



UNIVERSITAT
ROVIRA i VIRGILI

A modern economy without growth?
Approaches and their implementation

Florian Schaden

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Challenges of Globalisation

Limits of Growth

From past decades, growth can be derived as an indicator of a flourishing economy. A growth rate moving in the positive area usually initiates an increase in consumption and thus wealth. These effects are particularly evident in the example of Germany after the end of World War II, which became the so-called "economic miracle".

Corporate management is currently driven to meet the demands of stakeholders in the best possible way. This includes maximizing the company value. In addition to steady growth, globalization, which is associated with increasing digitization, should also be mentioned as a societal and ecological risk factor. Furthermore, the degree of mobility and consumption has increased enormously (Paech, 2012).

These factors, coupled with growth pressures, are prompting large companies to produce goods mostly in developing and emerging economies at low wages to meet the demand of industrialized nations. Driven by the ideals and values of society, we are heading for an unforeseeable extent. In addition to daily effects on the mental and physical health of mankind, we overlook the essentials. Hand in hand with our social behaviour comes the exploitation of resources, which are slowly coming to an end.

Growth as the “holy cow” of an economy

If we follow the media nowadays in economic matters, we are confronted almost daily with the word "economic growth". Growth that manifests itself simply in the change in the gross domestic product (GDP) of a country is taken as a universal measure of the prosperity of a society. This thinking assumes that people's wellbeing increases the higher their country's GDP is, as they can better meet their material needs. Countervotes argue that measuring prosperity in GDP alone cannot be effective, as wealth ultimately must be related to well-being and quality of life. Research in this area also shows that the impact of economic wealth on quality of life is limited, and thus these two areas are not directly proportional (Raschke, 2015).

Another argument of the proponents of economic growth is that it promotes and facilitates innovation. Rising income in fast-growing economies enables investment in innovations designed to increase efficiency. This, in turn, will allow decoupling of growth from the environment in the sense that the negative effects of growth on the environment are reduced.

That's the idea. In recent years, however, it has been shown that the increase in efficiency did not lead to the desired conservation of resources, but the opposite was the case and even more resources were consumed- a so called "rebound- effect" emerged (Madlener & Alcott, 2012).

It can be seen from the previous lines that the limiting factor for economic growth are the limited natural resources. Furthermore, this growth does not immediately come up with an increase in people's wellbeing. In addition, the growth of investment in innovation due to growth obviously does not lead to long-term conservation of natural resources.

Alternative Approaches

In the constant discourse on economy, a variety of alternative approaches, which critically consider a modern economy as we currently have it, have emerged. In this chapter, two approaches are explained and then critically examined.

Post- Growth Economy

Niko Paech, founder of the concept of post-growth economy, deals with the ecologically and economically critical developments. According to Paech (2012), the scarcity of those resources from whose ruthless exploitation economic growth has so far been able to feed, namely fossil resources, rare earths, metals and land sets clear limits.

In his work "Die Befreiung vom Überfluss" (2012), Paech insists on a drastic shift away from our growth-driven, capitalist economy to a new economic system without growth. Furthermore, the path to achieving the post-growth economy according to Paech (2012) is inevitable, either by design or by disaster. Since the sealing of raw material sources has not yet arrived at the current time, it is still in the hands of the entire population to transform the economy in the long term towards a post-growth society. In this transformation, three types of care systems are critical to the function of a post-growth economy: local provision, regional economic systems, and the global division of labor.

Paech (2012) characterizes the local provision by sufficiency and subsistence. Through the sufficiency, Paech conveys the liberation from any "wealth junk" in our consumer society. This is due to the immense sensory overload combined with the increasing choice possibilities with constant price comparisons. The customer is always focused on identifying, comparing or selling consumer goods without being aware of the benefits of consumption in view of the shortage of time. From this, the key message is derived: Sovereign is not who has much, but who needs little. An increase in subsistence, i.e. an increase in self-sufficiency and self-preservation, supports the strategy mentioned above. The collaborative use, proven means of the communist idea, in which goods are jointly procured and used, or exchanged for other subsistence services, represents the main component. Particularly environmentally harmful are goods with a short service life, which must be extended again. Repair-friendly and easy-care products with simple maintenance must once again occupy a higher priority. Furthermore, the

focus of the post-growth concept is set back on the in-house production, especially an independent food production, but also crafts and artistic services should be promoted (Paech, 2012).

