

Capitalism and Degrowth— An Impossibility Theorem

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In the opening paragraph to his 2009 book, *Storms of My Grandchildren*, James Hansen, the world's foremost scientific authority on global warming, declared: "Planet Earth, creation, the world in which civilization developed, the world with climate patterns that we know and stable shorelines, is in imminent peril. . . . The startling conclusion is that continued exploitation of all fossil fuels on Earth threatens not only the other millions of species on the planet but also the survival of humanity itself—and the timetable is shorter than we thought."¹

In making this declaration, however, Hansen was only speaking of a *part* of the global environmental crisis currently threatening the planet, namely, climate change. Recently, leading scientists (including Hansen) have proposed nine planetary boundaries, which mark the safe operating space for the planet. Three of these boundaries (climate change, biodiversity, and the nitrogen cycle) have already been crossed, while others, such as fresh water use and ocean acidification, are emerging planetary rifts. In ecological terms, the economy has now grown to a scale and intrusiveness that is both overshooting planetary boundaries and tearing apart the biogeochemical cycles of the planet.²

Hence, almost four decades after the Club of Rome raised the issue of "the limits to growth," the economic growth idol of modern society is once again facing a formidable challenge.³ What is known as "degrowth economics," associated with the work of Serge Latouche in particular, emerged as a major European intellectual movement in 2008 with the historic conference in Paris on "Economic De-Growth for Ecological Sustainability and Social Equity," and has since inspired a revival of radical Green thought, as epitomized by the 2010 "Degrowth Declaration" in Barcelona.

Ironically, the meteoric rise of degrowth (*décroissance* in French) as a concept has coincided over the last three years with the reappearance

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of economic crisis and stagnation on a scale not seen since the 1930s. The degrowth concept therefore forces us to confront the questions: Is degrowth feasible in a capitalist grow-or-die society—and if not, what does this say about the transition to a new society?

According to the Web site of the European degrowth project, “degrowth carries the idea of a voluntary reduction of the size of the economic system which implies a reduction of the GDP.”⁴ “Voluntary” here points to the emphasis on voluntaristic solutions—though not as individualistic and unplanned in the European conception as the “voluntary simplicity” movement in the United States, where individuals (usually well-to-do) simply choose to opt out of the high-consumption market model. For Latouche, the concept of “degrowth” signifies a major social change: a radical shift from growth as the main objective of the modern economy, toward its opposite (contraction, downshifting).

An underlying premise of this movement is that, in the face of a planetary ecological emergency, the promise of green technology has proven false. This can be attributed to the Jevons Paradox, according to which greater efficiency in the use of energy and resources leads not to conservation but to greater economic growth, and hence more pressure on the environment.⁵ The unavoidable conclusion—associated with a wide variety of political-economic and environmental thinkers, not just those connected directly to the European degrowth project—is that there needs to be a drastic alteration in the economic trends operative since the Industrial Revolution. As Marxist economist Paul Sweezy put it more than two decades ago: “Since there is no way to increase the capacity of the environment to bear the [economic and population] burdens placed on it, it follows that the adjustment must come entirely from the other side of the equation. And since the disequilibrium has already reached dangerous proportions, it also follows that what is essential for success is a reversal, not merely a slowing down, of the underlying trends of the last few centuries.”⁶

Given that wealthy countries are already characterized by ecological overshoot, it is becoming more and more apparent that there is indeed no alternative, as Sweezy emphasized, but a *reversal* in the demands placed on the environment by the economy. This is consistent with the argument of ecological economist Herman Daly, who has long insisted on the need for a steady-state economy. Daly traces this perspective to John Stuart Mill’s famous discussion of the “stationary state” in his *Principles of Political Economy*, which argued that if economic expansion was to level off (as the classical economists expected), the economic

goal of society could then shift to the qualitative aspects of existence, rather than mere quantitative expansion.

A century after Mill, Lewis Mumford insisted in his *Condition of Man*, first published in 1944, that not only was a stationary state in Mill's sense ecologically necessary, but that it should also be linked to a concept of "basic communism. . . [that] applies to the whole community the standards of the household," distributing "benefits according to need" (a view that drew upon Marx).

