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Beyond growth/ degrowth



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Beyond growth/ degrowth, questions for the Greens in transition



Benoît Lechat

The re-emergence of the debate on growth must not push the Greens towards fundamentalism. The idea is not to jump into a 'back to the roots' movement but rather to review a series of questions that have been left unanswered, without falling into the trap of false dilemmas. In this prospect, is the question of how to reduce inequality in Europe; with or without economic growth, maybe one of the most important?

In 2009, the Green New Deal played a crucial role in the European Greens' success. Prospects of a way out of the crisis by greening the economy convinced many voters that the Greens were not enemies of employment and the economy; a picture so often painted by their adversaries. However, in 2010, the publication of Tim Jackson's book 'Prosperity without growth' put a damper on this optimism by radically bringing into question whether decoupling economic growth from the rise in greenhouse gas emissions is possible or not.

Surviving austerity and... growth

In 2012, the 40th anniversary of the Club of Rome report on the limitations of growth was celebrated in an atmosphere that would be difficult to class as optimistic, to put it mildly. Changes in the parameters of the global ecosystem only give rise to concern. The perpetual economic crisis in which the industrialised world seems to currently find itself forms an environment that is conducive to the re-emergence of a certain number of fundamental questions that the Greens have been asking since their party's arrival on the political landscape in the 1970s. However, there is still a tendency to avoid these questions and to attempt to continue with 'business as usual' scenarios in order to kick-start the economy using old formulas, the consequences of which we already know are disastrous for the environment. For Europeans, it is not only about surviving austerity or cuts in public services - where the weakest are generally the first ones affected - it is also about asking whether growth scenarios - that a sizeable proportion of the left says it hopes for - will truly be capable of strengthening the sustainability

of our economy, and in this case, its compatibility with future generations' right not to live on an inhospitable planet.

A debate that questions the Greens

These questions may be asked by the Greens to other political forces but first they are directed to the Greens by several other relatively new stakeholders. Since the beginning of the 21st century, an extremely diversified set of protestors against growth has developed.. From the degrowth movement that began in France to the transition movement that grew in the United Kingdom (www.transitionculture.org) , over the last few years we have witnessed the emergence of a sometimes very critical discourse with regard to whether policies, particularly Green policies, are capable of overcoming the environmental crisis.

The re-emergence of old dilemmas

As demonstrated by Erwan Lecoeur, France is currently experiencing the return of an old dilemma of political ecology, namely, the return of the dilemma between party (do we need to change society through the work of the institutions?) or movement (do we need to take action from the bottom-up and work on lifestyle and develop effective alternatives?). In 2012, like in 1980, those who believe that priority must be given to the work carried out outside the sphere of the institutions rely on the prospect of impending catastrophe to support the idea that we must not wait for change to be brought about by politicians, but we must start to live alternatively 'here and now', whilst hoping to quickly convince many to imitate us.

Dualistically opposing degrowth and growth, movement and politics, social change and institutional change, technology and nature, the common market and the State, serves to do absolutely nothing but push us further into sectarianism that would condemn green parties to political insignificance.

Politicising the ecology again and again

Here we will support the argument that on the contrary, what we need more than ever is to re-politicise the debate and avoid it becoming limited to a series of sterile dilemmas that lead to zero progress. Dualistically opposing degrowth and growth, movement and politics, social change and institutional change, technology and nature, the common market and the State, serves to do absolutely nothing but push us further into sectarianism that would condemn green parties to political insignificance in the same way as the path to the mainstream and political correctness.

A European debate

The current edition of the Green European Journal attempts to give an overview of the way in which the debate on growth is evolving in 2012 in a certain number of countries and within green parties. In doing so, it is trying to raise a series of questions that the Greens must ask themselves if they want to reformulate their plan based on contemporary challenges. The Greens are in transition themselves. By refusing dilemmas we are not prevented from questioning the terms of these dilemmas: it is precisely because it intends to organise the democratic debate on the world that we wish to pass down that the green movement is political!

Questions for the Greens in transition

1. On the link between nature, technology, society and politics: how do we find the right balance between the utopia of a new alliance between technology and nature and eco-centric fundamentalism that would solidify nature as an

intangible absolute ? If the absolute decoupling of economic growth and the rise in pollution was theoretically possible, what would be the social and human consequences? Since Habermas, we have known that technologies are not politically and socially neutral.

2. On the role of the market: is it really possible to succeed in ecologically transforming the economy by abandoning market instruments such as green tax on the grounds that these instruments would reinforce intrinsic and non-egalitarian neo-liberal capitalism?

3. On the respective roles of the institutions and culture in changing lifestyles:
Whilst it is important not to let the market incessantly create new needs that fuel growth and contribute to the destruction of the environment, without making people happier, to what extent and at what rate can the state impose more sustainable lifestyles?
What cultural role can the greens play in promoting post-consumerist lifestyles?

4. On global challenges and the need for an economically strong European: for example, how could Europe play a key role in international negotiations on climate and biodiversity if its economy is entering into a period of zero growth, while at the same time emerging economies are having increasingly decisive influence? What are the political implications that the Greens must understand from this strategic constraint?

5. On the alliances to be built: What link must be maintained between the Greens and new social movements that criticise growth such as the Transition Movement or the Objectors to Growth?¹⁻² How do we unite these movements with old social movements, starting with the trade union movement?

6. On the issue of justice: how do we restore social cohesion in a European economy marked by the increased rise in inequality? Doesn't saving the European economy from the need for growth, whatever its form, mean that we have to begin to provide serious answers to how we reduce economic inequality once and for all?

The rising social discontent against austerity in many European countries show that we need to build a new social contract that would replace the "productivist compromise" that has been ruling the post-war European society and that was based on sharing the benefits of never-ending growth, whatever its consequences for the people and for the environment. This invention of a post-consumerist and post-growth society is far from being an easy job, even though some actions show that it has already started. The Greens should support them and try to coalesce all the social forces that are interested in this project.

Benoit Lechat is editor-in-chief of the Green European Journal.

1 <http://www.groene.nl/2012/14/radicale-anarchie-in-de-hobbitstee>
<http://bureaudehelling.nl/artikel/de-transitiebeweging-een-nieuwe-beweging-in-postpolitieke-tijden>
2 <http://www.objecteursdecroissance.be/spip.php?rubrique57>

Old cleavages, new green debates



Paul-Marie Boulanger

The growth/degrowth debate should be put in perspective as the latest version of older cleavages between the Greens, like the eco-centric/anthropocentric dilemma. Mapping the differences between environmental discourses helps us to better organise the contemporary discussion on the respective importance of technology, eco-efficiency, and management of the human needs in reaching sustainability.

If the polemic about the existence and status of an “intrinsic value” of nature has been vivid amongst environmental ethicists and ecological philosophers, it cannot be said to have had an enduring influence on Green politics and practices.

Mapping environmental discourse

The astonishing diversity of attitudes and discourses that have been historically associated with Green political thought has given rise to several attempts to account for that diversity through classifications and typologies, usually built upon one or a couple of conceptual pairs. One of the oldest and probably most influencing of those conceptual pair is the “anthropocentric - ecocentric” dilemma. According to Eckersley (1992), it is even the most fundamental area of difference between Green theorists as to the meaning, scope and political consequences of the ecological perspective. The anthropocentric – ecocentric opposition has ancient roots in the ecological tradition. It goes back at least to the (almost mythical) history of the relationship between John Muir and Gifford Pinchot. Gifford Pinchot (1865-1946) was the first head of the US Forest service and also the first “conservationist”. John Muir (1838-1914) founding father of the Sierra Club and of the first National Park in USA, the Yosemite park, is known as the patron saint of “preservationism”. Conservationists take care of the environment so as to get the most value from it for people. Typical of that perspective is the following statement, Pinchot is reported having said: “There are just two things on this material earth – people and natural resources.” At the opposite, the “preservationist” John Muir claimed that nature, especially wilderness, had “intrinsic” value independently of human uses of it and as such should be preserved as far as possible from human interferences. The debate that took

place between Pinchot and Muir in the USA about the Hetch Hetchy Valley and which put an end to their friendship, started the long standing polarisation between what Martinez-Alier calls “The gospel of eco-efficiency” and “the cult of wilderness”, even if in fact, this “John Muir versus Gifford Pinchot” is a rough simplification of environmental currents in the USA and one which “leaves aside part of the story.” (Martinez-Alier, 2002, p. 7).

