# Degrowth: Slowing down rich economies to deal with climate change is a flawed idea, argues researcher

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The notion of "degrowth" is gaining traction among some politicians in Europe. It was given a platform recently at the European Parliament's "Beyond Growth" conference.

Jason Hickel, an economic anthropologist and one of the main advocates of degrowth, defines it as "a planned reduction of energy and resource use designed to bring the economy back into balance with the living world in a way that reduces inequality and improves human well-being."

The degrowth movement's belief is that other approaches to the ecological crisis, such as green growth and the sustainable development goals, are futile. That's because these approaches are rooted in democratic capitalism, which is obsessed with economic growth. Therefore the movement calls for a "radical political project" that would displace capitalism and "de-grow" the west. The global south is exempt.

So far, the economic mainstream has been dismissive of degrowth, considering it perhaps not even worth engaging with. Critical analyses by Ted Nordhaus and other leading economists such as Branko Milanovic and Andrew MacAfee remains confined to blog-style pieces.

The degrowth movement does, however, raise very valid criticisms against economic growth and the Green Growth paradigm that underpins the current mainstream approach to tackling the ecological crisis. But do they offer valid solutions? Are the only two options facing us either ecological collapse or degrowth? Will degrowth save the world as Jason Hickel confidently proclaims?

In several recent scholarly papers, published by the IZA Institute of Labor Economics, I argue that the proposal for degrowth is not a solution for the ecological crisis or for the shortcomings of democratic capitalism.

Degrowth would be ineffective and might be even worse for the environment. Degrowth in industrialized countries would hit developing countries hard because of economic interdependencies.

The west has been experiencing degrowth conditions (the "great stagnation") for decades. This experiment has resulted in many social and political ills. The degrowth movement itself is a reaction against degrowth.

## Flaws in the argument

Proponents of degrowth argue that reducing the gross domestic product (GDP) of advanced economies would cut carbon emissions enough to avoid an ecological overshoot.

But my argument is that merely reducing the GDP of developed countries would have no significant impact on the world's overall material footprint.

Most current carbon emissions (63%) come from developing countries where emissions will continue to increase. China, for example, is building the equivalent of two new coal-fired power plants every week.

Many of the world's major carbon polluters—fossil fuel companies—are located in the global south. They include Saudi Aramco, National Iranian Oil, Petroleos Mexicanos, PetroChina, Petroleos de Venezuela and Kuwait Petroleum. They are also government owned or controlled, which makes it rather strange that Jason Hickel is advocating nationalization of fossil fuel companies as a degrowth-solution…

Degrowth considers the global south to be exempt from degrowth. This is an implicit acknowledgement that degrowth can do harm. The movement has also argued that developed countries should compensate the global south. This implies giving a free pass to global south polluters whose fossil fuel rich governments will get trillions in reparation money to further invest in their polluting industries.

Degrowth would also be ineffective. Most of its key proposals are likely to stimulate economic growth and consumption, not curtail it. For example, the degrowth movement calls for energy sufficiency, basic income grants and four-day working weeks. It proposes banning advertising. All of these may be subject to rebound effects—they would actually stimulate economic growth and materialization of the economy.

But degrowth might not only be ineffective in reducing ecological overshoot. It might turn out to be dirty.

First, redistribution towards less developed countries, as degrowth proposes, would stimulate economic growth and aggregate consumption growth in developing countries. Strangely, although degrowthers reject neoclassical economic growth theory, they seem to adhere to its tenet that redistribution has no effect on economic growth.

Second, with reduced income, developed countries would have fewer resources to invest in climate change mitigation and adaptation technologies. Degrowthers may counter that countries could just reallocate their expenditure away from conspicuous consumption towards such green investment. But that would be inconsistent with the fact that the most innovative countries are not Jason Hickel's poster-children such as Sri Lanka or Cuba, but those with the highest GDP, such as the U.S. and Switzerland. Innovation costs money. Kate Raworth is therefore mistaken when she claims that "boundaries unleash creativity."

With resources and innovation under degrowth pressure, firms might simply replace expensive cleaner production techniques with cheaper, but more polluting ones. And without future growth, debt would contract, starving risky but necessary investment projects.

The upshot is that degrowth would leave the world more vulnerable to the impacts of ecological deterioration.

Degrowth might also harm developing countries because of the intertwined nature of the global economy. This might disproportionately hurt the poorest of the poor—and make global inequality worse.

The COVID-19 crisis emphasized this inter-dependency. Poverty rose more sharply in the global south than in the global north. The impact of the pandemic indicated how difficult it would be for the south to decouple from the north.

## Degrowth and dictatorship

Because of these shortcomings, degrowth is politically unfeasible. Democracy and degrowth are inherently uncomfortable bedfellows. The only example in history of a sustainable and thriving stationary (non-growing) society was Japan during the Edo (Tokugawa) period (1603-1868). It was, however, a "brutal dictatorship".

Given that a democracy is unlikely to choose degrowth voluntarily, the degrowth movement may set the west on a dangerous path towards rejecting democracy and reverting to an authoritarian collective.

The degrowth movement thinks that material use and carbon emissions cannot be decoupled from economic growth, but that innovation, creativity, happiness and social progress can. This ignores how much social progress has accompanied the last two centuries of economic growth.

The physicist Tom Murphy, who has stressed the limits to economic growth, has warned that "In times of plenty, we can afford to be kind to those who are different. We are less threatened when we are comfortable. If our 21st Century standard of living peaks […] then we may not have the luxury of viewing our social progress as an irreversible ratchet. Hard times revive old tribal instincts: different is not welcome."

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