Today this recognition of the need to bring economic growth in overdeveloped economies to a halt, and even to shrink these economies, is seen as rooted theoretically in Nicholas Georgescu-Roegen's *The Entropy Law and the Economic Process*, which established the basis of modern ecological economics.⁷

Degrowth as such is not viewed, even by its proponents, as a stable solution, but one aimed at reducing the size of the economy to a level of output that can be maintained perpetually at a steady-state. This might mean shrinking the rich economies by as much as a third from today's levels by a process that would amount to negative investment (since not only would new net investment cease but also only some, not all, worn-out capital stock would be replaced). A steady-state economy, in contrast, would carry out replacement investment but would stop short of new net investment. As Daly defines it, "a steady-state economy" is "an economy with constant stocks of people and artifacts, maintained at some desired, sufficient levels by low rates of maintenance 'throughput,' that is, by the lowest feasible flows of matter and energy."⁸

Needless to say, none of this would come easily, given today's capitalist economy. In particular, Latouche's work, which can be viewed as exemplary of the European degrowth project, is beset with contradictions, resulting not from the concept of degrowth *per se*, but from his attempt to skirt the question of capitalism. This can be seen in his 2006 article, "The Globe Downshifted," where he argues in convoluted form:

For some on the far left, the stock answer is that capitalism is the problem, leaving us stuck in a rut and powerless to move towards a better society. Is economic contraction compatible with capitalism? This is a key question, but one that it is important to answer without resort to dogma, if the real obstacles are to be understood. . . .

Eco-compatible capitalism is conceivable in theory, but unrealistic in practice. Capitalism would require a high level of regulation to bring about the reduction of our ecological footprint. The market system, dominated by huge multinational corporations, will never set off down the virtuous path of eco-capitalism of its own accord. . . .

Mechanisms for countering power with power, as existed under the Keynes-Fordist regulations of the Social-Democratic era, are conceivable and desirable. But the class struggle seems to have broken down. The problem is: capital won. . . .

A society based on economic contraction cannot exist under capitalism. But capitalism is a deceptively simple word for a long, complex history. Getting rid of the capitalists and banning wage labour, currency and private ownership of the means of production would plunge society into chaos. It would bring large-scale terrorism. . . . We need to find another way out of development, economism (a belief in the primacy of economic causes and factors) and growth: one that does not mean forsaking the social institutions that have been annexed by the economy (currency, markets, even wages) but reframes them according to different principles.⁹

In this seemingly pragmatic, non-dogmatic fashion, Latouche tries to draw a distinction between the degrowth project and the socialist critique of capitalism by: (1) declaring that “eco-compatible capitalism is conceivable” at least in theory; (2) suggesting that Keynesian and so-called “Fordist” approaches to regulation, associated with social democracy, could—if still feasible—tame capitalism, pushing it down “the virtuous path of eco-capitalism”; and (3) insisting that degrowth is not aimed at breaking the dialectic of capital-wage labor or interfering with private ownership of the means of production. In other writings, Latouche makes it clear that he sees the degrowth project as compatible with continued valorization (i.e., augmentation of capitalist value relations) and that anything approaching substantive equality is considered beyond reach.¹⁰

What Latouche advocates most explicitly in relation to the environmental problem is the adoption of what he refers to as “reformist measures, whose principles [of welfare economics] were outlined in the early 20th century by the liberal economist Arthur Cecil Pigou [and] would bring about a revolution” by internalizing the environmental externalities of the capitalist economy.¹¹ Ironically, this stance is identical with that of neoclassical environmental economics—while distinguished from the more radical critique often promoted by ecological economics, where the notion that environmental costs can simply be internalized within the present-day capitalist economy is sharply attacked.¹²

“The ecological crisis itself is mentioned” in the current degrowth project, as Greek philosopher Takis Fotopoulos has critically observed, “in terms of a common problem that ‘humanity’ faces because of the degradation of the environment, with no mention at all of the differentiated class implications of this crisis, i.e., of the fact that the economic and social implications of the ecological crisis are primarily paid in

terms of the destruction of lives and livelihood of the lower social groups—either in Bangladesh or in New Orleans—and much less in terms of those of the elites and the middle classes.”¹³

