nations Environment Programme report suggests that we are on track for an average temperature rise well above 3 degrees Celsius.

At this stage, while a quick wind-down of fossil fuel production is absolutely critical to slow the rate of global warming, we must accept the fact that the Earth's temperature would continue to rise over the next several decades. At this point, even reducing carbon dioxide and other greenhouse gases to zero won't stop global warming.

Nonetheless, zero emissions is a must if we don't want to see human civilization crumble within a few decades from now – a distinct possibility if we don't take immediate action this decade, according to a <u>policy paper</u> by the Breakthrough National Center for Climate Restoration in Melbourne.

Decarbonizing the world economy is technically and financially feasible. Leading progressive economist Robert Pollin, co-author, with Noam Chomsky, of Climate Crisis and the Global Green New Deal: The Political Economy of Saving the Planet (Verso, 2020) has advanced a detailed Global Green New Deal project which points the way we can shift to clean and renewable energy source, while stimulating growth at the same time, providing millions of new jobs, and making a just transition.

Pollin estimates that it would require committing approximately 2.5 percent of global GDP per year to investment spending in areas designed to improve energy efficiency standards across the board (buildings, automobiles, transportation systems, industrial production processes) and to massively expand the availability of clean energy sources for zero emissions to be realized by 2050. This estimate was recently corroborated by a <u>study released</u> from the International Renewable Energy Agency.

Pollin shows that the financing of a Global Green New Deal can be done through four large-scale funding sources: (1) a carbon tax, with 75 percent of the revenues going back to the public but 25 percent channeled into clean energy investment projects; (2) transfer funds out of military budgets; (3) a Green Bond lending program introduced by the Federal Reserve and the European Central Bank; (4) the elimination of all fossil fuel subsidies and the transfer of 25 percent of those funds into clean energy investments

However, putting an end to the use of fossil fuels and relying instead on clean and renewable sources of energy is not the end of the story in the effort to save the planet. We also need to stop deforestation and embark on afforestation. The most recent data by the Intergovernmental Panel on Climate Change reveals that deforestation alone is responsible for about 12 percent of all greenhouse gas emissions.

Planet Earth is also confronted with a scale of biodiversity loss so great that scientists and conservationists speak of a sixth mass extinction. We are in the midst of witnessing the extinction of up to a million of species (plants and animals). Only five times before in the history of the planet have so many species been lost so quickly. However, the sixth extinction is an unnatural history, as the title and subtitle respectively of a book published by Elizabeth Kolbert in 2014 indicates, in that it is caused by human activities, related primarily to the burning of fossil fuels.

Unsurprisingly, biodiversity agreements have failed thus far to stop biodiversity loss, although by failing to do so humanity risks its <u>own extinction</u>.

As world leaders come together for Earth Day 2021 (April 20-22), allegedly to seek ways to "Restore Our Earth," one wonders if the mere thought that capitalism is at the core of what's causing life on Earth to vanish ever crossed their mind. For, in the end, saving the planet may require even more than ending capitalism's addiction to fossil fuels. It may require an entirely new socioeconomic system, one capable of sustaining the environment and respecting nature along with all life forms in it.

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2021): <a href="https://www.commondreams.org/views/2021/04/18/rescuing-planet-still-po">https://www.commondreams.org/views/2021/04/18/rescuing-planet-still-po</a> ssible-case-global-green-new-deal

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# The Global Economy In The Age Of The Pandemic And Beyond: An Interview With Political Economists Gerald Epstein And Robert Pollin



The global economy experienced a massive contraction in 2020, with the overall global GDP falling by 4.3 percent. Compare that with the 2008 global financial crisis, which triggered a 1.8 drop in global output in 2009, and it's bluntly clear why the Organization for Economic Cooperation and Development (OECD) called the global recession triggered by the pandemic "unprecedented in recent history." Moreover, the World Bank sees a subdued recovery in 2021, while noting simultaneously that "if history is any guide, the global economy is heading for a decade of growth disappointments unless policy makers

put in place comprehensive reforms." In addition, there are stern warnings from major establishment institutions about the impact of climate change on financial and economic activity that makes one wonder what the future holds for global development and prosperity.

With the above in mind, one needs to ask the following: Why did the ramifications of the CPVID-19 pandemic end up being so great and with far wider reaching

effects than any other previous recession? Indeed, in what ways did the pandemic change the world? Moreover, did policymakers utilize all of the tools available to them to diminish the scope of the recession? And what should be done to ensure that economic recovery is steady and sustainable in the post-pandemic era?

