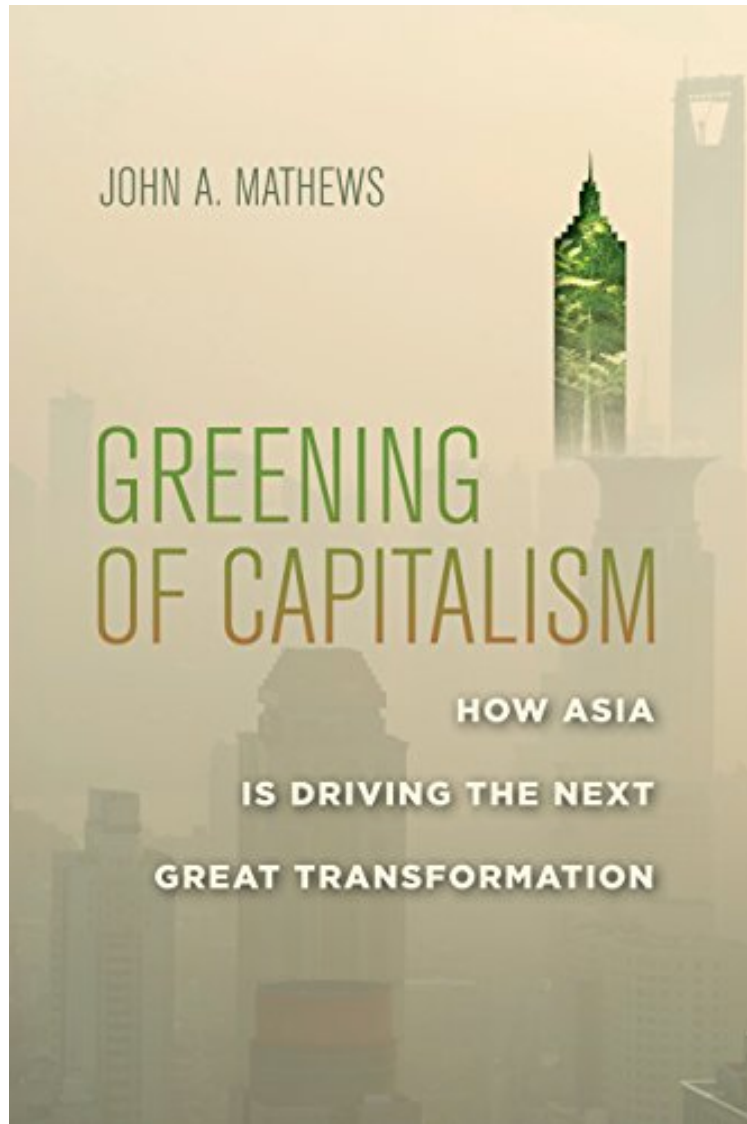


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Greening of Capitalism: How Asia Is Driving the Next Great Transformation

John A. Mathews

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0 of 0 people found the following review helpful. This book provides an insightful representation of the future in ...By Martin Santibanez This book provides an insightful representation of the future in renewable energies. Is a must-read for anyone who is related and want to expand their understanding of this industry. John Mathews has put together a

solid and disruptive argument. 1 of 1 people found the following review helpful. A business case for the greening of the global economy