Given that it makes the abstract concept of economic growth its target, rather than the concrete reality of capital accumulation, degrowth theory—in the influential form articulated by Latouche and others—naturally faces difficulty confronting today’s reality of economic crisis/stagnation, which has produced unemployment levels and economic devastation greater than at any time since the 1930s. Latouche himself wrote in 2003 that “there would be nothing worse than a growth economy without growth.”¹⁴ But, faced with a capitalist economy caught in a deep structural crisis, European degrowth analysts have little to say. The Barcelona Degrowth Declaration simply pronounced: “[S]o-called anti-crisis measures that seek to boost economic growth will worsen inequalities and environmental conditions in the long-run.”¹⁵ Neither wishing to advocate growth, nor to break with the institutions of capital—nor, indeed, to align themselves with workers, whose greatest need at present is employment—leading degrowth theorists remain strangely silent in the face of the greatest economic crisis since the Great Depression.

To be sure, when faced with “actual degrowth” in the Great Recession of 2008-2009 and the need for a transition to “sustainable degrowth,” noted ecological economist Joan Martinez-Alier, who has recently taken up the degrowth banner, offered the palliative of “a short-run Green Keynesianism or a Green New Deal.” The goal, he said, was to promote economic growth and “contain the rise in unemployment” through public investment in green technology and infrastructure. This was viewed as consistent with the degrowth project, as long as such Green Keynesianism did not “become a doctrine of continuous economic growth.”¹⁶ Yet how working people were to fit into this largely technological strategy (predicated on ideas of energy efficiency that degrowth analysts generally reject) was left uncertain.

Indeed, rather than dealing with the unemployment problem directly—through a radical program that would give people jobs aimed at the creation of genuine use values in ways compatible with a more sustainable society—degrowth theorists prefer to emphasize shorter working hours, and separate “the right to receive remuneration from the fact of being employed” (by means of the promotion of a universal basic income). Such changes are supposed to allow the economic system to shrink and, at the same time, guarantee income to families—all the while keeping the underlying structure of capital accumulation and markets intact.

Yet, looked at from a more critical standpoint, it is hard to see the viability of shorter work hours and basic income guarantees on the scale suggested other than as elements in a transition to a post-capitalist (indeed socialist) society. As Marx said, the rule for capital is: “Accumulate, accumulate! That is Moses and the prophets!”¹⁷ To break with capitalism’s institutional basis of the “law of value,” or to question the structure underpinning the exploitation of labor (both of which would be threatened by a sharp reduction of working hours and substantial income guarantees) is to raise larger questions of system change—ones that leading degrowth theorists seem unwilling to acknowledge at present. Moreover, a meaningful approach to the creation of a new society would have to provide not merely income and leisure, but would also need to address the human need for useful, creative, non-alienated work.

Even more problematic is the attitude of much of current degrowth theory toward the global South. “Degrowth,” Latouche writes,

must apply to the South as much as to the North if there is to be any chance to stop Southern societies from rushing up the blind alley of growth economics. Where there is still time, they should aim not for development but for disentanglement—removing the obstacles that prevent them from developing differently. . . . Southern countries need to escape their economic and cultural dependence on the North and rediscover their own histories—interrupted by colonialism, development and globalization—to establish distinct indigenous cultural identities. . . . Insisting on growth in the South, as though it were the only way out of the misery that growth created, can only lead to further westernization.¹⁸

Lacking an adequate theory of imperialism, and failing to address the vast chasm of inequality separating the richest from the poorest nations, Latouche thus reduces the whole immense problem of underdevelopment to one of cultural autonomy and subjection to a Westernized growth fetish. This can be compared to the much more reasoned response of Herman Daly, who writes,

It is absolutely a waste of time as well as morally backward to preach steady-state doctrines to underdeveloped countries before the overdeveloped countries have taken any measure to reduce either their own population growth or the growth of their per-capita resource consumption. Therefore, the steady-state paradigm must first be applied in the overdeveloped countries. . . . One of the major forces necessary to push the overdeveloped countries toward a . . . steady-state paradigm must be Third World outrage at their overconsumption. . . . The starting point in development economics should be the “impossibility theorem” . . . that a U.S.-style high mass consumption economy for a

world of 4 billion people is impossible, and even if by some miracle it could be achieved, it would certainly be short-lived.¹⁹

