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# Economic crisis, long waves and the sustainability transition: An African perspective

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### ABSTRACT

To make sense of the global crisis and a possible transition, many re-interpret the past as a set of successive long-term development cycles that could repeat in future. At the same time environmental pressures have resulted in the notion of a green economy. It is argued that the current global economic crisis simultaneously marks the end of the post-WWII long-term development cycle, the mid-point of the information age and potentially the start of a new era of sustainable development. It must be recognised that only certain futures are being imagined with Africa's options largely ignored. As African growth rates rise as demand for its resources increase, it is necessary to question whether Africa is appropriately positioned to take advantage of the next long-term development. The new discourse of 'resource nationalism' is promising, but only if governance modalities can be found that can transcend the resource curse.

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## 1. Introduction

The two related but distinct features of the post-2007 global economic crisis have been the persistence of debt-driven recessionary conditions in Europe and North America, and the rise of the so-called 'BRICS-plus' economies in Asia, Africa and Latin America. Excluding South Africa, African economies in particular hardly felt the impact of the recession with most of the key economies continuing to experience average economic growth rates not seen since the 1960s. At the same time, a growing body of popular and academic literature has turned to long-wave theory to contextualise the crisis and predict

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the system dynamics of possible future trajectories of transition. While long-wave theory certainly helps to overcome the problem of seeing the crisis as a surprising accident that will soon be rectified by rational economic policy interventions, it suffers from a tendency to focus on global logics that are presumed to apply to all regions thus ignoring the specificities of regional dynamics. Both angles are needed: a sense of longer-run historical trajectories and appreciation of regional specificities.

This paper engages the growing literature on sustainability transitions and long-wave theory from a 'global South' perspective. It will be argued that the persistence of the global economic crisis can be attributed to a 'blocked transition' caused by the failure to dislodge the hegemony of finance capital and break the 'carbon lock-in'. A transition will most likely only emerge when the following conditions are in place: finance capital has been disciplined; the digitization of production and consumption is further extended under the leadership of productive capital; and the installation of the 'green-tech' revolution driven by finance capital is accelerated in response to deepening ecological crises. This perspective is then applied to two discussions: the 'green economy' proposals that have emanated from several agencies and the call by the United Nations Conference on Trade and Development (UNCTAD) for the "sustainable structural transformation" of African economies. Both applications confirm that a balance is needed between an understanding of long-wave perspectives and analyses of regional specificities.

In Section 2 the current global economic crisis is defined as a 'polycrisis' that can, in turn, be usefully understood from the perspective of long waves of historical development across different temporal scales. Section 3 describes the primary socio-metabolic transitions – the agricultural and industrial revolutions – in order to propose a template for thinking about what may turn out to be the 'green-tech revolution'. Section 4 describes the dynamics and modalities of technological revolutions and argues that we may be moving into a new phase of global development that is driven by both the deployment phase of the Information Age and the installation phase of the green-tech revolution. Section 5 takes this argument further by suggesting that the post-World War II period ending in the economic contraction of 2009 can be seen as a long-term global development cycle that has now come to an end. The next cycle will not only be shaped by the usual financial and economic drivers but also now by ecological drivers. Section 6 then applies this conceptual framework to an understanding of the emerging green economy discourse. Whereas Germany, South Korea and China may be emerging leaders of the emerging green-tech revolution, in Section 7 Africa's options are reconsidered in order to highlight the significance of regional specificities non-aligned with more dominant trajectories in the rest of the world. Section 8 provides a conclusion that poses some key questions for future research.

## 2. Rethinking the polycrisis from a long-wave perspective

The global economic crisis has generated a new literature that draws on long-wave theory to re-imagine present and future landscapes. They represent what Geels (2010) would refer to as clusters of discursive and cultural ontologies of probable futures. These include consultant's advisories and popular literature aimed at business audiences (Allianz Global Investors, 2010; Bradfield-Moody and Nogrady, 2010; Rifkin, 2011); the policy-oriented research-based literature generated from a variety of academic, UN, advisory and consulting agencies (Hargroves and Smith, 2005; McKinsey Global Institute, 2011; Smith et al., 2010; Stern, 2007; United Nations, 2011; Von Weizsacker et al., 2009) and the theory-laden academic literature (Gore, 2010; Pearson and Foxon, 2012; Perez, 2009, 2010b; Swilling and Annecke, 2012). These texts have all to a greater or lesser extent drawn on a tradition (originating in the works of Kondratieff and Schumpeter<sup>1</sup>) that depicts economic history in terms of a succession of long-term waves or cycles of economic development lasting between 40 and 60 years (for useful overviews of the main schools of long-wave – or what Foxon calls 'co-evolutionary' – thinking see Foxon, 2011; Köhler, 2012).<sup>2</sup>

<sup>1</sup> See Kondratieff (1935) and Schumpeter (1939).

<sup>2</sup> What is left out of this review are long-wave perspectives originating in evolutionary economics that do not include a reference to ecological cycles – a perspective originating in Nelson and Winter (1982) and expressed at a popular level in many references within business circles to supercycles – see report from global banking firm Standard Chartered (Standard Chartered, 2010).

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