

Rio+20: A Citizen's Background Document

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ABSTRACT

The United Nations Conference on Sustainable Development (Rio+20) takes place as the world economy undergoes the worst economic crisis in eight decades. This crisis is not the result of an exogenous shock. It was endogenously generated by the contradictions of the neoliberal economic model, its flawed policy package and decades of speculation and opaque financial innovations that injected toxic assets into the world's banking system. The crisis brought about depression-levels of unemployment and has already forced millions into poverty. As signs of recovery evaporate, it is clear that the world economy may be looking ahead at a decade of stagnation with very negative implications for sustainability.

In spite of this emergency, UNCSD will ignore the crisis. In doing so, it will betray its mandate and will fail the peoples of the world. By neglecting to take into account the origins and implications of this crisis UNEP fails to carry out a serious diagnose of the forces behind the process of environmental degradation that endangers the biosphere and humanity. UNEP's deficient analysis sets the stage for its flawed conclusions regarding the green economy and, in particular, the role of the financial sector in the process of building the green economy.

The first section in this document focuses on the crisis and its implications for sustainability. The analysis starts with the convergence of events that led to the rise of neoliberalism (declining profitability in the sixties and the collapse of the system of fixed exchange rates) and then proceeds to examine the forces that led to the expansion and dominance of financial capital. The analysis shows how the economic forces of neoliberalism will undermine efforts to attain sustainability. The process of financialization and commodification of nature is intimately linked to the forces that led to the birth of neoliberalism.

The second section centres on the need to engage in a serious discussion of macroeconomic policies if sustainability is to be attained. It argues that the objectives of social justice and healthy environmental stewardship cannot be attained without redefining macroeconomic policy priorities. Sustainability involves economy-wide transformations that can only be implemented through adequate macroeconomic policies. Macroeconomic policies will be absent in Rio+20 because a meaningful discussion on this topic would call into question the entire neoliberal edifice.

The third section focuses on the five structural features of the world economy that need to be considered in serious negotiations about sustainability: the role of the financial sector, inequality and poverty, the concentration of economic power, international economic imbalances and the international debt bomb. In spite of the fact that they all are extremely relevant in a discussion concerning sustainability, none of these grave problems is included in any meaningful way in the agenda of UNCSD 2012.

The fourth section concentrates on the Green Economy Report, UNEP's flagship document for Rio+20. The analysis shows how the Green Economy initiative erroneously believes it is possible to eradicate poverty and achieve resource-efficiency under the paradigms of neoliberalism. This section also examines the role UNEP assigns to the financial sector and why its notion of natural capital is flawed. The final paragraph focuses on the modelling exercise carried out for UNEP's. The severe limitations of the model cast a dark shadow of doubt on the main conclusions of the Green Economy Report.

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