

Perspective

Exploring the Limitations of a Circular Economy Under Capitalism and Raising Expectations for a Sustainable Future

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Abstract

The concept of a circular economy has gained remarkable policy and academic traction. Associated expectations of social benefits are underexamined. Driven by the current perilous state of the environment and society, this article pulls aside the curtain of perceived academic political neutrality that hides the implications of capitalism. Whilst a circular economy brings new options for business, places and individuals, political action is needed to bring about significant, and lasting, change. A system driven by profit does not and cannot respond to needs. It is time for a serious discussion to improve the prospects for everyone's future.

Keywords: Circular Economy, Capitalism, Postcapitalism, Society, Degrowth, Policy

In a world beset by social and environmental crises, the surge of enthusiasm for circular economy (CE) policies and research could be welcomed as a normalisation of sustainable practices for production and consumption. I subscribe to the ontology of a CE as systemic approach to towards more environmentally desirable production and consumption, for which a wide range of strategies have been identified (regenerative design for re-use, repair, recycle etc.), but the wider implications of which are not assumed (e.g., Geissdoerfer et al., 2017). Increasingly, there are also academic aspirations and expectations of social benefits associated with a CE (Kirchherr et al., 2023; Calisto-Friant *et al.*, 2023). However, for a CE to be more than a marginal efficiency improvement, let alone to bring about deep-rooted societal change, will require a conscious appreciation of the constraints of capitalism and a political drive for change. I am stepping outside the norms of academic practice herewith to see whether this is an idea whose time is at least foreseeable!

Notably, whilst a CE is a dominant concept, it is far from unique. Few would dispute that CE comprises a repackaging of previous concepts, but there are other co-existing concepts that can also be dubbed 'sustainability economies' (Sotiropoulou and Deutz, 2022). Circular, bio, green, blue, low-carbon etc economies each highlight an aspect of the economy that is promoted as a focus for environmentally beneficial economic growth, with varying degrees of social expectations. These ideas have taken off since the financial crisis of 2008-09 as policymakers, including the UN, sought to combine sustainability benefits with economic recovery. So far results are limited. Climate change is already having catastrophic effects, despite that the worst potential outcomes are downplayed by policymakers (Kemp et al., 2022). Likewise, academic concern for inequality is not well heeded, despite evidence that reducing inequality does not just benefit those most obviously disadvantaged by it (Nature, 2023). Recognition that problems like climate change and inequality exacerbate each other, as we see in the Sustainable Development Goals, is just a beginning. These issues are symptoms of a system that we really need to stop relying on being able to fix problems that are inseparable from it. Interest in circular, or other, sustainability economies serves as

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distraction from the *capitalist* economy, the assumptions of which are normalised to a degree where they have become invisible, and thereby effectively accepted without question.

Capitalism is a system motivated by profit: goods and services are designed and made to be sold, not to be used (despite that of course someone must find them worth buying). A drive for innovation in the face of competition (between companies and places) contributes to the pursuit for growth. Only needs backed by purchasing power constitute an effective market. Despite the enormous technological strides and changes in organisation of capitalism (e.g., the rise of the financial sector, rise and fall of the welfare state) since Marx' analysis (Marx, 1997; Harvey, 1982; Mason, 2015), fundamental contradictions of the system remain (e.g., Deutz, 2014). One of these is the tendency for governments, companies and individuals to put short term gain or comfort past the medium to long term survival – not just of the company, but potentially of us all (O'Conner, 1994). Another contradiction is the temptation to push down wages to support profit, as against the need for people with adequate purchasing power to constitute a market. There is still a class division between those dependent on working for a living (or work-based pension), or the largess of the state through the benefit/pension system, and those whose income is derived from the (large-scale) employment of others (i.e., the infamous most wealthy 1 % and a few more). Additionally, environmental efficiencies such as CE strategies risk a rebound effect (whereby resulting demand increases total consumption) (e.g., Zink and Geyer, 2017). There is no geographic escape from capitalism – there are different political systems, or 'varieties' (Hall and Soskice, 2001), but it is a global system.

Policy approaches to problems generated by capitalism can be seen as managing those contradictions, e.g., calling on the state to protect the environment and the rights of workers, given that (notwithstanding isolated examples) companies work to requirements (and sometimes reluctantly). Sustainability economies like CE can indeed bring environmental benefits and new economic opportunities for companies and individuals. However, all the issues of capitalism remain, such as competition between places and companies, the search for cost reductions, need to keep down wages etc. Furthermore, governments are not neutral in this situation. They are more concerned with security of supply than protecting the environment and a supply of workers/consumers rather than the wellbeing of the population – let alone populations beyond their territory. Continuing support for fossil fuels alongside investment in renewables (e.g., China, US and UK) demonstrate that bias towards the interests of the capitalist class, alongside apparent disdain for domestic hardship and brutal approaches to immigrants, notwithstanding labour shortages. There are differences in approaches in different countries, but circumstances are interlinked and all within capitalism². Fundamentally, capitalism is a system driven by growth and profits, not concerned with meeting the needs of people, let alone non-humans.

Notably, CE includes strategies (e.g., sharing, repair, resale), that may lower consumption and could be associated with degrowth (Hobson and Lynch, 2016). Definitions of degrowth (Latouche, 2009) are contested but the concept goes beyond decoupling growth from environmental impact (the aim of the UN and other policymakers) to a society that by design operates effectively and equitably without economic growth (Schmelzer et al., 2022). However, whilst reduced growth can be environmentally beneficial, the societal implications are entirely contingent on the implementation. A degrowth society is variously envisaged as a heavily regulated capitalism or a form of postcapitalism – clearly these are not the same thing, given the constraints and contradictions of capitalism outlined above. Within capitalism potential strategies for reducing consumption can simply become new avenues for investment (e.g., the sharing economy, Hobson and Lynch, 2016) or affordable consumption for marginalized communities (re-use/sharing of global capitalist outputs organized on a non-profit basis, Pusz et al., 2023). A truly postcapitalist society would comprise a world-wide non-monetary system based on need rather than profit.

² Sometimes capitalism is seen as an extreme form of a potentially more benign market economy (e.g., Siderius and Zink, 2022), but we can better respond to capitalism by realizing its pervasiveness.

The astonishingly successful repackaging of pre-existing ideas as a CE is a superb lesson in communications. CE is essentially a strategy to keep the capitalist economy train on its tracks. This is not to argue against being circular. Rather, that without a so far elusive appetite for political change, a CE is never going to be enough to limit the effects of climate change or to bring about the sought-after societal effects. Ultimately social and environmental crises are symptoms of capitalism and need to be acknowledged as such. Research is needed to uncover the limitations of sustainability economies within the constraints of capitalism. Much CE research could be broadly defined as normative, i.e., trying to promote or support certain outcomes. Wantonly overambitious as it might appear, we need the desired outcome to be a system where human and non-human *needs* are the driving force. Let's have a discussion on this.

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Pauline Deutz: has written this contribution; the opinions expressed are her own, drawing on literature as cited.

DECLARATIONS

Competing interests The authors declare no competing interests or personal relationships that could have appeared to influence the work reported in this paper.

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