The implementation of regional economic systems can significantly shorten the production chains and restore a certain degree of customer proximity. The transparency desired by the customer between any market participants can thus be ensured. Finally, in this scenario, the lenders of regional producers can be consumers at the same time, thus creating a reasonable basis of trust. Another advantage is seen in the strengthening of social norms and human relationships through personal contact with the local economy. Due to this direct and regional obtaining, investors and consumers are forced to find a more conscious use of funds, as both parties are equally affected by the effects of high yield and interest claims. The introduction of regional complementary currencies automatically results in a shortening of the value chain due to the regionally limited validity. To prevent speculation, such complementary currencies are interest-free and have a maturity date. By fees when switching to the main currency, the money can be kept in the generated cycle (Paech, 2012).

Degrowth

Degrowth is not a model but rather a movement whose goal is the shrinking of the economy. Its adherents argue that growth is not seen as a solution but, on the contrary, is much more a cause of many social and environmental problems and, due to the limitations of our earth's resources, cannot be infinite. On this point, it differs from the previously described post-growth model, which sees growth critically but does not completely rule it out. Degrowth believes that growth of any kind, even a green and sustainable growth has undesirable consequences. Although the trend toward eco-awareness has produced more efficient cars and better-insulated houses, in the end people are treating larger SUVs and more square meters in return so that there is not much left of the positive effect or even cause a negative effect – the above mentioned rebound- effect (Hank, 2016).

According to the degrowth movement, the slowdown in growth is inevitable and therefore something that will happen sooner or later, consequently making early action a necessity. Degrowth is therefore not concerned with the question of whether there is a decline, but with how this decline can be designed to prevent a social and ecological collapse.

As Degrowth is much more a movement than a finished model, there are several ways in which this goal can be achieved. The focus is always on the conservation of resources. For example, this is to be achieved through more restrictive consumer behavior, according to the motto: the

less consumed, the less resources are used and the less the environment is affected. In addition, this liberation from material excess should improve the quality of life. The approach to reducing working hours goes a step further. It should not only be generated more free time and subsequently subjective satisfaction; The declining purchasing power also results in the effect of the decline in consumption. In a degrowth society, the focus is on equitable distribution, sufficiency and not least on social interaction, which should also feed the well-being of its members (Pirgmaier, 2012).

The movement also agrees that GDP, as a sign of economic progress, is no longer up-to-date, as it gives no information on either the satisfaction of the population of a country or how prosperity is distributed. In addition, it is criticized that GDP completely disregards environmental considerations and can be positive even if gross environmental sins are committed (Hank, 2016).

Criticism

The main criticism on Degrowth can be detected as it is not a clearly defined model, but rather a vague concept without clear lines, so that it is not possible to have a constructive debate about it, let alone to find serious political support for it. Furthermore, the strategies are not mature and not very effective in achieving the declared goals of sustainable economy and environmental protection. Additionally, degrowth is a wrong interpretation of causal relationships which suggest that degrowth is therefore advertised as a necessity to achieve the environmental objectives. Instead, it would make more sense to reverse the chain of causation and, as a first step, adopt a political line based on environmental goals, rather than declare degrowth itself the goal, and hope that the environment will eventually do well. While this does not preclude the later use of degrowth-based strategies, it does not require them to achieve these goals.

Closely related to this, another criticism can be mentioned, namely the bottom-up approach pursued by Degrowth. Currently it operates from below, meaning the individual with his personal effort. This method is too simplistic and too idealistic to bring noticeable change and instead requires the above-mentioned political line from above.

The last point of criticism refers to the reduced consumption. It is unclear whether this method is effective at all and which individual limit would be appropriate and necessary to achieve the goal.

Implementation of the approaches

Since the two above-mentioned approaches are a model and a movement, which usually accommodate theoretical approaches to problem solving, the practical feasibility is difficult or even impossible to determine. Locked structures and systems are extremely difficult to break, and thus the implementation of such models is a problem. A change in the direction of the presented models can only be made by a slow and continuous process. As explained in the first abstract, the natural resources set a limit to growth in economical and populational terms.

It can be deduced that waiting for day X, the day when resources are no longer available, would be a fatal mistake and a slow change is immediately necessary.

Through the constant implementation of realistic modeling approaches combined with field experiences, a transformation from theoretical approaches to a workable solution to real problems can be achieved.

Initial approaches of the post-growth society are already part of our daily lives and contribute to a sustainable change in society. Strengthening in-house production is an integral part of the post-growth society. Community Supported Agriculture and Urban Gardening are approaches, which contribute to the independence of food companies and the strengthening of social cohesion.

Furthermore, legal regulations could contribute significantly to the change away from the disposable society. For example, a mandatory extension of a printer's warranty could dramatically reduce the "planned obsolescence" that causes day-to-day worries in the offices of the world and reduce the amount of electronic waste.

Fundamentally, it can be argued that applying the models of post-growth economics and degrowth, in whatever form, is a return to the basic values of life away from glamor and status symbols.

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