If the polemic about the existence and status of an “intrinsic value” of nature has been vivid amongst environmental ethicists and ecological philosophers, it cannot be said to have had an enduring influence on Green politics and practices. As Dryzek argues: “The question of how to balance human and non-human interests is perhaps more easily answered in particular cases rather than at the level of philosophical abstraction. Philosophical dispute about the relative worth of human beings and the smallpox virus does not get in the way of the recognised need to protect the remnant ancient forests of California, Oregon, Washington, and British Columbia against logging; to keep uranium mines out of national parks; and to return the Colorado River to its free-flowing state.” (Dryzek, 2005 [1997], pp. 184-185).

It should not come as a surprise: the urgencies they are facing today with climate change and biodiversity losses are formidable enough on purely anthropocentric grounds for not being necessary or sensible, to advocate more demanding standpoints.



The damming of Hetch Hetchy valley in the US at the beginning of the 20th century caused the first schisms in the green movement. The debate over the damming continues today.

Today, pace Eckersley, not much remains of the anthropocentric - ecocentric dilemma in the Green parties' concerns and proposals. It should not come as a surprise: the urgencies they are facing today with climate change and biodiversity losses are formidable enough on purely anthropocentric grounds for not being necessary or sensible, to advocate more demanding standpoints. Even on purely utilitarian anthropocentric terms, the challenges are daunting enough...

Probably the same reason explains the (relative) vanishing of an erstwhile very active opposition between environmentalism and ecologism. While the pair "anthropocentric-ecocentric" was the keystone of Eckersley's overview of Green discourses,

the oppositions between environmentalism and ecologism is the organising principle of Andrew Dobson's discussion of "Green Political Thought" (1990). It is symbolised by the distinction between green (small g) and Green, not even taking about "green" (between quotes). According to Dobson, while environmentalists (greens) take for granted that the environmental issues can be managed without fundamental social and cultural changes, ecologists (Greens), on the contrary, maintain that it calls for a radical change in our relationship with nature, our values and our lifestyles. As for 'greens', they just pay lip service to the environment by greenwashing business as usual.

Ecocentrism/technocentrism Equality/inequality

We have seen ecocentrism opposed typically to anthropocentrism, but in some typologies it is opposed to technocentrism, as in O'Riordan (1981) who characterises ecocentrism as follows: "Ecocentrism preaches the virtues of reverence, humility, responsibility, and care; it argues for low-impact technology (but is not antitechnological); it decries bigness and impersonality in all its forms (but especially in the city) and demands a code of behaviour that seeks permanence and stability based upon ecological principles of diversity and homeostasis." (O'Riordan 1981, p.1; quoted by Dobson 1990, p.85). Recently, three researchers of the Sustainable Cities Research Institute of the University of Northumbria have proposed a mapping of environmental discourses on a two dimensional space resulting from the crossing of two axis: a technocentric - ecocentric axis and a inequality – equality one.

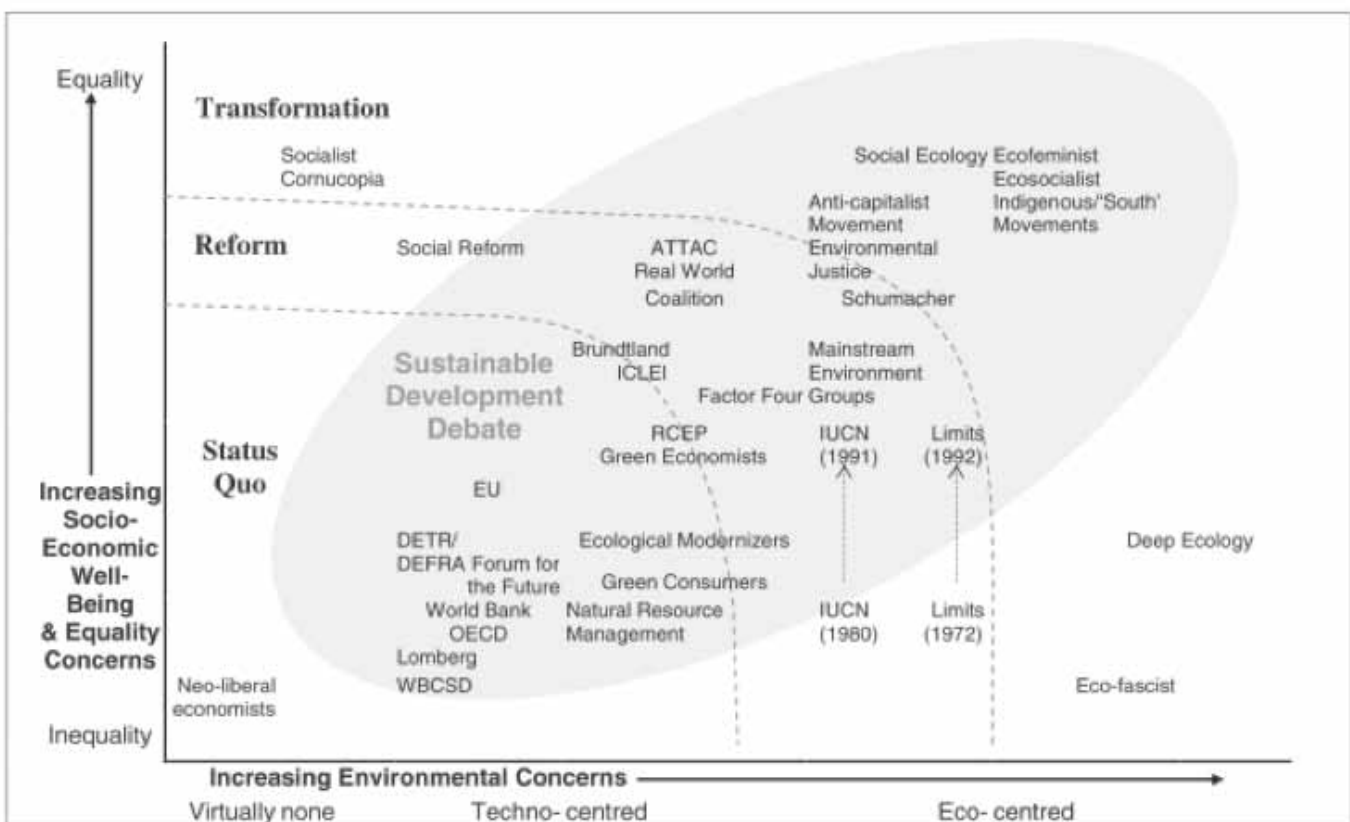


Figure 1. Mapping of environmental discourses.
(Source: Hopwood, Mellor and O'Brien, 2005:41)

As figure 1 show, Hopwood, Mellor & O'Brien identify three sub-spaces in the map, which they call respectively "Status quo", "Reform" and "Transformation". There is no room here for a detailed discussion of the relative position of each discourse in the whole picture. Some choices of location will appear certainly controversial, to say the least. It is likely, for instance, that ATTAC members

will be surprised to be considered reformists and neighbouring factor 4 groups! More fruitful would be the enrichment that the introduction of time, as a third axis, would constitute. It is lacking in figure 1 but not totally in Hopwood, Mellor and O'Brien's comments. They note, for instance, that: "The mainstream environmental groups such as Friends of the Earth, Greenpeace, WWF and Sierra Club are largely in the reform group and increasingly have moved from grass root activism and mass protest to political lobbying and working with business and

According to Dryzek, what discourses such as deep ecology, ecotheology, ecofeminism, bioregionalism, ecological citizenship, etc., have in common is that they all maintain that what must be changed in priority is the way people experience nature, the way people think about it and the whole cultural matrix of industrial society.

government.” (Hopwood, Mellor, & O’Brien, 2005, p. 44). Actually, with time, not only have many organisations changed place in the ideological-political landscape, but the landscape itself has probably changed a lot.

