

When are we going to start behaving like responsible degrown-downs?

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We are all used to hearing about how much this or that country's economy has grown this year. The implicit idea is that, whether it's at the typical 2% or so of rich places or the indefatigable 8% of China, the economy has to keep growing¹. This is actually true – at zero growth, unemployment seems inevitably to rise. But it's also rather troubling, because we know what usually happens to things that grow indefinitely: they don't, they end up bursting. And the economy is not immune to this piece of common logic. Although many economists are used to assuming that resources are either infinite or will somehow be regulated by the market or compensated for by improved technology, it's clear that a finite earth can't sustain any number of people using any amount of energy, water, food... We won't have to wait for oil actually to run out: as soon as the global rate of extraction passes its peak, a lot of problems will ensue in a world where even the most essential commodities are usually produced with – and then brought from afar using – oil². Or, perhaps even sooner than that, the continued increase in fresh water consumption for industry on both sides of the Himalayas, derived from glaciers that are disappearing, is likely to end up with either China or India damming one river too many and a conflict between nuclear powers erupting³. In fact, predicting potential causes of strife and conflict related to the growth of the economy is very easy. What's rather more of a challenge is summoning up the faith that the economy itself will somehow adapt and suddenly extend its benign influence into politics and the biosphere to fix all these problems in mysterious ways, especially so soon after witnessing how even a few subprime mortgages in one country can send the whole system into turmoil.

So what's to be done? It is evident that the magnitude and impact of our combined activities – i.e., the world economy – will eventually shrink. The only actual question is whether this will happen abruptly, with enormous suffering and loss of life, or if we will be able to bring it about smoothly. Some people have been calling for this paradigm shift – known as *economic degrowth* – at least since the early seventies⁴, when Nicholas Georgescu-Roegen published *The Entropy Law and the Economic Process*, in which he argued that economic theory should take into account the second law of thermodynamics and the increase in entropy caused by the destruction of finite resources⁵. But if enough of us simply stopped buying so many things and paying for so many services – or, more

¹ See historical statistics for growth at Prof. Angus Maddison's homepage: <http://www.ggd.net/maddison>

² Read about Peak Oil at <http://www.peakoil.net/>

³ Hari Sud, *China's future water war with India*, UPI Asia.com, 13 May 2008: http://www.upiasia.com/Security/2008/05/13/chinas_future_water_war_with_india/3300/

⁴ Read more, for instance, at <http://www.degrowth.net/Economic-Degrowth-for>, <http://decroissance.org/> or the Wikipedia entry *Degrowth*.

⁵ Nicholas Georgescu-Roegen, *The Entropy Law and the Economic Process*, Harvard University Press: Cambridge, Massachusetts, 1971.

dramatically, simultaneously withdrew all the cash from our bank accounts, for example – others would lose their jobs, stop buying so many things, empty their bank accounts, default on their mortgages, have trouble feeding their children... and this is precisely the sort of *grand finale* it would be nice to avoid.

One thing that we have to realise – some degrowthists included – is that theory is not reality. Neoclassical economic theory may be as useless a framework for understanding the macroeconomy as equilibrium statistical physics is for earthquakes⁶. But this doesn't mean that a better theory – nonequilibrium economics, for instance – would fix our social problems. After all, we still have earthquakes. The economy as we know it exists because it is a natural consequence of some of our most basic impulses. Commerce sprouts like life wherever you look, as explorers throughout history have observed in even the remotest places. Basically, if one person has more of some resource than someone else, it is worth more to the second person than to the first, and it is in their mutual interest to exchange some of it – provided there is some other commodity, service or token of value available to allow for this. Enter money, which was never better described than by the term *liquidity*, since its function is to mediate the smooth slithering of resources down these gradients of availability. Since the available resource might be a disposition to do something, money also catalyses the emergence of cooperation. Be this as it may, though, a basic understanding of what the economy actually is, what purpose it serves, and how we can influence it would certainly come in very handy for a successful paradigm shift.

The economy of a given region is said to be healthy if everyone is doing something. This is not because the more people doing something the more we produce. In “developed” nations, most people don't actually produce anything, but mostly sit around shunting back and forth useless pieces of information in one guise or another. The fact is, we can and do produce much more than we can scarcely find excuses for. The reason for everyone to be doing something is that this allows goods and services to flow relatively unhindered so that everyone can get everything they need and/or want. The economy is useful, primarily, not for producing things, but for distributing them. Admittedly, we do require the production of some things – food, housing, clothing... – and the providing of certain services – healthcare, information, entertainment... but, in principle, we wouldn't have each to do very much for these requirements to be met, if only we could orchestrate the production and distribution of these goods and services without the need for an amoeba economy. But how, then?

