



“The Necessary Alternative to Economic Growth”

a 4 star review by Dick Burkhardt of

Degrowth

By Giorgos Kallis (2018)

-
- This book gives an insider’s view of the European degrowth movement, both its long-term necessity and the formidable short-term obstacles. This movement lags even further behind in the US, though often hinted at under different names, like “resilience”. Kallis’ degrowth means not just long term economic contraction (less material throughput) but the creation of a more sharing society instead of outright collapse or warfare: “Either we find a way to stop those who are plundering the earth and share the limited planet that we have, or we will enter a New Dark Age of humanity”... “There will never be enough until we share what there is... Degrowth marks a ruthless critique of the dogma of economic growth” (p vii).
-
- Kallis digs into “ecological economics” and understands concepts like “net energy”, or “energy returned on energy invested” very well. Some of his main contentions are that “growth economies collapse without growth” and that already “the costs of growth exceed its benefits” (p 1). “Growth has always been based on exploitation” of human or natural resources, and “growth cannot reduce inequalities – it merely postpones confronting exploitation” (p 2). Note that Piketty’s analysis agrees with this, except for exceptional periods, like the post WW II economic expansion, when growth was able to overcome the demands of return on investment.
-
- Kallis critiques “green growth” optimism: “A social transformation in an egalitarian and ecologically sustainable direction will in all likelihood decrease GDP” (p 9), emphasizing that this decrease will be a consequence, not the goal. Here he distinguishes between

“unproductive” and “productive” expenditures. Today we’d illustrate the latter by the “necessary workers” of a pandemic economy. Kallis also notes that “under capitalism, market value encroaches and colonizes other social values” (p 16). This is critical because here is how Kallis defines the word “economy”: “Economy is the instituted process of interactions between humans and their environments, involving the use of material means for the satisfaction of human values” (p 17), building on the work of Polanyi.

-
- Note that concepts like “money” and “trade” are secondary characteristics in Kallis’ definition, concepts which have very limited application to primitive economies. The famous “limits-to-growth” studies sponsored by the Club of Rome, which apply to the modern global economy, also seek the essence, not secondary characteristics. Kallis contrasts this to neoclassical or laissez-faire economics where “labor, land, and money were treated as commodities” with disastrous results, and “planning emerged as societies spontaneously responded to the disasters”. He notes that the “idea of a market system with its own laws of supply and demand...is a fiction which disguises the inevitably political choices involved in the making of any economy” (p 22).
-
- To get at the foundations of growth, Kallis explores the concepts of energy and work in the context of the second law of thermodynamics, citing Georgescu-Roegen. For example, “For the economy to grow, the extra work a tool (like a wheel) does during its lifetime must be greater than the work that went into making it”, adding in maintenance and environmental impacts (p 32). A key problem is to measure this extra work. But from the point of view of people, it’s more the kind of growth that matters. The first goal is to cover the necessities of life (productive work), the second is to apply the surplus to meaningful, healthy, and enjoyable activities (unproductive but worthy, versus the addictive or unsavory). Who gets the surplus generated by growth has usually been a matter of class and a source of conflict: “exploitation is a constant source of grievance” (p 44). But there is hope: “Even in the most oppressive of regimes, a ruling class may lose its legitimacy and collapse when one least expects it” (p 45).
-
- Besides the physical basis of growth, Kallis delves into how it is measured – the concept of value. In neoclassical theory this is called “utility” and is converted to units of money accordingly. However, Marx distinguished between “use value” (= utility) and exchange value (= price). An extreme example is the air we breathe: It’s free, so the exchange value is 0, but we’d quickly die without it, so its use value is infinite. Traditional economists have been tripped up by the cost of oil, imagining that when the cost is low then its value to the economy is also low, when the opposite is the case.
-
- Thus prices must also consider, not just usefulness, but other factors, such as environmental / resource / energy impacts, required human work, and human psychology (prestige items, booms & busts, etc.). Marx’s labor theory of value is found just as deficient as the neoclassical theory. The fundamental problem is that in practice prices, especially in a globalized economy, rarely include the full environmental and resource impacts that will be paid by future generations. Whether to “monetize” these impacts, or to limit them by regulation and cultural norms, is a key point of contention.

