Green Growth vs Degrowth: Are We Missing the Point?

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Traffic sign at "Confusion Corner" (Osborne Junction) in Winnipeg, Manitoba, Canada. Jody McIntyre, CC BY-SA 2.0 via Wikimedia Commons

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It's time to stop talking past each other and unite against the real enemies of environmental justice

The row about ecological limits to growth is back with a vengeance. On one side are those who are deeply skeptical about the idea of 'infinite growth on a finite planet'. They argue that to be sure of offering a good life for all within planetary boundaries, we need to kick our addiction to consumption growth (in wealthy countries at least). These 'green growth skeptics' include those advocating for 'degrowth', 'prosperity without growth', 'steady-state economics', 'doughnut economics', and 'wellbeing economics'.

In the opposite corner are 'green growth' advocates who believe that the historical relationship between GDP and environmental impact can be not just weakened but effectively severed. For green-growthers, the key to maintaining a habitable planet is decoupling — reducing the environmental impact associated with each pound or dollar of GDP. By deploying new technologies, and shifting the nature of our consumption, they argue we can do our bit for the environment while continuing to grow GDP, even in wealthy countries.

Green growth skeptics do not dispute the need for decoupling but observe that the faster we grow the faster we have to decouple. Even a modest goal like 2% growth per year implies doubling the scale of consumption every 35 years. Unfortunately, we have never approached the rates of decoupling that would be necessary for rich countries to get back within their fair share of ecological space while maintaining that kind of exponential growth.
Green growth advocates tend to respond that the historical record shouldn't be taken as a guide to what is possible in the future. Pessimism about future technological breakthroughs will be self-fulfilling, they say.

For some, this is a compelling and entertaining debate. But it is not going to be settled in a timeframe that is useful for maintaining a habitable planet. In the meantime, these adversaries are in danger of delivering a major own goal. Because the more time we spend in nerdy (and sometimes venomous) exchanges about decoupling, the less time we have to build the broad-based movement we need to take on the vested interests who benefit from the status quo.

There is more that unites than divides us

The question we should ask is: can those who care about economic and environmental justice on either side of this divide — growth optimists and growth skeptics — agree on a basic set of demands that can stop us hurtling toward ecological collapse? I believe that we are closer to a consensus than might immediately seem to be the case, for six reasons.

1) You don't need to be a degrowth advocate to support policies that would reduce our growth dependence

We are currently dependent on growth to maintain economic and political stability. If GDP flatlines or contracts our economy tends to topple into crises of unemployment, debt, inequality, and hardship. It is no wonder, then, that policymakers remain preoccupied with this narrow economic metric, despite the widespread consensus that GDP is a poor measure of progress.

Fortunately, our growth dependence is not an inevitable fact of life. As I expand on below, there are four interrelated factors underpinning our growth dependence: the extractive power of rentiers, the disempowerment of workers, the private sector over-indebtedness, and our failure to safeguard basic needs. Tackling these problems is an emancipatory project that can be justified without any reference whatsoever to the wonky concept of growth dependence.

Moreover, ending our growth dependence does not foreclose the possibility of growth. It simply makes our society resilient in the face of economic contraction and economic shock. Who can object to that?

2) You don't need to be a green growther to recognize the problems with trying to impose a direct limit on GDP

One of the reasons that people balk at the idea of 'degrowth' is because they imagine it involves some kind of descending cap on national income. As far as I know, there are no serious thinkers in the post-growth community proposing to try and control the market value of production and consumption at an aggregate level. Such a project would not only be impractical but also illogical. Why would we attempt to control a metric that is several steps removed from the biophysical impacts that matter, when we can design policies to directly control resource use, habitat destruction, and pollution?

3) You don't need to be a degrowth advocate to recognize the need for tough environmental protections

Obviously scaling up the good stuff we need (public transport, home insulation, renewables, and so on) is urgent and essential. But we also need to scale down the bad stuff and ensure that the environmental benefits we hope to achieve through resource efficiency improvements are not compromised by the rebound effect. This calls for a robust regime of resource caps, taxes, and regulations that gradually tighten until countries like the UK are back within their fair share of ecological space.

For growth to be genuinely green, it would have to take place within such limits. If green growth advocates oppose such limits, this would suggest that their confidence about the feasibility of achieving green growth is disingenuous.

4) You don't need to be a green growther to recognize the need for an unprecedented technological transformation

Resource caps and environmental protections are no panacea on their own. They must be embedded in a set of institutional and infrastructural transformations that enable everyone to live comfortably within those limits, not just the rich.