Not all overviews of environmental discourses are built upon conceptual antinomies like the one we have been discussing so far. For instance, Dryzek in his influential (and rightly so) “The Politics of the Earth” published in 1997 doesn’t pretend deducing his ten political attitudes toward the environment from the articulation of conceptual or logical dilemmas. However, underpinning the seemingly unstructured enumeration of survivalism, prometheism, administrative rationalism, democratic pragmatism, economic rationalism, sustainable development, ecological modernisation, Green consciousness, Green politics and ecological democracy, it is possible to discover three organising categories at play, namely: global versus local environmental issues, technocratism versus democratism, radicalism versus reformism and resources-orientation versus people-orientation. In addition, people-oriented environmentalism is also broken down in two major options, one aiming at changing people themselves, their beliefs, value-orientations and attitudes; the other aiming at changing only the institutions (rules and incentives). According to Dryzek, what discourses such as deep ecology, ecotheology, ecofeminism, bioregionalism, ecological citizenship, etc., have in common is that they all maintain that what must be changed in priority is the way people experience nature, the way

people think about it and the whole cultural matrix of industrial society. This is why he put them all in the “Green consciousness” group. On the contrary, what he calls “Green politics” doesn’t pretend to change the people themselves but focuses on the social, economic and political institutions.

Resources and/or people-oriented strategies

I think the distinction “Resources-orientated versus People-orientated” is useful for understanding what is at stake in the current debate about growth, eco-efficiency and delinking. It is not an ethical or philosophical category but a purely pragmatic one. It was already implicit in the IPAT equation formulated in the 1970s by the biologists Barry Commoner, Paul Ehrlich and William Holdren for analysing environmental problems. They demonstrated that every environmental problem (I) originating in human activities of production and consumption can best be seen as the result of three interwoven factors: a) population (P), i.e. the number of people producing or consuming a given product, b) the number of units per head of the good or service produced or consumed (A, for affluence) and, c) the environmental unitary impact of each unit of the product produced or consumed (T, for technology). To give just one example: the total GHG emissions of a given country (I) can be expressed as the product of its population (P) times the GDP per head of that country (A) times the intensity in CO₂ (CO₂/\$) of its economy, which depends on its technology (T). We will not open here the discussion on the accuracy or the drawbacks of the IPAT equation.

It is acknowledged that one of the most important endogenous factors of sustainability crisis in history has been an unchecked population growth, as Malthus was the first to highlight.

It has indeed been criticised and some refinements have been, often rightly so, brought to it. What is interesting with IPAT is the simple yet powerful idea of identifying 4 big classes of factors, environment and technology (I and T) on the one hand, and demography and affluence (P and A) on the other. Things can be simplified further by pooling together environmental resources and techniques in the single class of **resources**, and by pooling also population size and the average consumption level in the higher category of human **needs**. So doing, we come close to the carrying capacity idea, defined here as the ratio “resources/needs” or “IT/PA”.

In the same way that every household keen to make ends meet has to balance its needs with its income, every population has to adjust its lifestyles to its resources. Starting from a hypothetical state of equilibrium between resources and needs, a sustainability crisis happens when the state of the environment (I) has become objectively or subjectively (is perceived as) unable, taking account of the available technologies (T), to keep on sustaining the extant or desired standard of living and livelihoods (A) of that population (P). The cause can be exogenous (earthquake, tsunamis, volcanic eruption, drought...), endogenous (population growth, over-exploitation of the resource base) or combined (as is often the case). It is acknowledged that one of the most important endogenous factors of sustainability crisis in history has been an unchecked population growth, as Malthus was the first to highlight.

In order to overcome the crisis, there are but four possibilities:

1. Managing resources but not needs
2. Managing needs but not resources
3. Managing both needs and resources
4. Managing neither needs nor resources

Techno-prometheists versus green radicals

By managing resources, we understand here the setting of public policies at the highest institutional level with the purpose of acting directly or indirectly on the amount of resources available for final use; and by managing needs, the design of policies aiming at acting directly or indirectly on the amount of resources considered adequate. Managing resources goes either through extensification, intensification or both. The first strategy consists in widening the resource base through colonisation, military conquest, land clearing, etc. We include in the idea of extensification the transformation of a previously unexploited raw material or energy source in an economic resource, as it happened when coal, then oil has entered the production function on a large scale. Exploiting coal and oil from the ground can indeed be conceived as a kind of colonisation of the underground, as an extension of available land into the vertical dimension. The second strategy, intensification, consists in extracting more output from each unit of the environmental base through technological or organisational innovations, and/or through working harder, in other words in increasing the productivity of resources. We have already encountered it here above: it is the “gospel of eco-efficiency”.

As Daniel Bell showed (1976) in order to install our current habits of (over)consumption, capitalism had to overcome the resistance of its former best ally: the protestant ethic and Puritanism.

As for needs, management consists of measures that close the gap between resources and demand by shifting the level of consumption down to the level of available resources either by containing the number of inhabitants through emigration, fertility reduction, infanticides, wars, and so on, or by decreasing the standard of living of a significant part of the population. In his book "Collapse", Jared Diamond gives an interesting example of needs management in the Tikopia islands around 1600, when inhabitants went on to slaughter all the pigs living on their islands. The slaughtering is explained by the awareness of a conflict between human and pigs' feeding since it was necessary to divert food from human nutrition in order to feed animals which used to devastate gardens and constituted a luxury good consumed principally by the ruling class. Note also that religions have played a considerable role in managing people's needs and aspirations in many a society throughout history. In fact, as Daniel Bell showed (1976) in order to install our current habits of (over)consumption, capitalism had to overcome the resistance of its former best ally: the protestant ethic and Puritanism.

Though there is certainly no unique way to cope with sustainability crisis it is most likely that societies prefer trying first to enlarge their resource base if opportunities exist before intensifying work and a fortiori restraining consumption. The problem is that there are limits to extensification in a finite world. On the other hand, there also limits to continued intensification. In the absence of radical technological innovations, incremental improvements in the

productivity of resources yield decreasing marginal returns so that, eventually, a restraining policy can prove necessary to prevent a social and cultural collapse, at least during the transition period when old technologies and resources are being exhausted and the new technological cluster is still gaining momentum. However, imposed restrictions are rarely welcome by population so that restraining strategies are rarely explicitly adopted and implemented as such. More often, they remain implicit and unnoticed at first, being installed through the progressive, silent relaxation of dispositions and practices formerly ensuring that even the least well off could enjoy a sufficient standard of living.

Table 1 is an attempt to categorise the main political discourses on the problem of global environmental limits identified by Dryzek according to the importance they attach respectively to the management of resources and to the management of needs.

MANAGING RESOURCES	MANAGING NEEDS (PEOPLE-CENTERED)		
		YES	NO
	YES	Sustainable development	Ecological Modernisation
	NO	Green radicalism	Prometheism (Dryzek)

Prometheism refers to the attitude, typical of many neo-liberal economists, which denies the existence of absolute environmental limits to growth and the need for any intervention of the State be it in order to improve the resource basis, or, still less, to induce people to change their consumption patterns.