By Dan Prud'homme

This book presents a business case for the greening of the global economy. Mathews begins his book by describing how fossil fuel-based trajectories can no longer serve as an economic model for emerging economies as they seek to catch-up, and subsequently as economies converge. If such trajectories are followed, i.e. "business as usual" continues, the environmental consequences and, perhaps even more immediately, social consequences in terms of conflict over fossil fuels and other natural resources, will be dire. At the same time, Mathews acknowledges that the practical fix to this phenomenon will not be found in calls for abandoning the capitalist economic system in its entirety, as it has served as the engine of growth to date and, in some form, is surely still needed by emerging economies (e.g. China, India, and Brazil) to raise (i.e. via increasing returns) their peoples' incomes and quality of life. This realization has led to the emergence, perhaps starting circa 2010, of a third phase of global industrialization driven by renewable energies. This phase follows the agrarian economy and subsequent fossil-fuel industrialized economy phase (which, to its credit, has lifted many of out of poverty and enabled avoidance of the Malthusian trap). Mathews equates this new economic phase to a sixth "techno-economic" paradigm as determined using a framework built on Freeman and Perez's work identifying the most significant shifts in modern global technological trajectories. The bulk of his book is devoted to teasing out the principles on which this new phase will work. Interestingly, Mathews suggests that the main technologies the world needs to continue into the third phase of industrialization/sixth techno-economic paradigm already exist (wind and solar technologies for energy generation; lithium-ion batteries for energy storage and IT-enabled grid for energy transmission); however, the most exigent issue at present is ensuring adequate diffusion of such technologies. Mathews sets out a three-part approach for making this transition. The first is a neo-Schumpeterian approach via creative destruction of incumbent fossil-fuel industries by efficient renewables-based firms. The second is a neo-Gerschenkronian approach, whereby industrial latecomers (like China) adopt green technologies from forerunners and diffuse them in a way that allows them to advance more quickly than if they had to start such a process from scratch. And the third approach is to tackle neo-Olsonian barriers, i.e. vested interests that prevent advancement, or at least timely advancement, of green growth trajectories. Mathews posits that state intervention, in terms of new institutions, rules, and policies favoring green trajectories, is needed to serve as the basis for the three approaches to work. Herein, he starts from the position that industrial capitalism as we know it is in fact not a "natural" product of human greed, but the outcome of deliberate government policies, as explained in Polanyi's work on The Great Transformation. However, Mathews does not discount the power of capitalism and entrepreneurship, rather he finds it fundamental (albeit necessarily in combination with targeted state intervention) to drive the green growth economy that is emerging. Ten useful and practical principles for developing the green economy are proposed in the book, derived from current and emerging trends. These include: a bias towards renewables and clean tech; a comparable bias towards resource circulation based on circular economy principles; using eco-finance to drive this transition; encouraging global free trade in renewable power and clean-tech products; investing in green infrastructure; allowing creative destruction to operate in order to break carbon lock-in; instituting taxes on certain resources; ensuring public expenditure for "green shoots"; instituting green accounting to supplement GDP; and treating finance as a utility. The book provides a number of examples/cases to support its arguments. Although highlighting some of the initiatives countries in Asia, particularly China, are undertaking to move towards green growth economies, the book pays roughly the same attention to efforts underway in countries outside Asia, particularly Germany and Brazil, to make this transition. Some analysis is provided as to the successes and limitations of such initiatives. The book rightly points out that the fossil fuel lobby in the US is a significant Olsonian barrier that is blocking the emergence of a green growth trajectory there, and notes that an acquired reluctance towards strong industrial policies in some developed nations like the US can slow their move towards greener growth models. More than anything else, the book's strength lies in its strong theoretical and conceptual arguments, a typical characteristic of Mathews' writings. It is a recommended read for scholars, policymakers and practitioners seeking insights into some of the most important issues of our time.

Dan Prud'homme
Center for Global RD and Innovation
Tongji University, Shanghai, China

2 of 2 people found the following review helpful. Excellent book

By T.V. Paul

An excellent book. Mathews makes a deep and powerful analysis on the way capitalism is shaping in the emerging world, especially in China and how the 21st century development will be different from the European capitalist era.

T.V. Paul, James McGill Professor of International Relations, McGill University, Canada

As China, India, and other industrializing giants grow, they are confronted with an inconvenient truth: They cannot rely on the conventions of capitalism as we know them today. Western industrialism has achieved miracles, promoting unprecedented levels of prosperity and raising hundreds of millions out of poverty. Yet, if allowed to proceed unencumbered, this paradigm will do irreversible harm to the planet. By necessity, a new approach to environmentally conscious development is already emerging in the East, with China leading the way. Positioning its argument against zero-growth advocates and free-market environmentalists, *Greening of Capitalism* charts this transformation and sketches out a framework for more sustainable capitalism. State-mandated changes in energy use (as opposed to

carbon taxes), a circular flow of resources (as opposed to emissions standards), and the introduction of new financial instruments that support green growth are cornerstones of China's framework. John A. Mathews argues that these tenets will be emulated around the world—first in India and Brazil. In light of this emerging shift, Mathews considers core debates over national security, international relations, and economic policy, ultimately addressing the question of whether these measures will be far-reaching or timely enough to prevent further damage.

"This book dwarfs all others I have read. It has an impressive finish: a blend of neo-Schumpeterian, neo-Gerschenkronian, and neo-Olsonian perspectives which provide a holistic and potent approach for addressing the next great transformation." (Rajah Rasiah)"With China setting tough efficiency standards, actively pursuing export markets in wind and solar, and the possibility of setting a target for ending the rise in its annual consumption of coal before the end of 2020, Mathews sheds a bright light on what is set to become the story of the coming century: the green race. Using colourful, credible and compelling evidence on the evolution of capitalism 'with Chinese characteristics', he tells a convincing tale of how China is determined to win that race, and overcome the forces of fossil fuel lock-in. In doing so, he reveals that the primary aim is not to save the planet, but to provide over a billion people with prosperity based on living and working in clean, efficient cities, in which high-technology industries, services, and innovation are the drivers of growth." (Dimitri Zenghelis London School of Economics)"John Mathews' indispensable contribution sets the record straight about China's startling development of green energy, while making the case for the possibility—and the necessity—of a greening capitalism. The outcome of the race between clashing green and black trajectories is critical not only for China and Asia, but for the fate of the earth." (Mark Selden)"This book addresses the timely issue of sustainable capitalism in the developing world. Mathew argues that China and India will be the leaders of a green economy while the US faces insurmountable barriers that prevent a transition from the fossil-fuel-driven economy to one based on renewable energy and resource efficiency . . . As a whole, the book is well written with a cogent argument [...] . . . Recommended." (E. Pang CHOICE)About the AuthorJohn A. Mathews is Professor of Strategic Management at Macquarie University's Graduate School of Management in Sydney. He is the author of Strategizing, Disequilibrium, and Profit, Dragon Multinational, and Tiger Technology.