

THE ECONOMY IN THE AFTERMATH OF GROWTH

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THE ONGOING CLIMATE, RESOURCE AND FINANCIAL CRISES UNDERSCORE THE FAILURE OF A PROSPERITY MODEL BASED ON GROWTH AND DEPENDANT ON CONSUMPTION. IT IS TIME TO TAKE STOCK: INSTEAD OF CONCENTRATING ON EXPANSIVE 'BUSINESS-AS-USUAL' POLICIES, IT MIGHT BE WORTH TAKING A LOOK AT A CONCEPT OF POST-GROWTH ECONOMICS THAT CAN ACTUALLY BE SUSTAINABLE IN THE LONG TERM – ALBEIT IN MODEST DIMENSIONS.



Research on economic sustainability encompasses two main schools of thought each with a different relationship to the imperative of growth. The hitherto dominant current supports the thesis that ongoing economic growth is not only necessary vis-à-vis expanding prosperity, but it also believes that it can be sustainable. The conflict in terms of goals between environmental considerations and an economic system based on the industrial division of labour and the established monetary system can not only be resolved, but even reversed. According to this paradigm, our efforts to mitigate climate change actually open up new economic opportunities for future growing markets, such as renewable energies as well as energy-efficient products and services.

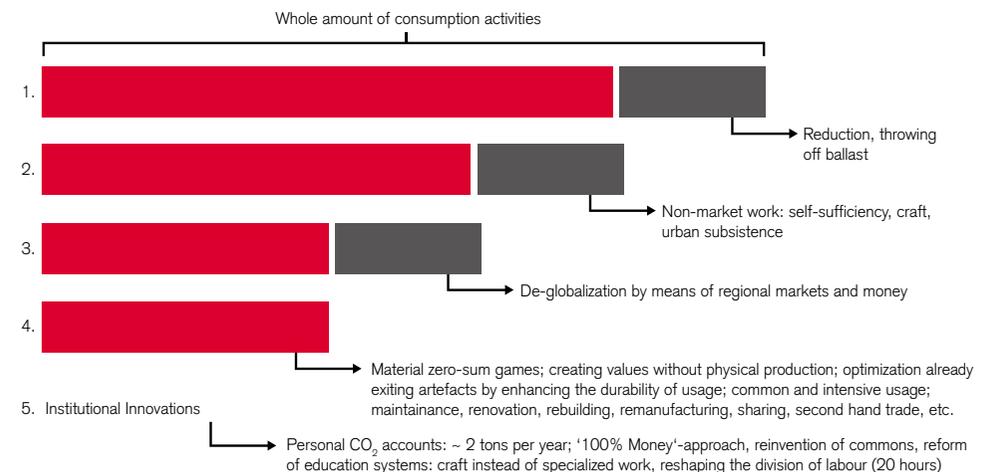
As a consequence, the basic framework of established industrial and consumer patterns would remain the same, although with renewed – meaning more ecological – content. According to the same logic, in areas where the consequences of climate change can no longer be averted, the crisis offers an opportunity that can be exploited for profit. Which products and technical solutions may soon be brought to market as a means of coping with warmer summers, rising sea levels, or more frequent storms, for example? Will tourism in northern climes increase when palm trees begin to grow there? Will the melting of the polar icecaps make oil exploration in these areas more feasible?

THE ALTERNATIVE

In contrast to the model described above, the concept of post-growth economics rests on the following premises:

> No ecological uncoupling of economic growth is in sight. In an expanding economy, 'boomerang effects' resulting from growing demand can wipe out advances in de-materialisation or ecologisation. This can become particularly dramatic when (well-meaning) innovations in sustainability actually trigger additional energy and material flows. In this case successive waves of modernisation are necessary in order to counter the unforeseen environmental repercussions of the previous waves. The highly respected studies published by the Global Carbon Project reveal two important facts:

1. Even during earlier phases which did exhibit a degree of uncoupling, the achievements were offset by the effect of economic growth to such an extent that global CO₂ emissions have continued to increase unrelentingly.
2. Recently this uncoupling tendency again went into reverse, and CO₂ intensity stemming from the creation of value is now increasing on a global scale!



* LEGEND PICTURE ABOVE: THE NORTH SEA RESORT OF DANGAST:
WILL TOURISM IN NORTHERN GERMANY INCREASE WHEN PALM TREES BEGIN TO GROW THERE?



