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## Greening the State for a Sustainable Political Economy<sup>1</sup>

Martin P.A. Craig

The state has returned to the forefront of the field of environmental politics, having until recently been considered something of a quaint research interest in an era of ‘transnational governance’, market environmentalism and green social movements. A large and growing literature is charting the ways in which state power is orientating to and accommodating ecological objectives, and debating whether and how the capitalist state-forms of the unsustainable present might catalyse the emergence of sustainable social models (e.g. Duit et al, 2016; Lim and Duit, 2017; Mol, 2016; Eckersley, 2004; Bäckstrand, K. and Kronsell, A., 2015; Meadowcroft, 2012; Paterson, 2016).

The return of the state as an object of inquiry in the field has coincided with a decidedly ambiguous moment in states’ integration of ecological functions and their efforts to combat ecological crisis. Public policy exercised at the domestic and international levels lies behind some of the major successes of recent years, including the highly symbolic Paris climate agreement, the rise in renewables investment and the collapsing price of renewable energy plant and production costs, and the stalling growth of carbon emissions between 2014 and 2016 (REN21, 2017; IRENA, 2017; IEA, 2016). Yet ecological degradation continues apace throughout the world, and everywhere the tensions between states’ institutionalised functions and the goal of sustainability are apparent. Financial and institutional capacity is declining as states strive to re-establish profitable models of capital accumulation and economic growth (Mol, 2016). Attempts to confront the beneficiaries of the unsustainable status quo directly through environmental taxes and pricing mechanisms continue to produce inadequate results (High-Level Commission on Carbon Prices, 2016), whilst all the while states continue to channel public funds into subsidies for environmentally harmful practices and technologies (IEA, 2017). The state remains – as it ever was – a paradoxical force both *for and against* ecological crisis, making the question of whether and how the state might be ‘greened’ one of considerable urgency.

The question is a profoundly political-economic one, raising as it does issues of institutional stasis and transformation, ideology, resource allocation and distributional justice and, at the root of it all, the capacity to promote or frustrate social change. The papers in this section all approach the environmental state research programme from a political-economic perspective that foregrounds the relationship between state and the broader political-economic model in which it is situated. They originated in a workshop organised by the Author on behalf of the Sheffield Political Economy Research Institute in September 2016, which explored the contributions that political economists might make to understanding sustainability in the contemporary capitalist moment. The present papers explore different aspects of a question that arose at the workshop: under what conditions might the state become a force for sustainability, and what opportunities and barriers are presented by contemporary political and economic institutions for bringing these conditions about? In addressing this question, they develop a range of conceptual, empirical, methodological and research-programmatic insights.

A core political-economic insight shared by all of the papers is the historical contingency of GDP growth as an overriding policy priority of states – far from inevitable, it reflects particular historical,

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<sup>1</sup> This special section emerged from discussions held at a workshop jointly hosted by the Sheffield Political Economy Research Institute and the Sheffield Grantham Centre for Sustainable Futures, entitled ‘Towards an Ecological Political Economy of Contemporary Capitalism’.

social and ideological circumstances. Yet if infinite growth on a finite planet is rejected as a workable goal, one is obliged to ask what form and functions the state might take on within a sustainable political-economic model? One of the most developed treatments of this question is Robyn Eckersley's (2004) account of the 'green state', a concept which serves both as a normative ideal and a potential state form which could emerge from the historical development of the state thus far. It is the critical appraisal of this conceptualisation with which Dan Bailey's paper is concerned. He highlights what he deems to be a crucial practical tension – a 'trilemma' – at its heart. After establishing that the functions of such a state would include the orchestration of a post-growth political-economic model and a greatly expanded, synergistic set of environmental and welfare functions, he questions whether a green state could reconcile these two conditions with its own financial viability insofar as it remains financially dependent upon the proceeds of private capital accumulation (the third horn of the trilemma). Bailey maintains that only two of these conditions may be accomplished at any one time within a capitalist political economy. The only way to evade this logic, he argues, is to change the 'rules of the game' by rejecting the private capital accumulation as the means of state finance, moving instead towards one in which state activities are financed by other means. Having framed the problem thus, he explores whether the re-politicisation and re-institutionalisation of certain capitalist norms – namely the creation of money and the legitimacy of debt relations – could provide the political-economic structure capable of supporting the edifice that Eckersley proposes.