In an interview below with C. J. Polychroniou, leading political economists Gerald Epstein and Robert Pollin shed considerable light on the above questions. Gerald Epstein is Professor of Economics and Co-Director of the Political Economy Institute at the University of Massachusetts at Amherst; Robert Pollin is Distinguished Professor of Economics and Co-Director of the Political Economy Institute at the University of Massachusetts at Amherst.

C. J. Polychroniou: The outbreak of the coronavirus pandemic caused a massive contraction of global economic activity. In what ways is the Covid-19 induced recession different from previous ones, including the 2008 global financial crisis, and how did it change the world?



Prof.dr. Robert Pollin

Robert Pollin: If we consider the roughly 90-year period from the 1929 Wall Street collapse to the present, it is certainly the case that our current COVID-19-induced recession has been unique. To begin with, it is the only recession that was caused by a public health pandemic. Of course, previous recessions did also have triggering events—for example, the collapse of speculative financial bubbles both in 1929 and 2007 and the near-doubling of global oil prices both in 1973 and again in 1979. But these previous economic "shocks" were occurring within the operations of the economic system, not the public health system.

The public health shock in 2020 produced a cascade of other impacts that were also unique. One was that the speed and intensity of the economic downturn was

unprecedented, even relative to the months immediately after the October 1929 Wall Street crash, which ushered in the 1930s Great Depression. Focusing for the moment on the United States, the number of people who lost their jobs and filed for unemployment insurance went from 256,000 in the week of March 14, 2020 to 2.9 million, the following week of March 21, an 11-fold increase. Two weeks later, in the week of April 4, the number of people filing for unemployment insurance spiked still higher, to 6.1 million people. That was a 24-fold increase in the threeweek period between mid-March and early April. Over the full year since the onset of the pandemic, 78 million people have applied to receive unemployment insurance. That is approximately half of the entire U.S. workforce. Moreover, these figures do not include the millions of people who lost their jobs but did not either qualify for unemployment insurance, or didn't apply for whatever reason. It also doesn't take account of the 8 million people who dropped out of the labor force within a matter of two months only, between February and April 2020. Remember that the U.S. experienced this magnitude of job losses over the year since the COVID outbreak despite the federal government mounting stimulus programs in March and December of 2020 amounting to about \$3 trillion (14 percent of U.S. GDP) and the Federal Reserve bailing out Wall Street with another \$3 trillion in bond purchases.

The European economies did not experience such severe spikes in unemployment. For the 27-country European Union, unemployment did rise, but only from 6.5 percent in February 2020 to a peak of 7.8 percent in September, before returning to 7.3 percent as of January 2021. This is despite the fact that the collapse in economic activity (as measured by GDP) was nearly as bad. Job losses weren't as severe in Europe because several of the countries, including Germany, the UK, Ireland, and Denmark operated with work-sharing programs. With work sharing, workers are able to retain their jobs, while moving onto part-time schedules consistent with the decline in their employers' revenue. For example, if the restaurant industry experienced a 36 percent decline in revenue, the businesses did not lay off 36 percent, or thereabouts, of its work force. It rather retained its workforce, but moved the workers onto roughly two-thirds time schedules. The employers then paid workers for two-thirds of their normal pay, while the government work-sharing program covered the remaining one-third. Congresswoman Pramila Jayapal, the head of the House Democratic Caucus, proposed such a program for the U.S., but her proposal went nowhere.

Latin America, sub-Saharan Africa, and India all experienced severe economic collapse during 2020. The expectation is that their recoveries will be slow and halting. This is first of all because, unlike the U.S. or Europe they don't have the financial resources to mount major economic stimulus programs. They also haven't been provided supplies of COVID vaccines at anywhere near the rate as the U.S. or even most of Europe. This is due to the pharmaceutical multinationals hoarding their vaccine patents rather than pushing out the vaccines as quickly as possible to all regions of the world, regardless of any country's capacity to pay for them.

How long it will take to move the global economy onto a sustainable recovery path will depend, first of all, on how quickly inoculations become universal. Right now, it's clear that protecting the profits of the pharma multinationals is taking priority over the health of the global population and an economic recovery.

C. J. Polychroniou: There is broad consensus that central banks can play a crucial role in supporting economic recovery. Did central banks respond to the Covid-19 pandemic as effectively as they could have? In other words, did they exhaust all of the available policy tools? And, if so, do they need new ones to combat the next economic downturn?