The notion that degrowth as a concept can be applied in essentially the same way both to the wealthy countries of the center and the poor countries of the periphery represents a category mistake resulting from the crude imposition of an abstraction (degrowth) on a context in which it is essentially meaningless, e.g., Haiti, Mali, or even, in many ways, India. The real problem in the global periphery is overcoming imperial linkages, transforming the existing mode of production, and creating sustainable-egalitarian productive possibilities. It is clear that many countries in the South with very low per capita incomes cannot afford *degrowth* but could use a kind of *sustainable development*, directed at real needs such as access to water, food, health care, education, etc. This requires a radical shift in social structure away from the relations of production of capitalism/imperialism. It is telling that in Latouche's widely circulated articles there is virtually no mention of those countries, such as Cuba, Venezuela, and Bolivia, where concrete struggles are being waged to shift social priorities from profit to social needs. Cuba, as the *Living Planet Report* has indicated, is the only country on Earth with high human development and a sustainable ecological footprint.²⁰

It is undeniable today that economic growth is the main driver of planetary ecological degradation. But to pin one's whole analysis on overturning an abstract "growth society" is to lose all historical perspective and discard centuries of social science. As valuable as the degrowth concept is in an ecological sense, it can only take on genuine meaning as part of a critique of capital accumulation and part of the transition to a sustainable, egalitarian, communal order; one in which the associated producers govern the metabolic relation between nature and society in the interest of successive generations and the earth itself (socialism/communism as Marx defined it).²¹ What is needed is a "co-revolutionary movement," to adopt David Harvey's pregnant term, that will bring together the traditional working-class critique of capital, the critique of imperialism, the critiques of patriarchy and racism, and the critique of ecologically destructive growth (along with their respective mass movements).²²

In the generalized crisis of our times, such an overarching, co-revolutionary movement is conceivable. Here, the object would be the creation of a new order in which the valorization of capital would no longer govern society. "Socialism is useful," E.F. Schumacher wrote in *Small is Beautiful*, precisely because of "the possibility it creates for the overcoming of the religion of economics," that is, "the modern trend

towards total quantification at the expense of the appreciation of qualitative differences.”²³

In a sustainable order, people in the wealthier economies (especially those in the upper income strata) would have to learn to live on “less” in commodity terms in order to lower per capita demands on the environment. At the same time, the satisfaction of genuine human needs and the requirements of ecological sustainability could become the constitutive principles of a new, more communal order aimed at human reciprocity, allowing for qualitative improvement, even *plenitude*.²⁴ Such a strategy—not dominated by blind productivism—is consistent with providing people with worthwhile work. The ecological struggle, understood in these terms, must aim not merely for degrowth in the abstract but more concretely for *deaccumulation*—a transition away from a system geared to the accumulation of capital without end. In its place we need to construct a new co-revolutionary society, dedicated to the common needs of humanity and the earth.

