

## ECONomics: The Economics of the Climate Recovery

2021 has been a year to remember, especially for climate activists. Bolstered by the success of Attenborough's cinematic plea, 'Life on Our Planet', Netflix released the documentary 'Seaspiracy' in March of this year, which took the globe by storm. Summer was the season of protest, groups such as Extinction Rebellion and Fridays for Future organising against global government inaction and in September, Glasgow hosted world leaders for the COP26 summit. Though it remains to be seen what real palpable effects these actions will engender, the overwhelming and indisputable outcome has been to propel environmental policies to the front of the public consciousness.

That being said, this year climate optimism has also been dampened by new research suggesting that the traditional ways of doing your bit for the environment are wholly ineffective. The hard truth we're quickly realising is that recycling, switching off our lights and turning off our taps to save water, will not alone solve any of the major climate problems we face. To make matters worse, this year, the climate catastrophe has never been felt more acutely. From the extreme heat of the Australian wildfires to the extreme cold of the Texas freeze, almost every country in the world has been affected. With the problems we face so great, and increasingly urgent, I know I am guilty of despairing as we enter 2022 and can empathise with others who feel similarly.

I want to do my bit for the environment, but I feel powerless to effect any real change. How can I make an impact as a single individual who seems staggeringly small in the almost 7.8 billion of us here on earth? The answer, those at the MacArthur Foundation suggest, is economic at its core. Though the climate crisis affects natural ecological systems, it is itself a crisis of the manmade global order, the global economy, obviously, included within this. We currently produce, consume and discard products in a linear fashion, contributing to landfill, greenhouse gas emissions and generally, the degradation of our finite, natural resources. No in-depth knowledge of economic theory is required to understand that this pattern of production and consumption is definitively unsustainable.

Therefore, to solve the climate crisis we must learn from natural cycles and implement the same logic economically. This is the rationale behind emerging economic models of the circular economy, the notion that the economy must be reorganised to produce and consume sustainably. In every sector, companies must begin producing goods with biodegradable, replaceable components which are transported using renewable energy sources to, in effect, produce at a level as close to net zero targets as possible. Additionally, companies must develop business models which incentivise reuse and effective waste disposal.

In theory this sounds like the ideal solution to our current state of affairs, to produce in a sustainable and socially optimal way. But I have to wonder whether this is a realistic expectation to have of the future, and how I alone can effect this change where government policy remains immutable.

Simple market power, it seems, is enough. Though theories of the circular economy may seem lofty or unattainable, there in fact exist already a multitude of companies which subscribe to its teachings. A textbook example of such, is Gerrard Street headphones. They have been designed in a way which makes their components easily separable so that they can be replaced or upgraded easily. Additionally, the company offers a subscription model, so that when you no longer want your pair of headphones, they can be returned, repaired, and remarketed to other consumers. Other companies, like Loop in the US, Toast Ale in the UK, DyeCoo in the Netherlands, VIGGA in Denmark and GEM in China represent how theories of the circular economy have gained a global following. Even more mainstream brands such as Patagonia, North Face, Ikea, and H&M are beginning to make commitments to reuse and design sustainably. In my eyes, where adopted, the circular model represents a win-win scenario for both consumer and producers. Not only are the negative externalities of production limited, but companies are able to cut production costs and behave competitively.

Therefore, going into the new year, when many of us feel so despondent or disillusioned by government inaction on climate change, take comfort in the idea that we have a way to certainly impact the environment positively: By spending our money on products which subscribe to the teachings of the circular economy. Exciting as this is from an environmental perspective, the circular economy bears equally exciting economic implications- it really illustrates the cutting edge of economic theory, solving traditional Tragedy of the Commons problems, transforming ideas of property rights, and reflecting a genuinely exciting future full of new possibilities for all involved.