The currently very fashionable “Transition Management” current is but a recent avatar of ecological modernisation. Compared to the intellectualism of Green radicalism in the 70 and 80, Green radicalism has turned more practical and concrete, even if an important part of what happens under the de-growth banner remains purely intellectual.

Though prometheists acknowledge the possibility of temporary shortages in some resources or temporary overloads of the capacity of the environment to absorb pollutions, they maintain that the market alone through the price mechanism and provided property rights are normally allocated and respected, is able to bring the system to a new equilibrium between resources and needs and, moreover, at a higher level than before the crisis.

Ecological modernisation, contrary to Prometheism, doesn't believe that a capitalism left uncontrolled will be able to solve the current sustainability crisis. Moreover, it fears that without a determinate and ambitious intervention, of the State, the crisis will deepen and take catastrophic proportions. Advocates of ecological modernisation believe that a re-orientation of production methods and massive investments in green technological innovations through public policies will suffice to get us out of the ecological mess. In short, they trust science and technology, imagine a new green capitalism and believe in sustainable economic growth. Born around 1980 in Berlin, adopted on a large scale in the Netherlands during the 1990s, ecological modernisation remains a very influential approach. The currently very fashionable “Transition Management” current is but a recent avatar of ecological modernisation. On the other hand, many initiatives which, while being not enlisted under the “Ecological Modernisation” banner, focuses also almost exclusively on improving the productivity of resources through technological innovations and market incentives share the “ecological modernisation” believe in the possibility of decoupling economic growth from environmental pressures. Amaury Lovins,

Ernest Von Weisacker and the whole “Natural Edge Project” are the most renown champions of this attitude (Smith, Hargroves & Desha, 2010). However, we know now that, even if eco-efficiency improvements can bring a relative decoupling between growth in consumption and growth in environmental pressure by minimising environmental inputs per unit of GDP, it will not necessarily translate in “absolute decoupling”, i.e. in decreasing absolute amounts of energy and raw materials consumed or pollutants emitted by a given economy.

A new generation of pragmatic green radicals

Green radicalism is more than sceptical about the capacity of the industrial system to reform itself in the right direction and also on the efficacy of public policies focused only on production patterns and technological innovations in addressing the problems of global limits. At the core of every form of green radicalism, there is the conviction that there will be no long lasting solution to the ecological crisis except through a fundamental reorientation of cultural values, norms and beliefs. If eco-efficiency is the key word of ecological modernisation, “sufficiency”, “local” and “de-commoditisation” constitute the mantra of the currently most active Green radicals. The recent explosion of grassroots initiatives in “Voluntary Simplicity”, “Towns in Transition”, LETS or “local food systems” testifies to the vitality of Green radicalism and also of its transformation compared to what it was not so long ago. Compared to the intellectualism of Green radicalism in the 70 and 80, Green radicalism has turned more practical and concrete, even if an important part of what happens under the de-growth banner remains purely intellectual.

Despite the critiques that have been directed to the concept of sustainable development from Prometheists like Robert Solow, Julian Simon or Bjorn Lomborg, as well as from Green radicals such as Serge Latouche and the de-growth activists; despite its very limited impact on practical public policies at the global level, sustainable development is still alive and remains for many an attractive idea. Its seduction comes from its capacity to enlist elements of the ecological modernisation discourse as well as Green radicals' grassroots initiatives. Refusing to engage in sterile oppositions such as growth versus de-growth, anthropocentrism vs. ecocentrism, technology vs. culture, it invites to engage in a pluralism of activities in eco-efficiency, sufficiency and de-commodification.

Indeed, a consensus is emerging on the fact that transition towards sustainability will need innovations and changes at three different levels:

- at the technological level where products and services with a lighter ecological footprint must take the place of less eco-efficient ones;
- at the institutional level where non-market based modes of provision could be promoted alongside market-based ones;
- at the cultural level where less materialistic values and lifestyles should be developed and fostered without loss in welfare for people.

In other words, effective transitions to sustainable consumption will probably be mixed strategies acting on the three levers identified here above, the mix being different according to the consumption sector

or domain (food, mobility, housing, leisure,...) and both the culture and current consumption level of each society. In any case, we, consumers from rich, Western industrialised countries will have to learn to consume less (sufficiency), more efficiently and also differently (de-commodification). ■

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Ralf Fücks



Reinhard Loske

How fast should the wheel turn?

The ecologist Reinhard Loske wants to get away from the dogma of growth. Ralf Fücks, CEO of the Heinrich-Böll Foundation, favours green growth and a bio-economy. A debate.

My thesis is that the concept of the Green New Deal, while undoubtedly containing much that is true, does not go far enough. Its champions underestimate the potential of social innovations that reach way beyond isolated technological solutions.

Reinhard Loske

This article was originally published in German on taz.de and translated by the Green European Journal. Interview conducted by Hannes Koch.

Taz: Mr Loske, at the Earth Summit in Brazil you called for a way of life with as little economic growth as possible. What were your reasons for advocating this?

Reinhard Loske: We have known for a long time that our present economic system is placing an excessive strain on nature. Nevertheless the negative effects on climate are ever-increasing and the oceans are being exploited ruthlessly. This system which depends on permanent growth in order to function is reaching its limits – particularly since ecological progress is continually being eroded by rising production. I am therefore advocating a strategy of ecological modernisation accompanied by a reduced demand for endless growth.

Taz: Are there examples of people who have rejected the model of endless growth?

Loske: When citizens create urban community gardens in towns where they can grow fruit and vegetables instead of importing them from thousands of miles away they transcend the narrow view of today's economy. Hundreds of initiatives for "transition towns" are trying out a system of local, environmentally friendly business. Other key features are: social banking, parts exchanges, community living arrangements, alternative transport concepts, energy cooperatives, welfare economics and free software.

None of this is fully captured in the rhetoric of green growth. My thesis is that the concept of the Green New Deal, while undoubtedly containing much that is true, does not go far enough. Its champions underestimate the potential of social innovations that reach way beyond isolated technological solutions.

Taz: Fücks, you say that Germany could grind to a halt, becoming lacklustre and poor. Will our quality of life sink without permanent expansion?

Ralf Fücks: As far as Germany is concerned the growth question is more or less a token debate. Due to demographic changes, the rate of growth experienced in the post-war decades will not be repeated. We must therefore seriously consider how the economic and social system can be made less dependent on growth. So far we agree. And I am also asking myself if we need to keep spinning the hamster wheel faster and faster.

Taz: What objections do you have to Reinhard Loske's theories?

Fücks: If we look beyond "Old Europe", our anti-growth discourse seems to be a kind of escapism to me. In fact, we are rather at the beginning of a stormy period of growth. By the middle of the century the world's population is estimated to grow to over nine billion. The working-age population of the world will double. The global middle class is growing rapidly. Billions of people want comfortable homes,

I am asking for the future to be seen not as cluttered space but as a universe of possibilities. I am fed up with the endless warning about the delusions of feasibility.

Ralf Fücks

household appliances, modern medical care, mobile phones and internet access.

They are eager for variety, want to be mobile and travel the world. They will not let anyone deny them these aspirations – and with every right. The crucial question is therefore not whether the world economy will continue to grow but how. We should therefore be the forerunners of the green revolution.

Taz: With their economic programme the Greens want sustainable growth – more prosperity with less consumption of coal, oil, steel and nature. Is this an illusion?

