

# The new theory of economic 'agrowth' contributes to the viability of climate policies

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Forty-five years after the first proposal on the limits to growth by the Club of Rome, the increasing concern over climate change and how to deal with it has reopened the debate questioning whether climate change mitigation policies are compatible with economic growth.

Many citizens, scientists and politicians fear that stringent [climate policy](#) will harm [economic growth](#). While some are betting on "anti-growth" or "degrowth", others advocate for the "green growth" which is compatible with a transition to a low-carbon economy.

A study by ICREA professor at ICTA-UAB Jeroen van den Bergh critically reflects on both positions "that jeopardize environmental or social goals", while a third position, labelled "agrowth", is proposed to depolarize the debate and reduce resistance to climate policies.

In the study, published recently in *Nature Climate Change*, "agrowth" is proposed as an alternative to the current disjunction between the "green growth" and "degrowth" positions. As it is impossible to know for sure whether growth and a stable climate are compatible, van den Bergh considers that it is better to be agnostic about growth and proposes a strategy that discounts GDP as an indicator "since growth is not an ultimate end, not even the means to an end".

Regarding the two other existing positions, Jeroen van den Bergh says that "green growth" is the dominant strategy among those accepting climate change as a serious threat and searching for solutions which

minimise growth effects. "The Paris climate agreement reflects this, through its voluntary national pledges without back-up from globally consistent policies. One must expect non-compliance, energy rebound and carbon leakage as a result, promising the agreement to be highly ineffective".

The economy has a tremendous flexibility to adapt, through new technologies and changes in the composition of consumption and production. However, adaptation will not be complete and rapid without severe environmental regulation. It is not clear beforehand, though, that the ensuing economic transition will concur with economic growth. In fact, the new study finds that the empirical evidence and theoretical support for green growth under serious climate policies is feeble. In other words, being categorically pro-growth is a risk-seeking strategy with regard to [climate change](#).

Literature describes that economic growth in rich countries anyway no longer contributes meaningfully to progress. Most people amply satisfy their basic needs, while poor people stand to benefit more from distributional measures, such as progressive income taxes, social security, public health care and a decent minimum wage.

"If the GDP indicator does not capture societal progress in rich nations, the time has come to ignore it", says van den Bergh. Therefore, "degrowth" and "zero growth" proposals are not considered feasible either, since they actually seek to reverse growth and cause a decline in GDP. He also indicates that anti-growth proposals lack a basis in rigorous science and thus can easily do more harm than good for society.

"One can be concerned or critical about economic growth without resorting to an anti-growth position", states the author. He goes on to highlight that an "agrowth" strategy will allow us to scan a wider space for policies that improve welfare and environmental conditions. Policy

selection will not be constrained by the goal of economic growth. "One does not need to assume that unemployment, inequity and environmental challenges are solved by unconditional pro- or zero/negative growth. Social and environmental policies sometimes restrain and at other times stimulate growth, depending on contextual factors. An "agrowth" strategy is precautionary as it makes society less sensitive to potential scenarios in which climate policy constrains economic growth. Hence, it will reduce resistance to such policy", he indicates.

In a practical sense, van den Bergh states that it is necessary to combat the social belief - widespread among policy circles and politics - that growth has to be prioritized, and stresses the need for a debate in politics and wider society about stepping outside the futile framing of pro-versus anti-growth. "Realizing there is a third way can help to overcome current polarization and weaken political resistance against a serious climate policy".

**More information:** Jeroen C. J. M. van den Bergh, A third option for climate policy within potential limits to growth, *Nature Climate Change* (2017). [DOI: 10.1038/nclimate3113](https://doi.org/10.1038/nclimate3113)

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