Prof.dr. Gerald Epstein

*Gerald Epstein:* The Covid-19 pandemic has had devastating impacts on the lives and livelihoods of millions of people around the globe. But for the wealthy, and for finance in particular, things have been mostly just fine.

The clearest picture of this contrast appears if one juxtaposes the global unemployment rate with the stock market we have experienced since the outbreak began in February 2020. As the pandemic took off in the Spring of 2020,

global stock markets first crashed, and then, by the summer, started their gravity defying ascent. Meanwhile, the global deaths from the pandemic (or unemployment) have jumped and kept growing.

What accounts for this grotesque divergence? One key explanation is the massive financial intervention undertaken by the Federal Reserve (Fed), European Central Bank (ECB), Bank of England (BOE), and other central banks around the globe. When the pandemic first spread to Italy and then was announced by the World Health Organization (WHO) in February/March, panic gripped the global financial markets and these financial authorities immediately and massively stepped in. This enormous intervention led to a quick and remarkable recovery in global financial market activity and re-energized the "animal spirits" of stock market investors. But these interventions were much less favorable to workers, small businesses, and state and local/municipal governments, who were either more slowly helped by central government programs (in some countries) or not much at all (in others).

The intervention by the world's major central banks was swift and powerful, much more so than with the Global Financial Crisis of 2007. In late January, 2020, word spread that the Covid-19 epidemic broke out into the open in Wuhan China, but it wasn't until early February that it was clear that the virus was going to spread beyond China. On February 21, 2020, Italy announced a lockdown in the northern part of the country and then the global financial markets began to fall, and panic soon ensued. Immediately there was a flight to safety, with banks, hedge funds, stock market investors and others selling off their financial assets and buying "safe assets" notably US Treasury securities, German government securities (bunds) and the like. But when price movements and costs in these usually "safe" assets began to go haywire, financial institutions and wealthy investors began a desperate search for cash, in which they tried to liquidate these safe assets and bought the shortest term government assets and held cash assets in major banks. During this period, the corporate bond market experienced major distress as investors worried about the shut-down effects on corporate profits and cash flow, and the ratings agencies began downgrading these corporate securities. In the US, the municipal bond markets were also hit hard around the same time. In turn, the Fed, Bank of England (BOE) and the European Central Bank (ECB) massively intervened in financial markets, lowering interest rates close to zero, buying trillions of dollars of government bonds and other financial assets, and then creating special lending facilities to prevent bankruptcies, liquidity crises and asset fire sales in various financial markets around the world. In the Covid Panic, the Federal Reserve and other major central banks used many of the same tools during the Covid Crisis, as they had used to stabilize and bail-out the financial markets during the GFC, but they also created some new facilities to deal with problems in the financial markets.

Early on, the Fed moved into uncharted territories, attempting to bail-out the corporate bond markets, including junk bonds, where prices were falling and liquidity was drying up. The Fed also established a special facility to help corporations secure loans as their revenues were drying up in another action to serve as an International Lender of Last Resort, through various international lending facilities for the US dollar.

The Fed then broadened beyond the financial markets per se. On April 9th, the Fed, with capital infusions from the Treasury Department, established new facilities designed to help a variety of other economic sectors and groups. These included, the Paycheck Protection Program Liquidity Facility, the Main Street Lending Facility, the Municipal Liquidity Facility; and at this same time, the Fed expanded the amount and duration of several previously created facilities. Over the next several months, through the Summer of 2020, the Fed expanded on a number of these facilities, and loosened various restrictions and requirements as Congress and various groups pushed from broader access.

As an overall summary assessment of the Fed's response, it is important to note that the policies that were oriented toward supporting the financial institutions, corporate bond issues and buyers, and the financial markets more generally were much larger and operated much more smoothly than did the special facilities oriented to small business, workers, and state and local governments. Part of this divergence may be due to the novelty of these latter facilities. But the problems also stemmed from the restrictions and administrative structures connected to some of these facilities. Take for example the Municipal Liquidity Facility, designed to offer credit for cash strapped state and local governments. This facility was established with paid up capital from the Treasury and with authorization to lend up to \$450 billion to state and local governments. Yet, only around \$6 billion was borrowed. The main reasons this facility was so underutilized was that the interest rate charged by the Fed for borrowing was too high

for most borrowers and the term of the loan was typically too short to make the borrowing worthwhile. It was almost as if the facility were designed to be underused.