Fücks: It can work. The key words are resource efficiency, recycling and renewable energies. For example Denmark has increased its economic performance by two-thirds in comparison to 1980 but reduced its climate damaging carbon dioxide emissions by 21%. A similar story applies to the German chemical industry. What is possible in the future cannot however be derived from the past. Thousands of research laboratories and engineering firms are working on breakthrough innovations which will result in a radically different production mode.

Behind this there is a vision of a green economy that converts sunlight into energy and biological material just as nature does in the case of photosynthesis – from the destructive exploitation of nature to growth with nature. I am asking for the future to be seen not as cluttered space but as a universe of possibilities. I am fed up with the endless warning about the delusions of feasibility. Let's put ourselves at the forefront of green innovation. Yes, we can do it!



Can widespread adoption of renewable energies, such as these solar panels on a building in Freiburg, Germany permit economic growth in harmony with the planet?

Loske: Obviously it is impossible without a good dose of technical optimism. However, many questions that affect us today are not primarily ecological and technological. Therefore we must not only rely on technology and green growth as a solution.

Fücks: You can't accuse me of that. In my model it is not feasible either without social innovations. For example we will organise future mobility differently and by and large forgo the possession of private cars. Naturally we have to consider our life-style. But I do not believe that we can reduce the necessary ecological impact in this way. The old industrial countries have until the middle of the century to reduce greenhouse gases by 90%. How much will we achieve by mere restraint, less consumption or smaller homes? Ten, twenty percent?

Loske: Reducing the growth pressure is not an individual strategy but primarily a political one.

I am confident that political policies will create an acceptable general framework to foster these social innovations. Then their ecological mitigation potential would be just as great as that of the technological variant. One can harbour serious doubts as to the prospects of the large-scale solution. So far there are only a few examples of the absolute decoupling of economic growth and negative environmental impacts – increased production and at the same time a reduction in CO₂ emissions.

Global emissions of greenhouse gases are still rising – by 40 percent since 1990. And what would these breakthrough innovations that Ralf Fücks imagines mean? If we were to replace the entire fossil energy system with wind, solar, hydro and biomass we would be laying a gigantic claim on natural areas. It is therefore impossible without making savings. Anyone relying solely on technology is ignoring the unpleasant implications for society.

Fücks: We don't have to pave over every open space with solar plants and wind turbines. By just using three percent of the area of the Sahara we could meet the whole of the today's world's energy requirements by means of solar thermal power plants and wind power. That is just one example of many.

Taz: That means that a decoupling of growth and the destruction of the environment is realistic. In that case don't your arguments and reasons for the necessity to reduce growth fall down?

Loske: Not at all. If we are to meet not only today's global electricity requirements but also future greater ones from renewable sources we will have a power generating capacity problem. Surely we don't want a landscape the sole purpose of which is energy production and resource extraction. There are values and aspects such as landscape aesthetics, homeland, cultural spaces that people defend. We have to be extremely careful to make sure that the very last corner of the world is not soullessly and brutally exploited.

Taz: Ralf Fücks' line of argument does sound realistic. Even if we assumed that the global energy production would mean using 20 percent of desert surfaces.

Loske: Anyone preaching something of the kind fails to understand the logic of renewable energies. People want to decentralise the production of electricity. Energy transition and democratisation go hand in hand. Large projects such as Desertec do not sufficiently consider the willingness on the part of modern citizens to participate. It can't just be ignored without causing a shipwreck.

Fücks: Centralised and decentralised electricity production can be easily combined. But for this we need new smart grids. The crucial question is how the hunger for energy of a growing world population will be met without continuously building new coal-fired energy plants. Can we succeed in finding sustainable solutions within a historically very short period. This is a race against time.

My thesis: We have the potential for a world with 9 billion people that is not characterised by resource wars and ecological disasters. How did Ernst Bloch express it? Up to now the position of industry in nature has been like an army in enemy territory. The essential thing now is the shift to a “technical alliance”, to co-evolution with nature. ■

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Transitioning to a Postconsumerist Future



Dr. Maurie J. Cohen

The economic crisis that most of the western economies are facing is digging a breach in our consumer's narratives. Signs of transition to a new kind of society are numerous in the USA as in Europe and Japan. Despite the claims of prominent development economists, a high mass-consumption society is not the endpoint of history. Could it be that a postconsumerist era is already creeping on us?

Viewed against other trends like stagnating wages, widening income inequality, and contracting middle-class security these developments suggest an erosion of several important pillars of the post-World War II consumer society.

Much of the global North has been struggling since 2007 to regain its former economic vitality and the protracted post-crisis period has given rise to a “new normal” characterised by high unemployment, sluggish consumer demand, volatile financial markets, and political gridlock. Viewed against other trends like stagnating wages, widening income inequality, and contracting middle-class security these developments suggest an erosion of several important pillars of the post-World War II consumer society. While many of the long-standing cultural assumptions that have organised everyday life remain in place, they are showing increasing signs of strain.

Social psychologists have long noted the disparity that prevails between mental models of understanding and the corporeal world. We assemble our conceptions from a complex bricolage of lay and tacit knowledge, mimetic duplication, political rhetoric, personal and familial experience, social context, superstition, religion and more. Because large buffers generally exist between human activities and the world around us it is normally possible to tolerate significant discrepancies without incurring perilous harm. In other words, live in a world that allows for wide margins of error. However, as scholars of societal collapse have demonstrated, failures to properly conjure accurate interpretations of extent conditions can have extremely parlous consequences. For example, the contemporary situation surrounding global climate change is largely the result of poorly articulated feedback loops between biophysical reality and human understanding.

The crisis as a cultural dissonance

Similar divergence is at play in the realm of economic affairs. Statistical indicators of phenomena like unemployment and economic growth are embedded in various expert discourses that rely on politically contested interpretations. In addition, when extent circumstances shift, large cleavages open up between societal expectations and lived experiences and these gaps can, in turn, lead to marked indecisiveness. In short, it takes time for our mental conceptions to adjust to our new circumstances.

It appears that the current breach between dominant public narratives regarding the economy and actualised conditions in many Anglo-European countries is widening and an expanding pattern of dissonance is taking hold. Dissonance is typically understood to be an individualised condition but this conflictive condition can also become manifest at a societal level. We can use the notion of dissonance – or more specifically collective or cultural dissonance – to explore how the current period of economic instability is contributing to macro-scale discord in some of the most severely affected countries. The aim here is to examine how recent years of economic overreach, and the subsequent process of financial retrenchment, have led to disjointedness between prevalent expectations surrounding consumption and actual opportunities to consume.

The narrowing of dissonance typically occurs gradually, but the gap can also close abruptly and dramatically. With respect to the disparity between the grim fiscal condition in the United States and

the continued willingness of investors to fund the country's large deficit, historian Niall Ferguson writes in *Civilization: The West and the Rest*,

Such complacency can persist for a surprising long time – long after the statistical indicators have started flashing red. But one day, a seemingly random piece of bad news – perhaps a negative report by a rating agency – will make the headlines during an otherwise quiet news cycle. Suddenly, it will be not just a few specialists who worry about the sustainability of US fiscal policy but also the public at large, not to mention investors abroad. It is this shift that is crucial, for a complex adaptive system is in big trouble when a critical mass of its constituents loses faith in its viability.

And it is not only the United States that is exposed in this way. This is a lesson that several European countries – most notably Portugal, Ireland, Greece, and Spain have experienced with devastating consequences.

As destructive as the ongoing financial turmoil has been, we deceive ourselves by underestimating the frequency of such events. Over the past half century, there has been no shortage of economic transitions and these disruptions have typically opened up large fissures between societal expectations and lived experiences. For instance, the economic plans implemented by occupying military governments in the aftermath of World War II induced widespread cultural dissonance in Germany and Japan. For somewhat different reasons, mostly associated with

the final stages of imperial decline and the debilitating burdens of two costly wars, the British public was forced to recalibrate its aspirations after 1945.