Where Bailey looks to the future John Barry looks instead to the past, asking how undifferentiated GDP growth became a core state imperative and the common-sense objective of movements and parties of the right and the left. He exposes this outcome as the result of certain historical contingencies which have enabled the political elites of liberal capitalist states to secure legitimacy, social stability, and to maintain a coherent military alliance during the cold war period. The construction of GDP as a selective measure of national economic output reflected these conditions, privileging certain kinds of economic activity as socially useful whilst excluding others and thereby establishing the quantity rather than the quality of growth as the legitimate object of economic governance. Alternative and more ecologically attuned possibilities were concomitantly pushed out of the realm of the politically imaginable. The subsequent design of state, industrial and consumption institutions around this goal has – Barry argues – generated large constituencies for GDP growth which reinforce its centrality as a core state imperative.

Whilst Bailey is concerned with the conditions and contradictions of as yet unrealised post-growth political economies and states and Barry with the conditions that gave rise to GDP-growth as a core state imperative, Martin Craig's focus is the on the strategic terrain of the state transformation in the growth-centred status quo. He argues that the financial dependence of the state on private capital accumulation – and therefore GDP growth – is likely to endure in the medium term, and so asks what barriers exist to the orchestration of 'greener' models of capitalist accumulation and GDP growth. Such a stance entails the articulation by state managers of a 'green development strategy' – the cultivation of new patterns of supply and demand capable of sustaining capital accumulation, employment and state functions whilst minimising ecological impacts of capitalist growth. Taking the British state as his example, Craig urges a disaggregated conceptualisation of the state which views it as a bundle of competing power centres whose cultures, objectives and priorities are often at odds with one another. Taking the historical antipathy of the British Treasury towards interventionist industrial strategies as a case study, he shows how the privileging of Treasury priorities in the institutional structure of the British state ('Treasury control') has often proven fatal to the kinds of state institutions necessary to move beyond the ecologically destructive status quo, instead

reinforcing the repair of Britain's dysfunctional financialised model of accumulation. Amending this entails a fuller understanding of the formation and ordering of Treasury policy priorities. He concludes that detailed country-specific analysis attentive to the specificity of national political economic institutions and developmental trajectories is necessary to identify the strategic opportunities and barriers to accumulation model greening.

Robyn Eckersley builds on the theme of the strategic potentials and pitfalls of the status quo, offering a set of methodological and research-programmatic reflections. She critically reflects upon the common themes and tensions of the previous three articles to illustrate the necessity and form of what she calls a 'critical problem-solving' perspective, a feature she regards as sorely lacking in a literature divided over the questions around GDP growth and its alternatives in the greening of the state. She illustrates this unhelpful dichotomy through Cox's venerable (1981) distinction between 'critical' and 'problem solving' theory (the former being a critique of extant social structures and a normative call for their transformation, the latter provisionally accepting such structures and emphasising the identification of such iterative improvements as they allow), before challenging the very terms of the dichotomy. Critical theories, she argues, name important and contestable aspects of the status quo, expose their contingent ideological and historical underpinnings, and establish normative goals for social transformation. Yet in their dismissal of the status quo they frequently lack an analysis of how to navigate from 'here' to 'there'. Moreover, the binary tends to produce a counter-productive hostility towards even articulating such questions. By contrast, Eckersley argues that it is both conceivable and desirable for analysts with critical and transformative intent to provisionally 'bracket' aspects of the status quo in order to better identify the potential and conditions for their transformation. Finding elements of both forms of analysis running within and between the three prior papers, she urges a recalibration of environmental state research around the question of how legitimacy and traction for state greening and political-economic transformation can be built within and through a context structured by contrary growth-centred social institutions.

Taken together, these papers constitute an exemplar of the important synergies between political economy and the emerging field of the state in environmental politics, and the kinds of insights that be gleaned through them. Implicitly and explicitly at play in the contributions are numerous of conceptual, methodological and empirical themes that are immediately recognisable to readers of this journals, among them the social conditions of institutional stasis, evolution and transformation; the political and ideological bases of path-dependencies; the relationship between normative and analytical perspectives; and, not least, the nature and relative autonomy of the state in relation to the broader web of institutions that constitute national and international political economies. They offered in the hope that they will generate further productive engagement at the nexus of the two fields, as well as further enticing political economists to bring their insights to bear on the study of ecological crisis – a crisis which, by any measure, constitutes the defining issue political economy question of our epoch.

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