There is already broad agreement about the critical role of technology here, as highlighted by Gareth Dale in his brilliant survey of the points of convergence between the degrowth and

Green New Deal agendas. Most growth skeptics are vocal advocates for industrial-scale investment in solar panels, wind turbines, and public transport — precisely the kinds of technologies that will help to decouple GDP from environmental impact. What they object to is the hubris and recklessness of putting all our eggs in the decoupling basket, when the rates of decoupling necessary to avert ecological collapse whilst continuing to grow are, to put it politely, extremely ambitious.

5) You don't need to be a degrowth advocate to recognize the risks involved with relying solely on decoupling

A recent comprehensive review of the evidence on decoupling concludes that it will be virtually impossible to get back within planetary boundaries without slowing our consumption. Take the climate crisis alone: for the UK to abide by its own commitments under the Paris Agreement, without compromising on current growth rates, would require us to roll out currently unproven negative emissions technologies at a scale and rate that many experts do not think is feasible, expand renewables at a rate that many experts do not think is physically possible, and achieve a net energy payback from that renewable infrastructure that many experts do not think is plausible.

The purpose of drawing attention to these studies is not to pick another fight about the theoretical feasibility of green growth. It is simply to establish that, in practical terms, there is a very strong possibility that efforts to decouple will not be sufficient to make continued consumption growth in the rich world compatible with environmental justice. To be confident of living well within our fair share of the earth's carrying capacity — of playing our part in the struggle to preserve a habitable planet — we must adapt our economy to function well under conditions of slower, potentially negative, rates of GDP growth.

6) You don't need to be a degrowth advocate to recognize that our growth dependence is a straightjacket on policymakers

The specter of shrinking or stagnating GDP has not only been invoked to block environmental policies. It has also been invoked to block food standards, labor rights, and most recently to justify the lifting of COVID-19 restrictions in workplaces, in spite of the risks to public health. Fear of the consequences of economic contraction has been a major impediment to the containment of a pandemic, just as it has proved a major impediment to effective climate policy.

Our dependence on growth is thus a dangerous straitjacket. When certain forms of economic activity imperil our health and wellbeing, or the living systems upon which we depend, our governments must have the confidence to scale back those activities — without fear of triggering an economic crisis. That confidence will only be found if we escape our growth dependence.

What does ending our growth dependence mean in practice?

In a report published this week by the University of Leeds, Dan O'Neill and I outline four critical strategies required to alleviate our dependence on growth and highlight some opportunities for advancing these strategies as part of our COVID-19 recovery planning.

Shift the balance of power in workplaces

All else being equal, automation and other innovations gradually reduce the need for labor. Conventional economic wisdom says we must stimulate consumption growth to soak up the surplus labor. But there is an alternative and more environmentally sustainable way to maintain employment: share out the remaining work. Instead of using productivity improvements to drive down prices and sell more goods, companies could offer workers a shorter working week at a higher hourly pay rate.

This is not a solution that profit-oriented companies are likely to deliver of their own accord. It will require coordination, and a major shift in the balance of power in workplaces, so that those who invest their labor are no longer systematically excluded from decision-making. The way that many corporations have behaved during this crisis — funneling bailout money to shareholders while firing workers — merely underlines the need for such a fundamental redesign of corporate governance.

Reduce our exposure to private debt crises

We are dependent on growth to maintain financial stability because our economy is heavily burdened with private debt. Debts are promises to pay, often based on expectations about the future — usually of revenue growth or asset price growth. If those expectations don't come to pass, debt obligations can become dangerously destructive. Unlike equity investments that shrink or grow with the fortunes of the firm, debts are fixed in nominal terms, and if the interest cannot be paid, they grow exponentially. Thus, high levels of private indebtedness can transform a modest fall in expected growth rates into a full-blown crisis.

It is worth stressing that public debt is not the concern here. We must resist any attempt to use our coronavirus debts as justification for a new round of austerity. Such cuts would be both unnecessary and counter-productive. First, 42% of our public debt (£875 billion) is owed to our own central bank and can be rolled over indefinitely (as Japan has demonstrated). Second, with the cost of government borrowing negative in real terms this is the perfect time for the government to borrow to invest. Creditors are effectively paying for the privilege of holding government debt. Third, if the government were to try to cut back on spending to pay down the public debt it would simply suck more demand out of the system, and push more households and businesses into debt, exactly as the last round of austerity did.