The dissolution of the Soviet Union is though the most dramatic instance of economic transition in recent memory. Most of Eastern Europe and the Balkans also experienced a similar phase of reorganisation and it took years for societal expectations and lived experiences to realign, and in some cases pronounced public ambivalence, or indeed resistance, to consumerism remains a notable feature of everyday life in these countries. And these are only some of the upheavals of the last few decades. A more elaborate list would need to include China, Vietnam, South Korea, Chile, Cuba, and numerous others.

In all of these places, preexisting conceptual and institutional frameworks set the boundary conditions for societal hopes and desires. Either due to war, revolution, or the accumulated weight of internal contradictions, once-prevailing systems of economic organisation were supplanted by new modes. Because of lag effects, it took time for the affected populations to accommodate themselves to the new circumstances and during this period of adjustment they faced profound challenges. The experience was roughly analogous to trying to find one's way through an unfamiliar city using an outdated map.

There is also a useful insight here for critics of consumerism. The relative frequency of economic transitions suggests that the dominant organisational

Though it may at times be difficult to conceive, change is inevitable and despite the common perception that we are tragically locked into lifestyles powerfully delineated by consumerism, new avenues will avail themselves.

logic of Anglo-European countries is not as immutable as it sometimes seems. Though it may at times be difficult to conceive, change is inevitable and despite the common perception that we are tragically locked into lifestyles powerfully delineated by consumerism, new avenues will avail themselves. Despite the claims of prominent development economists, a high mass-consumption society is not the endpoint of history. Could it be that a postconsumerist era, with hardly any notice, is already creeping up on us?

Ecologic transition through austerity?

Indeed, it is becoming increasingly apparent that the current phase of economic instability is not just a periodic downturn in the customary cycle of capitalist boom and bust, but is rather emblematic of a more extensive process of structural reorganisation. A correspondent for the Los Angeles affiliate of a major news organisation captured the spirit of the time when he intoned back in 2008, “Is this the end of the consumer society? The evidence is growing that America is undergoing a fundamental economic restructuring...[and there is] the possibility that some radical cultural shift is taking place...How does America adjust to a zero growth economy? Can we live without all the toys of a hyperconsumer society?”

Let us adopt the perspective of the *longue durée*. The dominant mode of economic organisation over the past 250 years has progressed from agrarianism to industrialism to consumerism. The early consumerist era was distinguished by a Fordist model of production and consumption – later subsumed by

its Keynesian successor – whereby relatively well-paying jobs provided worker-consumers with the income necessary to assimilate growing volumes of mass-manufactured goods. As wages and purchasing power began to stagnate during the late 1970s, the virtuous cycle started to dissipate. However, bank deregulation and the attendant revolution in consumer finance injected unprecedented credit into consumer markets. This infusion enabled consumers to artificially maintain their lifestyles and to catalyse a period of robust consumption-driven economic growth. This process of expansion ebbed and flowed until 2007 when efforts to increase purchasing capacity through ever-more innovative techniques came crashing down in a wave of worthless credit-default swaps, impenetrable derivative deals, and various other financial products of dubious integrity.

In the aftermath of this implosion, analysts began to observe some intriguing trends, some of which had actually been set in train prior to the financial collapse. For instance, several nations appear to have reached the point of “peak car” exemplified by declining vehicle-fleet size, vehicle miles travelled, and licensed drivers (within the younger age cohorts). The reasons for this situation likely vary across countries, but they can be attributed to a combination of more volatile commodity prices (especially oil), increasing automobile operating costs, expanding and revitalising public transport systems, reurbanising metropolitan populations, untenable congestion levels, demographic shifts, and widening income inequality.



Have some countries reached 'peak car' and are seeing a decline a vehicle-fleet size?

Are these developments harbingers that the consumerist era of continually growing volumes of resource throughputs is coming to a close? An observation by Andrew Benett and Ann O'Reilly (2010), writing in *The Atlantic* magazine, merits attention.

The simple truth is that the elements that permitted hyperconsumption to flourish (near-full employment, easy credit, plentiful natural resource) aren't coming back anytime soon, if at all. The employment sector is in upheaval, way many job categories obsolete. Easy credit has all but evaporated, and the world's burgeoning middle classes will only intensify the pressure on our increasingly scarce resources. So even if the consumer masses wanted to go back to mindless excess, they could not.

A growing number of observers are beginning to grasp this situation and the austerity policies being implemented in Europe and the United States are likely to hasten this transition by dampening purchasing power. This development imposes an ironic and perhaps unexpected twist on efforts to transcend currently ecologically untenable modes of consumption – sustainable consumption is being triggered by privation rather than affluence.

Sustainable consumption is accordingly coming to be operationalised through a multitude of efforts: alternative agro-food networks, community-energy schemes, worker-owner cooperatives, passive home construction, transition towns, and planning projects to reappropriate the public streetscape for nonmotorised activities. These are commendable initiatives, but like most social experiments they are cutting against the organisational logic of a disabled, but still intact, consumerist system. It will be a major undertaking to scale up these schemes to a level where they might meaningfully challenge dominant lifestyle modes.

A precarious American dream

Let us briefly explore current developments first in the United States and Europe before shifting to consider the potentially instructive case of Japan.

The term "American Dream" was coined by James Truslow Adams in 1931 to capture public resilience during the Great Depression. Current usage of the expression is multifaceted and encompasses economic opportunity, freedom, financial

security, happiness, employment satisfaction, homeownership, and wealth. While there has always been disparity between the American Dream as an aspirational heuristic and its realisation, the fit over time has been sufficiently close to ensure the legitimacy of the general idea. In 2010, 67% of the public reported that they had confidence in being able to attain it. This level of resolve may seem surprising given the actual status of the American Dream. A recent status report by Robert Borosage and Katrina van den Heuvel in *The Nation* magazine is instructive.

Every element of the dream is imperilled. Wages for the 70% of Americans without a college education have declined dramatically over the past forty years, although CEO salaries and corporate profits soared. Corporations continue to ship good jobs abroad, while the few jobs created at home are disproportionately in the low-wage service sector. One in four homes is underwater, devastating what has been the largest single asset for most middle-class families. Healthcare costs are soaring, with nearly 50 million uninsured. Half of all Americans have no retirement plan at work, pensions are disappearing and even Social Security and Medicare are targeted for cuts. College debt now exceeds credit card debt, with defaults rising and more and more students priced out of higher education.

Throughout the post-World War II period, the suburban house has been at the heart of the

American Dream. Less readily acknowledged is that this housing style – and by extension consumer society in the United States more generally – has received massive subsidies specifically targeted at relatively wealthy homeowners. These inducements have been delivered primarily through the tax deductibility of mortgage interest and the provision of federal guarantees on home loans.* There is though growing recognition that such favourable treatment is no longer affordable (estimated to cost US\$100 billion annually) and the issue of how best to reform mortgage lending is moving up the political agenda. It will take time to garner action on such a coveted entitlement, but the thirty- or forty-year mortgage, a mainstay of American consumerism, is no longer viable in an era when homeowners have few inhibitions about exercising their strategic default option.

New social movements of the middle class?

The precariousness of the American Dream is also attributable to the income dynamics affecting the country's shrinking middle class which is becoming polarised between a relatively small cadre of extremely affluent consumers and a far more sizeable group of people engaged in basic household provisioning supplemented by occasional forays to deep-discount retailers. It is unsurprising that incipient social movements on both the right and the left sides of the political spectrum are using the growing elusiveness of the American Dream as a springboard.

* Homeowners in the United States are legally allowed to annually deduct interest payments on mortgages valued up to US\$1 million and on home equity loans up to US\$100,000. Heavily subsidised construction of the Internet highway system has also played an important role in the development of suburban communities to encourage consumerist lifestyles.