-
- Under capitalism, the incremental or exploitive economic growth of yore, became a built-in feature. That is, a substantial part of the “expropriated surplus” is invested into “new means of production that create more surplus down the line” (p 64), not just into displays of wealth like pyramids or palaces. But then “for growth to continue, new forms of expenditure and demand are necessary to absorb the growing surplus” (p 67), which remains a perennial problem. In any case this will likely soon come to an end, since “a third energy revolution [after fire and the steam engine] cannot be ruled out, but there are many reasons to be skeptical” (p 80), such as the continued failure of nuclear fusion to realize its promise after so many decades of research. And climate change is hitting in sync with peak oil, with peak coal and natural gas likely not too far behind, among many limits-to-growth. “Still one cannot rule out that some nations, regions, or groups may manage to keep on accumulating ...while the rest of the world sinks” (p 82)
-
- The actual road to degrowth is still being mapped out: “How, and under what conditions, is the object of a degrowth research agenda” (p 85). To be blunt, Kallis says, “The challenge is how to create societies in which the lack of growth is not a disaster.” (p 87). On the plus side, growth beyond a basic level has failed to deliver. For example, research in China found that its spectacular growth “led to a fall, not an increase, in happiness”, apparently due to escalating inequality. In fact, equality seems to be the key: “relative comparisons matter as much in low-income countries as in high-income ones” (p 89) where “people in many subsistence economies have relatively high levels of well-being and life satisfaction” (p 91). In addition, we know that “rich people report higher levels of life satisfaction but they are also more likely to exhibit pathological and anti-social behaviors” (p 92).
-
- Thus both the basics of material needs and psychological factors make degrowth possible, and planetary considerations make it necessary. Kallis cites the nine planetary thresholds recently identified by a group of scientists, also that the “stock of roads, buildings, and factories today rivals the biomass of the plants on land.” (p 100). The claimed “decoupling” of carbon emissions from economic growth within certain nations is an illusion in a globalized economy, with most factories located elsewhere. And the “Jevons paradox” continues apace: “A study of 57 different materials found that for all of them, increases in consumption and production outpace savings from technological improvements and more efficient use” (p 105). And today, “the costs of public health may be increasing because of growth, not despite of it” (p 109). Kallis sees the need for mandatory limits on the usage of fuel and resources, a tough sell today, but maybe not tomorrow.
-
- He cites interesting studies and observations on debt, since many have said that interest bearing debt is unsustainable, requiring additional production to pay back the interest. Simulation scenarios were found “that end up with stable zero growth despite interest-bearing debt”, for example, “if interest only covers the cost of debt default”. Or countries can “devalue when debt becomes unsustainable”, or “debt may be forgiven”, a debt jubilee. Or public debt may be bypassed issuing “debt-free public money” (p 110).
-