Perhaps the most important initiative taken by the Fed and other central banks in terms of their positive impacts on the majority of people was the financial support given to the large government spending programs that have helped to cushion the devastating blows of the Coronavirus and shutdowns. By keeping interest rates low and buying government bonds, the Federal Reserve has reduced the burden of government debt and reduced the stresses associated with large scale government spending and borrowing. So while many of the Fed's actions simply propped up the financial markets and the risky activities of major financial institutions, the support of fiscal spending by governments has been very productive.

Financiers and some economists have decried the "threat to Central Bank independence" they believe such fiscal support entails. But what they are really worried about is that the central banks are supporting the needs of the broader economy, rather than the Wall Streets of the world, which is what the typical "independent" *central bank is wont to do*.

*C. J. Polychroniou:* US-China trade relations experienced much turmoil during the Trump presidency. Can we estimate what has been the impact of the US-China war trade on global growth, and whether we will see a positive turnaround with Biden in the White House?

Robert Pollin: I think it is more constructive to think about US-China trade relations from a different starting point. In my view, the first question to ask is why, for the past 40 years, China has been enormously successful in exporting manufactured products to the high-income countries? The main reason is straightforward: they are producing goods that people in high-income countries want to buy. This is due both to the combination of relatively low cost and high quality of Chinese manufactured goods.

Moreover, whatever else one might say, good or bad, about China's success as an export powerhouse since the early 1980s (and there are lots of good and bad things to say), we need to recognize that it has been the single most important factor lifting more people out of destitution than any other event in human

history. Thus, as of 1975, average per capita income in China was \$323 (expressed in 2019 U.S. dollars). That is equal to 88 cents per day. By 2019, average per capita income had risen to \$9,783, or \$26.80 per day. This is a 30-fold increase in average living standards for a population of 1.4 billion people, 18 percent of the world's population.

By now, it should also be clear that China isn't just selling t-shirts, toys and kitchenware to the high-income countries. We now have the spectacular case of Chinese solar panel production. Just since 2010, the average global cost of generating electricity from solar photovoltaic panels has fallen by 82 percent, from 38 to 7 cents per kilowatt hour. This is due <u>almost entirely to innovations</u> in China's solar manufacturing industry.

China's success as an exporter is largely the result of the aggressive industrial policies to which they have been committed, including government subsidies for exporting firms as well as heavy commitments to research and development. China does also keep labor costs low through aggressive repression of an independent labor movement. But China's economy could now flourish on a foundation of rising wages and living standards for the working class. The country would then depend increasingly on the expansion of its own domestic markets as opposed to remaining so heavily dependent on exports. Transitioning China into a higher-wage economy will then also lead to relaxed trade tensions with the US and other high-income countries.

That said, if the US under Biden wants to start vying with China to produce more efficient and cheaper solar panels, I say let the competition begin. In terms of advancing a viable global climate stabilization project, in which we, first and foremost, stop burning oil, coal and natural gas to produce energy and build a renewable energy-dominant global energy infrastructure, there is nothing that could be more beneficial than to deliver solar energy that is universally cheap and abundant, whether the panels are produced in China, the US or elsewhere.

C. J. Polychroniou: A few months ago, the Commodity Futures Trading Commission issued a report titled "Managing Climate Risk in the U.S. Financial System", in which it states that "climate change poses a major risk to the stability of the US financial system and to its ability to sustain the American economy." A similar report issued by the Bank of England, titled "Climate change: what are the risk to financial stability?", also sent stern warning to policymakers on the impact

of climate change on the financial system, especially on the banking and insurance sectors. Furthermore, Governor Lael Brainard of the Federal Reserve Board, in a speech titled "Why climate Change Matters for Monetary Policy and Financial Stability", made also a few months ago, even warned about the implications of climate change on monetary policy.

With the above in mind, firstly, what exactly is the relationship between climate change, financial stability, and monetary policy, and, secondly, what are the specific risks that climate change poses to global banking and the financial system?