The focus right now should be on reducing our exposure to private debt crises, by regulating to reduce exploitative and inflationary forms of lending (e.g. excessive mortgage lending), correcting the bias toward debt over equity in our tax system, clamping down on the use of debt for tax avoidance purposes, facilitating debt write-downs for households in problem debt, and restructuring our banking system to improve financial resilience.

Tackle rent extraction

Growth is required to protect the privileges of landlords, financiers, monopoly interests, and other "rentiers". Rentiers do not create wealth; they extract wealth through their control of monopolized and scarce assets. As long as the economic growth rate remains higher than the rate of rent extraction, this injustice can be masked to some extent. But when growth stalls — while landlords, financiers, monopoly interests, and other rentiers continue to accumulate assets — the result is rising inequality. All the growth dependencies outlined here can, on some level, be understood as manifestations of a rentier growth imperative.

Diffusing rentier power will require structural changes right across the economy, from the governance of platforms like Facebook, Uber, and Amazon, to the intellectual property regime. Right now, with tax revenues from employment and consumption dramatically reduced, we have an opportunity to push for fairer taxation of capital gains, dividends, and monopoly profits. Mounting rent arrears and the growing power of renters unions could also create an impetus for a fundamental shift in the ownership and governance of land and housing.

Safeguard basic needs

High levels of unemployment, indebtedness, and rent extraction are all-the-more dangerous in an economy like the UK, where essential goods and services like social care, energy, and transport are rationed by price — i.e. by the ability to pay. In this context, the ability of the poorest to meet their basic needs is threatened by a fall in income or a rise in prices. This is also why carbon taxes — which are essential to meet our climate obligations — are so difficult to introduce under the current system.

There is nothing natural or inevitable about this reality. Land, water, raw materials, and energy resources are gifts from nature — common resources that still account for more than half of our national wealth. In an ideal world, the rents arising from control of these common assets would be captured and invested in collective services and a strong social safety net, to ensure that nobody goes short on life's essentials. Instead, we have allowed private interests to profit from the control and exploitation of our common resources. Over recent decades, much of our publicly funded infrastructure has also been privatized, leading to rising prices for essential services like energy, transport, and water.

To increase society's resilience in the face of economic contraction, we must gradually correct these injustices. The first steps should include strengthening our social safety net and building better public services that meet people's basic needs. Right now, with care providers calling for public bailouts, there may be an opportunity to de-financialise and democratize adult social care. With customers going into arrears on their utility bills, and many transport companies in need of extensive public support in the wake of COVID-19, this would also be a good time to extend the principle of free basic entitlements to our transport and energy systems.

It's time to turn our fire on the real enemies of environmental justice

Most green growth advocates will admit that GDP is a poor predictor of health, well-being, and other social outcomes. Nevertheless many recoil at the idea of a politics of 'less', arguing that it "has little capacity to speak to the needs of the vast majority of workers ravaged by neoliberal austerity".

I've tried to show that the policies necessary to end our dependence on growth speak directly to the needs of those suffering precarity, exhaustion, and exploitation under the current system. Ending our dependence on growth is about diffusing the power of rentiers, expanding economic democracy, and establishing entitlements to a basic share of our common wealth. It's about freeing up time for leisure, caring for one another, arts, education, and democratic deliberation. It's about protecting people from extractivism, just as environmental regulations protect the Earth's living systems from it.

Of course, there will be people on both sides of the green growth debate who will reject the possibility of consensus — those, as Gareth Dale puts it, whose positions become supercharged with morality and aesthetics – "on one hand a fetishism of technology and a dogma that 'growth is good'; on the other, a zeal for frugality".

But the vast majority should recognize the necessity and possibility of working side by side. Some of us will focus our energies on the case for technological/infrastructural change, some on the need for resource caps and environmental protections, and some on the fight for the economic justice that would end our growth dependence.

Given the scale of the challenge ahead, it is naive to think that any one of these tasks can be neglected. So, let us reach a truce and build a mass movement to take on the real enemies of environmental justice. The stakes are too high to do anything else.

Beth Stratford is a Ph.D. student at Leeds University, a fellow at the New Economics Foundation, and a co-founder of the London Renters Union. Her Ph.D. research builds the case for major structural and institutional changes to prepare our economy for a resource-constrained (and possibly growth-constrained) future. Specifically, she argues that

environmental protection must go hand in hand with measures to diffuse rentier power and redistribute economic rents. Such an approach allows us to mitigate the threats of economic instability, inequality, and insecurity that could otherwise arise from scaling down our consumption.

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