- But Kallis emphasizes that “growth is a collective action tragedy”: If some nations continue to push growth while others practice degrowth, the latter will lose relative power, leaving the former to drive the system to collective collapse more rapidly. This is kind of rapid collapse is a phenomena explained by Ugo Bardi in “Before the Collapse”. The globalized economy will have to be restructured, one way or another, to reign-in the major centers of growth, though Kallis does not venture how this might happen. He only notes that “reforms to welfare, taxation, distribution, employment, or monetary policy can secure stability in the absence of growth” (p 111). He concludes on a realistic, yet hopeful note: “Even if degrowth is socially and environmentally desirable, this does not make it politically feasible”. Yet “unlike ecological laws, political systems can change” (p 115)
-
- To guide this quest, Kallis identifies 9 economic principles: (1) *end to exploitation* – an egalitarian, classless society; (2) *direct democracy* – constant accountability; (3) *more localized production*; (4) *sharing* –reclaiming the commons, pooling resources, infrastructure, and institutions, free necessities; (5) *strong relationships* – family, community, education, politics; (6) *economic surplus applied to collective meaning* – arts, festivals, adventures, not conspicuous consumption; (7) *care* – collective care for others, not just in the household; (8) *diversity* - not just private firms but co-ops and non-profits, voluntary, subsistence, and exchange endeavors; (9) *de-commodification of land, labor, and value* – non-monetary ways of sharing (p 118 - 123).
-
- This is just a start, as he proclaims that his “utopia is not a blueprint but a canvass for new imaginaries” (p 124). Yet he sees “four leverage points for intervention: work, fiscal and monetary reform, and environmental limits” (p 125). For example, he suggests “shift from taxing earnings to taxing resource use and environmental damage”, including a carbon tax with dividend and a universal basic income. A potential alternative to the latter is to provide “universal social services”, or combine the two (p 129 – 131). A core degrowth proposal is to “cap and share”; that is, to cap resource use or emissions (decreasing over time) and to share the capped goods equitably. Also include moratoria on new extractive projects and phasing out of the old (p 132). “Sufficiency, not efficiency, is the organizing principle” (p 134).
-
- Kallis notes, following Gramsci, that a ruling class “will survive only if it establishes a ‘hegemony’, dominating the space of civil society ideologically” (p 137). “A hegemonic discourse articulates and prioritizes some common senses to the detriment of others. But dormant common senses can always be mobilized to reinterpret and change social reality” (p 138). One possible project is to convert NIMBY’s (“not in my backyard”) to NIABY’s (“not in anyone’s back yard”) (p 140).
-
- “A viable trajectory of change will probably involve political agency and strategy responding to the opportunities opened up by changing ecological economic conditions”. He calls this “coevolutionary change” in that different spheres of activity interact with and change one another” (p 143). Here Kallis is clearly on very strong ground. He cites how increasing automation and artificial intelligence will interact in complex ways with the increasing cost of energy intensive infrastructure and activities.

-
- On a technical note, Kallis runs into some confusion when analyzing national “carbon intensity” (p 151), which is defined as = carbon emissions / GDP in this context. If we let c_i = carbon intensity and c_e = carbon emissions, this becomes $c_e = c_i \cdot \text{GDP}$. The problem is that Kallis mistakenly says that the rate of change of c_e is the rate of change of c_i + the rate of change of GDP, or $c_e'(t) = c_i'(t) + \text{GDP}'(t)$ at time t . However the product rule of differential calculus states that $c_e'(t) = c_i'(t) \cdot \text{GDP}(t) + c_i(t) \cdot \text{GDP}'(t)$. For example, cutting either the rate of change of c_i in half (at constant GDP) or the rate of change of GDP in half (at constant c_i) will cut the rate of change in c_e in half. Yet, cutting c_i in half would likely be much more difficult than cutting GDP in half since so much new technology and infrastructure would be involved, so Kallis is on the right track, not the study which advised reduction of carbon intensity, even though both are needed in the long run.
-
- In conclusion, Kallis advises that, to get a better grasp on how degrowth will play out, we should “study systemic changes in [historical] periods of collapse, economic contraction, or stagnation” (p 164). However he’s very pessimistic about prospects for globally coordinated degrowth: “There is no global arrangement capable of doing this, nor is there any foreseeable geopolitical movement in this direction” (p 168). However there is such a movement, called “democratic global governance” or “world government”, which has waxed and waned throughout the 20th century. An international group of us organized and promoted it at world social forums and the like from Samoa to Brazil to India to Europe 15 to 20 years ago, and it could see a revival following the failure of the current resurgence of nationalism.
-
- Kallis himself notes that “The relationship between growthmanship and populist or post-populist politics merits more attention” (p 171). Kallis also looks at population and degrowth, noting that “Declines in mortality and increases in life expectancy can be achieved at one-sixth the current level of US income” (p 182) but that more research is needed to better identify which social and economic factors are most strongly correlated with fertility and mortality.