Gerald Epstein: The fact that major central banks and other financial regulatory agencies are finally paying some attention to the climate emergency is both welcome and profoundly troubling. It is welcome, of course, because these institutions have enormous power to help address the climate crisis that humanity faces. It is profoundly troubling for at least two reasons: first, because it is so late in the game. The United Nations' Rio Earth Summit was held in 1992, and it has taken almost thirty years for these central banks and other financial institutions to engage with this existential threat. And, second, it is troubling because, so far at least, the central banks' approach to the problem is so narrow and so limited. As your question indicates, the Bank of England's (BOE), European Central Bank (ECB's) and Federal Reserve's (Fed's) focus, thus far, has been on the impacts of climate change on financial stability - period. They have not expressed an explicit concern for the many other economic aspects which climate change is likely to impact and which are actually under their purview: fundamental macroeconomic issues such as unemployment, inflation and economic growth. As Bob Pollin has explained and elaborated in great detail in his work, climate change, if left to itself, will cause enormous economic damage - droughts will lead to famines; rising sea waters will flood coastal cities; forest fires will worsen; extreme weather will get more frequent and more extreme.

It is profoundly naïve, if not malpractice, for central bankers to act as if they believe that these disruptions will not impact inflation (think food shortages) or unemployment (think hurricanes, forest fires, water shortage and coastal flooding), or reduce economic growth (all of the above). The mandate of the European Central Bank is to control inflation. The mandate for the Federal Reserve to maintain price stability and high employment, along with a concern for financial stability. The Bank of England also has multiple objectives in its

mandate.

Thus, it seems almost disingenuous for the central banks to suggest that the only climate related concern they might have is to monitor its impact on financial risk. Having said that, there are significant financial risks that can come from the climate crisis. The first comes from issues I have already mentioned and impact the insurance companies. Fires, coastal flooding, hurricane all damage property. If insurance companies don't properly price and ration their insurance in the face of these risks, then they could be hit by significant shocks. This is made more likely by the fact that there is so much uncertainty surrounding the impacts of climate change on these factors. Second, bank lending and investments in areas impacted by climate change, and other financial bets that banks place in these sectors, such as those associated with derivatives and other complex asset structures, are subject to these risks. And finally, there are the risks associated with investing in and lending to the fossil fuel companies, whose prospects are likely to be limited by government policies designed to keep these fuels "in the ground" thereby creating trillions of dollars of "stranded assets."

Just as central banks and other financial regulators are supposed to monitor banks and other financial institutions for the risks embedded in their balance sheets from, for example the business cycle ("macro-prudential" risks), so they should try to assess the risks associated with climate change, which is a fact of life probably even more destructive than the business cycle.

And just as central banks have the authority to require that banks raise more capital to hold against their business cycle risk, they should have the authority to raise capital against climate related risks connected to the companies or geographical locations they lend to. In fact, in line with international practices (the so-called Basel Accords) it would make sense to require higher capital ratios for bank lending to fossil fuel companies considering the major global macroeconomic risks and costs they are imposing.

In addition, the ECB has been criticized by Greenpeace and other groups for buying financial assets issued by fossil fuel related companies. Subsidizing such companies by buying their assets is moving in exactly the wrong macroeconomic direction. Central banks should be going in the other direction. Bob Pollin and others have proposed that central banks buy "Green Bonds" to help finance the green transition rather than "Brown Bonds" that finance destructive climate

change.

Will central banks do more? It's hard to say. It is not just inertia that is holding back the central banks. The fossil fuel companies and their political supporters are launching counterattacks against "green" efforts by central banks and other financial institutions, weak as they are. When some large US banks, under pressure from environmental groups, pledged to reduce their lending to fossil fuel companies, the Trump appointed Acting Chair of the Office of the Comptroller of the Currency (OCC) proposed a new rule that states that "decisions by banks to not serve a specific customer should be based on individual risks, rather than a categorical exclusion." It is calling the new rule to protect fossil fuel companies as "a measure to ensure fair access to financing" (Rachel Frazin, The Hill, 11/20/20). Along the same lines, Energy Secretary Dan Brouillete compared some banks refusal to finance Arctic drilling to "redlining", a practice that banks widely used to write mortgages for African Americans (ibid). When the Federal Reserve decided to join a consortium of central bankers working on climate change issues, the "Network for Greening the Financial System (NGFS) which includes 75 central banks, worldwide, 47 Republican lawmakers wrote a letter to the Fed condemning their decision. (Frazin, The Hill, 12/10/20). They also opposed the Fed using "stress tests" that include climate risks facing banks.

Similar opposition has come in response to the proposed actions by the ECB to consider refraining bond purchases from fossil fuel companies. Jens Weidman, head of Germany's central bank wrote that "it is not up to us to correct market distortions and political actions or omissions". (Martin Arnold, Financial Times, December 15, 2020).