- > The 'Science of Happiness' has made an important finding which postulates that once a certain level has been reached, an increase in monetary or material wealth no longer contributes to subjective well-being. Many consumer activities are symbolic in nature and aimed at social prestige or a sense of belonging to a specific group or 'scene'. Innovations create new opportunities for material self-portrayal that are adopted by pioneers. If you do not join in, you will be left behind. As a consequence, ever more consumption is required to defend one's social position. As the choice of consumer options is currently exploding and there are only twenty-four hours in a day, the time required to exhaust all of these options becomes a critical factor. The accumulation of possessions actually works against quality of life.
- > The need to alleviate poverty and correct the injustices of unequal distribution also justifies future economic growth. In place of the conflict-ridden redistribution of existing wealth, politically it would be more acceptable to boost growth, by which the lot of the have-nots can be improved without encroaching on the haves. History makes it blatantly obvious that 'peacemaker' logic, according to which questions of distribution and scarcity are transformed into calls for growth, has been a failure.
- > The economic foundations of growth are being eroded. Mainstream economists attribute the wealth of societies to the efficiency (Adam Smith) or innovation (Joseph A. Schumpeter) inherent to free-market systems. In so doing, however, they are merely describing the 'gear mechanism' of the prosperity machine, rather than the 'fuel' it needs to operate. All consumer societies are based on unlimited and cheap supplies of fossil energy. But costs are now exploding with the increased purchasing power of the global middle class, now bolstered by some 1.2 billion 'new consumers' in emerging economies such as China and India, for example. Even the International Energy Agency (IEA), usually criticised for its conservatism, now forecasts an increase in the price of crude oil to 200 dollars per barrel by the year 2030. What until recently was known as 'peak oil' has now metamorphosed into 'peak everything'. The income side of the Northern model of prosperity is also beginning to crumble, for it had been bolstered by an innovative lead which gave it the edge over international competition. Thanks to their investment in education, the development of modern infrastructures and, last not least, the global mobility of their new middle classes, emerging economies are increasingly able to conquer new markets – the same markets which have historically financed the consumption of the established industrial nations via exports.

ELEMENTS OF A POST-GROWTH ECONOMY

An ecologically and socially sustainable economy must be freed from all dependency on growth as well as the subsequent pressure for growth. This includes

- > modern market economies' orientation towards innovation,
- > the present monetary and financial system,
- > high profit expectations,
- > external resource supplies based on the global division of labour, and
- > a culture permeated with the unquestioning pursuit of material self-actualisation.

To this we can add a number of conceptual strands that can enhance a post-growth economy:

1. CUTTING BACK AND SLOWING DOWN.

Merely exchanging previous patterns of consumption for what are believed to be more sustainable variations is not enough. Consumer desires should be reduced to the point where they can be met by sustainable solutions. The sufficiency strategy addressed here confronts the frenzied quest for ever more possessions, prosperity and material comfort with a counter question: How can 'glutted' life styles – and ultimately society as a whole – be relieved of 'energy slavery', consumption and comfort 'crutches'? Rather than giving up something, consumers in danger of drowning in an avalanche of items promising self-actualisation – whose purchase also involves a time-wasting process of comparison, evaluation and selection – would actually be freeing themselves from superfluous consumption. It also fits with economic logic to rid oneself of any ballast that puts a strain on time, money, space and ecological resources and offers no appreciable returns or benefit.

2. BALANCE BETWEEN SELF-SUFFICIENCY AND DEPENDENCY ON CONSUMPTION.

The inability to finance the globalised model of consumption leads to social unrest. When the money-making growth machine stalls, prices rise, wages fall, or firms close down, and people who rely on imports and consumption must live in constant fear of becoming the victims of globalisation. Only supply structures with short distances between consumers and producers can be considered socially stable. This would entail reactivating skill sets and making things ourselves according to our own capabilities with no recourse to commercial markets. A reshaping of the division of labour would make it possible to combine self-sufficiency and consumption in a way that would decrease dependency on monetary growth. Self-work, (urban) subsistence, community gardens, exchange rings, networks of mutual aid, give-away markets, and organisations for the shared use of devices, appliances and tools, for example, can contribute towards gradual de-globalisation.

3. REGIONAL ECONOMY.

Many needs could be met by means of regional markets, shortened supply chains entailing concepts like Community Supported Agriculture (CSA). Regional currencies could ensure that purchasing power stays in the region, bringing about an uncoupling from globalised transactions. In this way it would be possible to retain the efficiency advantages accruing from a money-based division of labour, but now within an ecologically viable and more crisis-resistant framework.

4. ZERO-SUM MATERIALS GAME.

Consumer desires which cannot be met by cutting back or creating local or regional supply structures could continue to be met within the framework of the global consumption model. Products and infrastructures could be optimised, opening up hitherto untapped possibilities for lengthening product life cycles or intensifying their use to such an extent that value could be created with no need for additional material production. The result is a 'zero-sum materials game'. Only in instances in which these strategies prove insufficient would we require the strategies of efficiency and consistency favoured by mainstream sustainability research.

5. INSTITUTIONAL INNOVATIONS.

Finally, two framework conditions need to be satisfied. On the one hand, land and monetary reform must be carried out in order to mitigate the pressure for growth inherent to the system. For example, the regional currencies mentioned above could be backed by negative interest or demurrage charges. On the other hand, it would also require the long overdue introduction of a system to assess, attribute and cap environmental burdens that would ensure that the wide-scale sustainability concept is concretised in the form of personal CO₂ accounts. Every individual would have the right to the same annual emissions quota (approximately two to four tons), which would, however, be negotiable. The sum of all quotas would not be allowed to exceed the highest permissible total environmental burden compatible with the two-degree climate protection goal. Markets, entrepreneurs, money, consumer goods and technological innovations would still be necessary in a post-growth economy – but overall, such an economy would be no where as near as exorbitant as our present system. It is the size of the dose that makes it poisonous. The economy is no different.

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