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Livelihoods, Sustainability and Capitalism: an Impossible Combination?

A Critique of the Sustainable Livelihoods Approach

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Scoones(1998)provides a summary framework of SLA which remains a standard reference. The Department for International Development (DFID) has built its operational strategies around Scoone's

microcosmiccapitalismhasa numberof implications.

4. Neoclassical Economic Theory and Environmental Management

Neoclassical economic theory is based on the logic of allocating scarce resources according to price signals from markets. The principle of analysis is based on understanding incremental (marginal) effects and local stability conditions. There are a number of problems with this approach. It was developed when the abundance of nature was taken for granted. Nature was not only a gigantic gift r hamper which one could dip into for resources (often freely available like fresh water and clean air) but also a gigantic garbage bin where the wastes created in the processes

The second qualification in neoclassical economics is that economic activities have bystander effects on society (externalities) that create a wedge between private costs and benefits on the one hand, and social costs and benefits on the other. These are referred to as instances of market failure. These externalities could be things such as pollution creating emissions or effluents that cause damage to the environment, as well as damage to human health and property. In such situations, state intervention is required in terms of taxes to incorporate marginal social costs into marginal private costs. The use of marginal analysis clearly looks for local solutions by setting the marginal damage costs of negative externalities equal to the marginal costs of abatement (Kolstad 2010, Harris 2006). Hence pollution, determined by this principle, could be positive but set at an optimal level. Scale effects are just not considered (Costanza et. al. 1997)

In short, neoclassical environmental economics does not take into account the total impact of the damaging effects of economic activity on ecology and bio physical limits in any systematic way (Sengupta 2013). Moreover, marginal analysis is meaningful only for linear systems. Most scientists are of the opinion that ecological systems display non linear characteristics (Rockström et. al. 2012). All damage to the environment is not reversible. Thresholds may be crossed beyond which the system tips into non incremental change and could also completely collapse.

There is some scepticism about GDP being an adequate measure of well being, which has led to the use of a number of alternative measures (Kerschne 2006).

were exhausted. The mechanism through which the stationary state was attained was different for Smith and Ricardo, but in both cases, profitable opportunities for investment would diminish. Growth was something transient. The actual level of wealth in a stationary state need not be low, although Smith warned of its "dullness" (Smith 1801, p 123). The stationary state, using modern ecological terminology, is where the economy has reached its carrying capacity.

John Stuart Mill advocated the stationary state not so much as ontological in nature, but as something that was desirable from a normative point of view. Constrained by the availability of fertile land, market capitalism left to its own devices, would lead to poverty and low living standards. To avoid this inevitability, he advocated the conscious choice by society of a stationary state where there was adequate and equitably distributed wealth and income. Mill stated that:

".. a well paid and affluent body of labourers: no enormous fortunes, except what were earned and accumulated during a single life

minerals and oils. The renewable resources can be harvested but have a limited rate of use if renewal is to be ensured. Solar energy is theoretically unlimited but there are limits given the patterns of its availability on earth. Economic activities of human societies are not creating anything basically new, but transforming matter with the use of energy from low entropy to high entropy commodities and finally into even higher entropy wastes. Energy is also transformed during these processes and part of the ability of the transformed energy to do work is lost. The second law of thermodynamics states that entropy increases or remains constant in natural processes. For irreversible processes the entropy of the system increases.

Modern technology has been dependent on the depletion of natural capital and the creation of stress on ecosystems with newly produced goods for which there are no natural cycles of bio degradation. Georgescu-Roegen's analysis of the implications of modern technology and human progress influenced Herman Daly (1992, 1996) to come up with his idea of a modern stationary state.

Daly argued that an ontological stationary state could result from the complete degradation of the natural environment. Daly, like Mill, treated sustainability as an ethical choice which could not be left to the market.

Summing up, the classical economists were correct in pointing out natural and social limits to growth. In today's world we have a much more nuanced understanding of staying within biophysical limits while ensuring a sufficiently good life for current and future generations. A sustainable system has to be defined first and choices about livelihoods would emerge from such a system. Beginning with livelihoods and then trying to ensure their sustainability would create a rift with the desired stationary state.

Healing the Metabolic Rift

The choice of a stationary state involves taking a particular ethical position on the rights of future generations of all living things (Balakrishnan et al. 2003). Is capitalism capable of addressing this issue (O'Connor 1994)? Capitalism is based on private property, voluntary market transactions and individual choices that maximize certain self-centred goals like profit or utility. By its very character it seeks to attain power over nature – to create commodities for profit (Lioudakis 2010). Of the classical economists, Marx was perhaps closest in identifying this inability of capitalism to address the problem of sustainable development. This aspect of Marx's (and Engels' (1940)) discussion on the human-nature interrelationship is less known as compared to capital-labour interrelationships (Parsons 1977). Some recent works have brought many of these issues to the fore. (Foster 1999, 2000, 2002, Foster et al. 2010, Burkett 1999, 2005)

For Marx, the history of human societies is a movement from an undifferentiated unity with nature to a stage of alienation (Marx 1964) from physical nature to social nature (Marx 1964).

two were completely naturally available in nature and the process of individuation of land and “free labour” is the product of capitalism. Money was the great commodity created with no intrinsic value, but critically important in binding together all private property and transactions between them through the omnipresent cash nexus.

Marx observes in *Capital* Volume III what is actually a definition of sustainability:

“From the standpoint of a higher socio-economic formation, the private property of particular individuals in the earth will appear just as absurd as the private property of one man in other men. Even an entire society, a nation, or all simultaneously existing societies taken together, are not owners of the earth, they are simply its possessors, its beneficiaries, and have to bequeath it in an improved state to succeeding generations, as *boni patres familias* (good heads of households).” (quoted in Foster 2009:181)

Thus, there would have to be a return to nature but not in the undifferentiated unity of prehistory, but with a more sophisticated, differentiated understanding of nature and about our own selves. For Marx and Engels, the core element of their ecological critique of capitalism was what they referred to as the ‘metabolic rift’ capitalism had with nature. It was not something that technology aggravated or ameliorated. It was the intrinsic feature of the relationship.

The notion that capitalism is essentially hostile to the environment is well established (Swyngedouw

Figure 1: Scoones' Framework of the Sustainable Livelihoods Approach

Context, conditions and Trends	Livelihood Resources	Institutional Processes and Organisational structures	Livelihood Strategies	Sustainable Livelihood Outcomes
Policy				LIVELIHOOD
History	Natural Capital		Agricultural intensification+ extensification	1. Increased numbers of working days created
Socio Political Conditions	Economic/financial Capital	Institutions and organisations	Livelihood Diversification	2. Poverty reduced
Macroeconomic Conditions	Human Capital			3. Wellbeing and capabilities improved
Climate Demography	Social Capital			SUSTAINABILITY
Agro ecology			Migration	4. Livelihood adaptation, vulnerability reduced and resilience enhanced
				5. Natural resource base sustainability ensured

Contextual Analysis of Policy Setting

Analysis of livelihood resources

Analysis of access to livelihood resources

Analysis of portfolios & pathways

Analysis of outcomes and trade offs

Source: Adapted from Scoones, 1998 'Sustainable Rural Livelihoods A Framework for Analysis' IDS Working Paper. Brighton: Institute of Development Studies.

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