It seems clear that reversion to business as usual is not going to occur as quickly as proponents have promised. It may be the case, for better or worse, that much of Europe will be looking at low growth (or conceivably degrowth) for the foreseeable future.

In the face of this roiling tumult, there seems to be conspicuous inability to acknowledge that the giddy, credit-fueled days prior to the Great Recession are unlikely to return. With little prospect of reversing wage stagnation or recharging access to unbridled consumer credit, attention has turned instead to tax cuts as the next best way to supplement personal incomes. The primary problem with this strategy is that household consumption is inseparable from public investment. The personal automobile, for example, has little value when governments cannot maintain the roadways.

There is nonetheless a point at which short-term accommodation to challenging economic circumstances elides into the status quo. A tendency exists to presume that many younger entrants to the labour market (members of so-called Generation Y) are simply biding their time until the employment situation improves. But what happens if a return to robust job growth takes a decade or longer to achieve, and in the meantime provisional arrangements of, say, living at home with parents, become entrenched? It is plausible that avoidance of onerous housing payments and a more streamlined lifestyle will gain acceptance in exchange for engaging in more creative – but less remunerative – activities.

One manifestation of the uncertain current and future status of the American Dream, both as an idea and a realisable objective, is the vigorous debate taking place over American declinism versus exceptionalism. As interesting as this dispute may be as an intellectual exercise, both sides may be

misreading the evidence. It is likely less a matter of demise or inimitability and more a case of fundamental economic realignment, one where familiar organisational logics are being upended.

Low growth in Europe

Europeans, of course, do not subscribe to an equivalent synthesising cultural narrative predicated on economic opportunity, material accumulation, financial independence, and libertarian freedom. The closest approximations to a “European Dream” are founded on colonialist nostalgia or a combination of social democracy and trans-European integration. However, these aspirations are now being challenged by the imposition of harsh austerity measures to curtail public expenditures, to prevent further deterioration of bond ratings, and (for countries in the euro zone) to preserve the common currency. The requisite budgetary belt-tightening has led in recent months to high unemployment, violent riots, tax boycotts, and government collapses. The orthodox view is that aggressive cuts will reduce bloated public bureaucracies, restore investor confidence, and set the stage for renewed economic growth. While some headway has been made on the first two objectives, it seems clear that reversion to business as usual is not going to occur as quickly as proponents have promised. It may be the case, for better or worse, that much of Europe will be looking at low growth (or conceivably degrowth) for the foreseeable future.

Given these circumstances, ordinary people, especially in the most severely affected countries,

In the UK, a harsh critique of capitalism has gained considerable ground. This appraisal is not random or directionless, but rather is being shaped by an active politics of energy and climate change.

have begun to face up to this new reality. Amidst all of the disillusionment, emphasis on fiscal rectitude, and efforts to recatalyse consumer spending, numerous grassroots social innovations are being pursued. It is admittedly difficult to assemble these developments into a complete picture, but they merit careful attention. In the interests of space, let us take up two national cases from opposite ends of the continent.

In the UK, a harsh critique of capitalism has gained considerable ground. This appraisal is not random or directionless, but rather is being shaped by an active politics of energy and climate change. By one count, more than 500 community renewable energy projects were being pursued and the government's Low Carbon Community Challenge recently attracted over 500 expressions of interest. With respect to agro-food systems, numerous local organisations in cities such as Manchester are working at the interface of food security and environmental justice to develop alternative provisioning networks.

In the case of Greece, we find a country that is locked into an extremely debilitating downward spiral. Burdened by massive public debt and precluded from pursuing currency devaluation, the government has been slashing wages and public expenditures. European negotiators have been compelling bondholders to take "haircuts" in exchange for assurances that remaining debt will be repaid. Unemployment is spiking dangerously upward, more than 25% of Greek businesses have been forced into bankruptcy since 2009, and Chinese

investors are buying up the country's ports and other infrastructure at fire-sale prices. Offsetting this forbidding situation, a growing numbers of people are reclaiming disused or neglected family farms and Internet-based barter networks are proliferating. Concomitantly, the country's historically low level of female labour-force participation is evolving as Greek women increasingly become the primary source of household income.

It though must be acknowledged that these nascent activities in both the UK and Greece constitute only one dimension of a putative European economic transition. Survey data, as well as more visible signs of public rage, suggest that interethnic hostilities are escalating. In addition, recurrent political difficulties in Belgium and more urgent calls for Scottish succession suggest a redrawing of the European political map. The new governments that have come to power in Greece and Italy are wobbly at best and the youth unemployment problem – more than 50% in Spain and almost 5.5 million in the whole of the euro zone – poses enormous challenges. Across the continent's southern tier, suicides are increasing and already low birth rates are falling further, both signs of serious societal distress. At the same time, Germany has consolidated its influence over several important European institutions and the country has taken advantage of a weakened euro to enhance its own international stature. These developments are creating palpable angst in neighbouring countries where living standards are slipping. The resounding political answer to this array of problems may very well be to kickstart customary kinds of economic growth.

But have the “lost decades” really been so bad? Is the customary interpretation correct, or is something else going on? A contrarian reading contends that Japan constitutes the leading edge of a transition toward postconsumerism.

A grown up Japanese economy

This trans-Atlantic comparison brings us finally to the intriguing Japanese case. For more than two decades, Japan has been portrayed as the “sick man” of the international economy, a country overwhelmed by massive public debt, “zombie” banks, “hollowed out” industries, and anaemic economic growth. According to this view, the Japanese economy never recovered from the collapse of the twin real estate and stock market bubbles of the late 1980s and early 1990s and a succession of ineffectual governments failed to wake the country from its torpor. Gross domestic product (GDP) peaked in Japan in 1995 at approximately US\$5 trillion and for the past seventeen years has fluctuated between stagnation and decline. Because of lapsing demand, consumer prices have been in a vicious deflationary spiral. The country’s population is shrinking, its median age is increasing (the highest in the world at 44.8 years), and there is growing consternation about how to respond to tightening Chinese hegemony in Asia. Japan’s leading industrial firms are – especially in the wake of the triple disaster of earthquake, tsunami, and nuclear meltdown of 2011 – reconfiguring their supply chains and moving production to lower wage nations.



Have demographic changes in Japan forced that country to reconsider consumption?

But have the “lost decades” really been so bad? Is the customary interpretation correct, or is something else going on? A contrarian reading contends that Japan constitutes the leading edge of a transition toward postconsumerism.

Various indications suggest that the Japanese are taking their diminished status in stride and at the same time asking penetrating questions about topics typically beyond the pale in other countries. For instance, the influential economist Noriko Hama recently wrote that a modified understanding of so-called Japanisation “could be all about affluence, maturity, refinement, and leisureliness. It could be all about being grown up. A grown up economy that is the envy of the rest of the world. That could be Japan’s position in today’s scheme of things.”

The abandoned hulks that still stand in many former industrial districts, and the dispirited people that often occupy the neighbouring areas, are evidence of both the disarray that accompanies new modes of economic organisation and the inevitable incompleteness of any transition.

These sensibilities appear to be asserting themselves especially among younger Japanese who display less enthusiasm for luxury goods than earlier generations. Moreover, automobiles of all makes and models have become especially prominent targets for disavowal among youth and the term “kuruma banare” (roughly translated as demotorisation) has been devised to capture this trend.

In time, we may find that the prevalent interpretation about Japan has been precisely backwards. In a postconsumerist world of scarce resources and impinging biophysical limits, the country's high savings and employment rates, relatively equitable income distribution, and modest material consumption relative to GDP are likely to become envied – and perhaps emulated – characteristics.

Which institutions for a post-consumerist society?