Many well-meaning activists often call upon people to undergo sacrifices on an individual level for the common good. This is highly unrealistic, and even rather snobbish. It may be possible for a professor or a liberal politician to eat only bio-foods, ride a bike to work and donate to Greenpeace. Professors and liberal politicians can do this with their tax-funded salaries. But for a measure to work for the bulk of humanity, it must be to each member's immediate individual advantage⁷. Are we, then, at an impasse? The average

⁶ Robert Nadeau, *The economist has no clothes*, Scientific American Magazine, April 2008, available online at <http://www.scientificamerican.com/article.cfm?id=the-economist-has-no-clothes>

⁷ Garrett Hardin, *The Tragedy of the Commons*, Science **162**, 3859 (1968). Available online at http://www.garretthardinsociety.org/articles/art_tragedy_of_the_commons.html

human, even in rich countries, works rather more than s/he would like and can't do many of the things s/he would if s/he could. This is to be expected, since the system in which s/he is a cog was not conceived by anyone with a view to her/his wellbeing – it simply arose that way as emergent phenomena of self-organisation in complex systems typically do. So, perhaps a good starting point for endeavours of degrowth would be to find aspects of the average human's life which could actually be improved in a cost-effective way. They shouldn't require said human to undergo any major lifestyle changes, such as losing his/her job or going to live in a barrel. But take housing. Most people devote a substantial fraction of their incomes for a large proportion of their lives so as to live in small concrete boxes. These boxes, known as houses and flats, only take a handful of people a few months to build, with materials of the sort found almost everywhere in the earth's crust. Can we not improve upon this? If someone were to set up a construction business, say, which cut most of the unnecessary costs that have become endemic in the industry, using local materials and allowing the clients themselves to do as much of the manual labour as they wanted, according to plans and supervision provided, it may be possible to offer a cheaper and more agreeable alternative to the ones currently available⁸. There are still parts of rural Europe in which people very cheaply build their own homes with the help of friends and relations. Adobe houses that can be constructed in days with mud and straw are also examples of this kind of building. And they are not only found in third-world earthquake sites. There are some fine adobe villas, complete with porches and swimming pools, outside Los Angeles and on the Spanish Costa del Sol⁹.

Another possible starting point is food production. Food, in rich countries, is cheap; even so, most of the cost goes to supermarkets and other intermediaries. What is more, it is generally recognised that the quality of fruit and vegetables is poor, the supply of fish dwindling, and the salubriousness of meat questionable. As the price of oil rises, world population grows, and ever more arable land is used for purposes such as biofuel production, the viability of producing food locally will increase (despite the direct and indirect subsidies with which we contribute to non-local food production¹⁰). Organisations or businesses taking advantage of this could conceivably attract consumer attention and, in so doing, lead us to a sustainable and more robust – as well as healthier and more enjoyable – model of food production. Already there exist many such projects, and their growing success comes not thanks to individual self-sacrifice but because taking part in them even in a small way is something that increases one's quality of life. Transport and travel is perhaps a trickier issue, but we'll think of something. What's important is to start devising ways of improving people's lives in the short term through activities that shrink the economy without damaging

⁸ Earthship is a company that, with recycled materials, builds self-sufficient homes that cost about as much as conventional ones, or provides plans for them: <http://earthship.org/>

⁹ For more information, see <http://www.greenhomebuilding.com>

¹⁰ Ann Monroe, *The cost of eating green*, MSN Money, Dec. 2007: http://articles.moneycentral.msn.com/Investing/StockInvestingTrading/EatingGreen_MSNMoney.aspx#pageTopAnchor

it too much. To achieve the latter, it would be desirable for these methods both to provide work – so as to compensate somewhat for the drop in consumption they are likely to cause in other sectors – and, if possible, to supply more cheaply some of the goods and services that currently oblige the average person to have a fulltime job.

It is often argued that this degrowthist agenda may be all very well for rich countries, but is of no use to poor ones. We are reminded of how hundreds of millions of Southeast Asians have been lifted out of poverty over the last two or three decades thanks to globalisation. That is, by labouring under 19th-century conditions to manufacture goods for the West, families are now able to enjoy a few basic comforts. The same is expected to be achievable in Africa (probably manufacturing goods for the East in their turn). But there is no reason to assume that the only way to climb out of abject poverty is by taking part in the global economy. A counterexample to this axiom is provided by communities which have adopted a local currency. This has been done in rich and poor countries alike, but its effects are most notable in Latin America, especially in some Brazilian *favelas*¹¹. Whereas any normal money injected into a poor community tends to get spent on things from outside, until it all quickly trickles away, use of a local currency induces people to pay for goods and services that can be provided by other members of the community. Since the precise nature of the goods and services is usually less important than the capacity to produce at least the essentials, and a means of distributing these, many such communities have lifted themselves out of poverty with no need of foreign investment or large factories.

One should not jump to the conclusion, though, that degrowth is entirely incompatible with globalisation. The most robust model of food production, for example, would draw both from local and global sources, so that neither crop failures nor energy prices have too large an impact. And whereas housing, for instance, can easily be provided locally, there are many worthwhile human endeavours that require global cooperation. It is interesting that those that spring to mind – science, medicine, the World Wide Web – are self-organised (i.e., with no central control) and don't usually involve the transport of goods. True, growth of the economy tends to be associated with improvements in quality of life. But to state that the first is the cause of the second may be to put the cart before the horse. High standards of living require, as well as the bare necessities, a safe, healthy and free environment, well enough organised for everyone to have access to healthcare, information, platforms to express themselves and undertake activities freely... and these conditions under which humans thrive are also fertile ground for business ventures. The degrowthist ideal (and here I actually speak for myself, although it can hardly be claimed as an original purpose) is a world in which we each work as little as we feel like, at jobs that we enjoy, so as to provide for the things that we actually want – and are free to pass the rest of the time indulging in mind-expanding activities and hedonistic leisure.

¹¹ For a list of local currencies around the world, visit http://www.complementarycurrency.org/ccDatabase/les_public.html