Notes

1. James Hansen, *Storms of My Grandchildren* (New York: Bloomsbury, 2009), ix.
2. See Johan Rökström, et al., “A Safe Operating Space for Humanity,” *Nature* 461 (September 2009): 472-75; John Bellamy Foster, Brett Clark, and Richard York, *The Ecological Rift* (New York: Monthly Review Press, 2010), 13-19.
3. Donella Meadows, Dennis H. Meadows, Jørgen Randers, and William W. Behrens III, *The Limits to Growth: A Report for the Club of Rome's Project on the Predicament of Mankind* (New York: Universe Books, 1972).
4. “What is Degrowth?” <http://degrowth.eu>.
5. See John Bellamy Foster, Brett Clark, and Richard York, “Capitalism and the Curse of Energy Efficiency,” *Monthly Review* 62, no. 6 (November 2010): 1-12.
6. Paul M. Sweezy, “Capitalism and the Environment,” *Monthly Review* 41, no. 2 (June 1989): 6.
7. Herman E. Daly, *Beyond Growth* (Boston: Beacon Press, 1996), 3-4; John Stuart Mill, *Principles of Political Economy* (New York: Longmans, Green and Co., 1904), 452-55; Lewis Mumford, *The Condition of Man* (New York: Harcourt Brace and Jovanovich, 1973), 411-12; Nicholas Georgescu-Roegen, *The Entropy Law and the Economic Process* (Cambridge, Massachusetts: Harvard University Press, 1971).
8. Herman E. Daly, *Steady-State Economics* (Washington, D.C.: Island Press, 1991), 17.
9. Serge Latouche, “The Globe Downshifted,” *Le Monde Diplomatique* (English edition), January 13, 2006, <http://mondediplo.com>.
10. Serge Latouche, “Would the West Actually be Happier with Less?: The World Downscaled,” *Le Monde Diplomatique* (English edition), December 12, 2003, <http://mondediplo.com> and “Can Democracy Solve All Problems?” *International Journal of Inclusive Democracy* 1, no. 3 (May 2005): 5, <http://inclusivedemocracy.org>.
11. Latouche, “The Globe Downshifted.”
12. See, for example, Martin O'Connor, “The Misadventures of Capitalist Nature,” in Martin O'Connor, ed., *Is Capitalism Sustainable?* (New York: Guilford Press, 1994), 126-33.
13. Takis Fotopoulos, “Is Degrowth Compatible with a Market Economy?” *The International Journal of Inclusive Democracy* 3, no. 1 (January 2007), <http://inclusivedemocracy.org>.
14. Latouche, “Would the West Actually be Happier with Less?”
15. “Degrowth Declaration Barcelona 2010,” Second International Conference on Economic Degrowth for Ecological Sustainability and Social Equity, March 28-29, 2010, Barcelona, <http://degrowth.eu>.
16. Joan Martínez-Alier, “Herman Daly Festschrift: Socially Sustainable Economic Degrowth,” October 9, 2009, <http://eoearth.org>.
17. Karl Marx, *Capital*, vol. 1 (London: Penguin, 1976), 742.
18. Serge Latouche, “Degrowth Economics,” *Le Monde Diplomatique* (English edition), November 2004, <http://mondediplo.com>.
19. Daly, *Steady-State Economics*, 148-49.
20. World Wildlife Fund, *Living Planet Report*, 2006, <http://panda.org>.
21. See John Bellamy Foster, *Marx's Ecology* (New York: Monthly Review Press, 2000), 163-70.
22. David Harvey, *The Enigma of Capital* (New York: Oxford University Press, 2010), 228-35.
23. E.F. Schumacher, *Small is Beautiful* (New York: Harper and Row, 1973), 254-55.
24. On the concept of plenitude, see Juliet Schor, *Plenitude* (New York: Penguin, 2010); Foster, Clark, and York, *The Ecological Rift*, 397-99.

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First, degrowth lets off the hook the real source of the problem, thus condemning civilisation to dangerous climate change and parallel ecological threats. Second, degrowth unwittingly endorses what would be an imposition of austerity on the Western working class far beyond anything a Thatcher, Cameron or May could imagine, this time in the name of the planet. And, worst of all, degrowth would bring an end to progress itself – the steady expansion of freedom for all humanity. 1. The Curious Case of the On-the-Mend Ozone Layer. So there is an immediate and insurmountable contradiction between degrowth and trade unionism. Compounding this contradiction is the real wage stagnation workers across the West have suffered for some 40 years. Arrow's impossibility theorem is a social-choice paradox illustrating the impossibility of having an ideal voting structure. Understanding Arrow's Impossibility Theorem. Democracy depends on people's voices being heard. For example, when it is time for a new government to be formed, an election is called, and people head to the polls to vote. Millions of voting slips are then counted to determine who is the most popular candidate and the next elected official. According to Arrow's impossibility theorem, in all cases where preferences are ranked, it is impossible to formulate a social ordering without violating one of the following conditions: Nondictatorship: The wishes of multiple voters should be taken into account (2011). Capitalism and degrowth: An impossibility theorem. to summaries/extracts below: Monthly Review, January 2011, Volume 62, Number 8. Available here This Changes Everything. See extract in The Guardian. <http://monthlyreview.org/2011/01/01/capitalism-and-degrowth-an-impossibility-theorem/>. <http://www.theguardian.com/environment/2015/mar/08/how-will-everything-change-under-climate-change>. What might a post-capitalist economy look like?