In short, the central banks of the world, especially the Federal Reserve and other rich country central banks that issue global hard currencies, must do more to help reduce the greatest macroeconomic threat our countries and the world face. Limiting their focus to "identifying" "financial stability threats" though a tiny step in the right direction, is ultimately just a face-saving cover for failure to address the politically controversial macroeconomic crisis we face from the climate emergency.

*C. J. Polychroniou:* A Global Green New Deal is an economic policy strategy that, according to its advocates, can ensure not simply economic recovery but secure prospects for the emergence of an environmentally sustainable and equitable

global economy. Bob, you have been at the forefront of the struggle for the transition to a green economy for more than a decade, and have produced scores of commissioned studies on the Green New Deal for various states in the US and countries around the world, so I have to ask you this two-fold question: what are the tangible benefits of the Global Green New Deal for economic development and prosperity, and what's holding us back from moving away from the fossil fuel economy?

Robert Pollin: The Global Green New Deal first of all means building a new global energy infrastructure on the foundation of high efficiency and clean renewable energy sources, such as the low-cost solar panels now coming out of China. This will create an opportunity to drive carbon dioxide emissions down to zero, which is the first necessary step towards moving onto a viable climate stabilization path. Investing to build the new clean energy infrastructure will, in turn, be a major source of job creation in all regions of the world. It will also mean cheaper energy everywhere. Raising efficiency standards by definition means that it takes less energy to, say, heat, light, and cool buildings or to commute to work or school. We have seen how cheap solar energy has become over the past decade (thanks to China), with the prospects favorable for still more significant cost reductions forthcoming. This will make solar energy much cheaper than fossil fuels, even without factoring in any subsidies, or the benefits of climate stabilization and cleaner air.

The first thing holding us back from advancing the Global Green New Deal is the most obvious. That is the losses that would be faced by the fossil fuel companies. According to the most recent careful work by Tyler Hansen, fossil fuel companies would lose about \$13 - \$15 trillion through not being able to sell the oil, natural gas and coal that they own and plan to sell at a profit.[1] Of that total, about \$3 trillion in losses would be absorbed by private corporations like Exxon/Mobil, Royal Dutch Shell, and British Petroleum, while publicly-owned, government-run companies, like Saudi Aramco, Gazprom in Russia, Petroleos de Venezuela and Petrobras in Brazil would absorb the other \$10 trillion in losses. It is critical to recognize here that while \$13 trillion in losses sounds astronomically large, it is actually quite manageable within the context of the overall global financial market. Assume that these fossil fuel assets decline to zero value over the next 20 years. That means average overall losses of \$650 billion per year for all the public and private companies. These losses would be occurring within the

framework of a global financial market whose total assets amounted to \$317 trillion as of 2019. The annual average losses from phasing out the fossil fuel industry would therefore equal about 0.2 percent of the overall market in its current size.

The other thing holding back the Global Green New Deal is the impact that this program would have on workers and communities that are now dependent on the fossil fuel industry. The losses for these specific workers and communities will be real and significant. We should therefore not be surprised that, for the most part, they are resistant to change. The only solution here is to insist that these workers and communities are provided with generous transition support as the fossil fuel industry phases out. For workers, this means that their pensions will be guaranteed, and they will have the right to a new job at their existing pay levels. As needed, they should also be provided with retraining and relocation support. For the communities, it means investments in reclaiming and repurposing the land now used for fossil fuel extraction and production. Locating new clean energy investment projects in these fossil fuel-dependent regions is one important opportunity that will become increasingly available as the Global Green New Deal advances.

#### Note:

- [1] Tyler Hansen (2021) "Stranded Assets and Reduced Profits: Analyzing the Economic Underpinnings of the Fossil Fuel Industry's Resistance to Climate Stabilization," manuscript in progress, Department of Economics, University of Massachusetts Amherst.
- C. J. Polychroniou is a political scientist/political economist who has taught at numerous universities in Europe and the United States and has also worked at various research centers. He holds a PhD in Political Science from the University of Delaware and is author/editor of several books, including Marxist Perspectives on Imperialism (1991), Perspectives and Issues in International Political Economy (1992), Socialism: Crisis and Renewal (1993), Discourse on Globalization and Democracy: Conversations With Leading Scholars of Our Time (in Greek, 2001) and hundreds of articles and essays, many of which have been translated into scores of foreign languages. His latest book is a collection of interviews with Noam Chomsky titled Optimism Over Despair: On Capitalism, Empire, and Social Change (Haymarket Books, 2017).