Contemporary discussions of transitions tend to treat societal transformation in unambiguously positive and ineluctable terms. For example, the frequency referenced notion of “creative destruction” suggests that periodic reinvention ultimately contributes to human betterment. This idea is anchored in an Enlightenment understanding of continual improvement and the prevailing view is that change is tantamount to progress.

There is though no skirting the fact that sequential transitions from agrarianism to industrialism to consumerism were wrenching and often bewildering for people caught up in the throes of change. Laws were rewritten, new infrastructure was built,

and familiar routines were torn asunder. One need only read the work of nineteenth century political economists to appreciate the havoc caused by the wholesale shift from a primarily agricultural system of production to an arrangement based on industrial manufacturing. The more recent process of deindustrialisation that began in the second half of the twentieth century was (and continues to be) similarly disruptive. The abandoned hulks that still stand in many former industrial districts, and the dispirited people that often occupy the neighbouring areas, are evidence of both the disarray that accompanies new modes of economic organisation and the inevitable incompleteness of any transition.

The nineteenth and twentieth centuries generated various initiatives to accommodate first the shift to industrialism and then the move to consumerism. For example, public health officials were strong proponents of the early automobile as a way to rid densely packed cities of the problems of horse-drawn transportation and to disperse urban populations (to reduce the spread of disease). They also championed land-use planning because it offered ways to relocate polluting industrial facilities away from residential districts. The construction of large public housing complexes in deindustrialising cities was another well-intentioned, but ultimately ill-conceived, policy idea that concentrated poverty in places without adequate employment opportunities. As discussed above, the mass infusion of credit into the consumer economy was only the most recent attempt to ameliorate one problem but turned out to be catastrophic in the end.

The *weltanschauung* of consumerism is deeply woven into contemporary culture – it provides the operating system for people to negotiate their way in the world – and it would be both unwise to expect uncomplicated adoption of an alternative.

We now stand on the brink of a transition from consumerism to postconsumerism. It is befitting to acknowledge that such changes take place within the context of complex adaptive systems and we are truly novices in anticipating the complexity of such transformations. Experiences from the past provide some instructive guidance, but each transition poses its own challenges and expresses itself in different ways. This is thus a call for caution as we move forward. The *weltanschauung* of consumerism is deeply woven into contemporary culture – it provides the operating system for people to negotiate their way in the world – and it would be both unwise to expect uncomplicated adoption of an alternative.

Nonetheless, awareness that we are unlikely to be able to do everything should not be interpreted as a call to do nothing. Most importantly, we should not let ourselves fall into romanticised traps. As we seek to catch a glimmer of a dawning era of postconsumerism, it is critical to remain forward looking and cognisant that efforts to reinvent an idyllic past are bound to fail. Postconsumerism is unlikely to be effectively premised on lifestyles grounded in either urban or rural repeasantisation.

Neither will it be based on the perpetuation of expensive middle-class perquisites instituted during the twentieth century. At the same time, there are not many truly new ideas in the world and we need to gather up the threads of the past and carry them forward. The logic of a postconsumerist future will need to entail clever combinations of urban agriculture, individual and communal provisioning, labour reskilling, infrastructural retrofitting, low-carbon technologies, carbon rationing, and hyperconnected modes of social interaction. We will need to be patient as agile minds struggle to assemble these elements into workable configurations.

In the meantime, it is incumbent on all of us to formulate imaginaries that can begin to reveal the outlines of a postconsumerist era. It is useful to recall that the onset of industrialisation was preceded by a long period dating back to the Middle Ages in which proto-industrialists sought to bring industrialism into view. Similarly, both far-sighted companies and marketing visionaries did much to anticipate (and to create) the current era. Similar engagement will be necessary to supplant the fraying consumerist age with a viable successor. ■

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Finland: using the market for greening the economy or preparing a post-growth future?

Heikki Sairanen and Jaakko Stenhäll, two Finnish Green experts have recently published a book, “Avoin vihreä talous” [The Open Green Economy], in which they develop the idea that the market based instruments are the most appropriate to tackle the ecological crisis. It has been critiqued by Timo Järvensivu a fellow Finnish economist who does not believe in the possibility of combining economic growth and degrowth of the ecological footprint.

Getting markets to work for green politics



Heikki Sairanen and
Jaakko Stenhäll

In Finland, Sairanen & Stenhäll's book has been presented as an important contribution to the discussion on how the economic sphere should be developed. It takes the position that no new green economic system is needed, rather we need to make hard decisions based on the current market economy. Getting markets to work for green politics

However, decisive action is possible to prevent the threat to the economic system from the great market disturbance of uncontrolled climate change. Also, the scale of the required actions is moderate when compared, for instance, to dealing with the euro crisis.

In addition to fuelling the euro crisis, current light-touch economic regulation is also causing a deep ecological crisis. Most political viewpoints do not perceive this debt crisis as they do the euro crisis, but they should. We are in all probability heading for an age of environmental catastrophe, specifically as concerns the climate. A good overview of the issue can be found in the widely cited article, "Global Warming's Terrifying New Math", written for *Rolling Stone* by Bill McKibben. He notes that, of the oil reserves in the hands of the energy companies, only one fifth can be allowed to be burned if we are to prevent the climate from heating up beyond critical limits.

However, decisive action is possible to prevent the threat to the economic system from the great market disturbance of uncontrolled climate change. Also, the scale of the required actions is moderate when compared, for instance, to dealing with the euro crisis.

The economy should, above all, have to account for externalities better: if two people trade with each other, selfishly, they rarely feel the need to assess the impacts of their exchange on the people around them. But for the general good to be realised, these impacts must always be considered and, ultimately, the polluter must pay, so that future pollution can be avoided.

There is no incentive for markets to destroy the environment; for businesses, there is.



Can we introduce ways to control the markets so as to stop them ruining the environment?

Businesses make choices that stress short-term gains. Unsustainable activity as such is not, of course, the aim of businesses or their owners, but the economic benefits that accrue to them are greater than the costs of pollution incurred in some indeterminate future.

These short-term gains eat away the foundations of the large and obvious solutions, such as international emissions trading. The market mechanism itself would nevertheless be an efficient way to balance out scarce resources: with comprehensive emissions trading there would be no need to worry about whether new oil shale finds would make battling climate change impossible. Burdens on the atmosphere would then be broken down into tradable quotas that would only be used where most needed.

A better functioning emissions trading system, one that would bypass business interests, would also bring fairness into how the costs are distributed. Energy-intensive industries would have to pay considerably more for their emissions quotas than they do now (often nothing!), whilst a citizen paying energy tax would pay less. An illustrative example is Finland's system of car taxation, where reducing a ton of carbon dioxide with a lower-emitting car costs hundreds of euros, compared to current emissions trading, where reducing a ton of carbon dioxide in industry costs around 10 euros. Even though the tax works rather well in shifting the nation's fleet of cars towards low emissions, from the point of view of reducing emissions, it is not the most efficient way.

It is natural, therefore, that the businesses that benefit from harming the environment and, for example, from imperfect emissions trading, are keen to continue with the current system as long as possible. If however, through regulation, fossil fuels were to become expensive, and so were left unused, the future of these businesses and their stock would be threatened. And this is what spurs business on to lobby so hard.

Harms should be reduced and "appropriate" solutions left unexplored

In political terms we need to concentrate on levelling the playing field and improving price regulation. This will also make it possible, in spite of the lobbyists, to exploit new technologies better.

For example, through the 2000s, renewable energy production has consistently grown faster than predicted. This is affected in part, of course, by the way forecasts are anchored in conventional energy solutions, but also by developments within the energy technology sector.

Investments in renewable energies are fragmented across many players and competing markets, which also means that they are progressing faster than it was possible to anticipate.

However, due to the short transition period, a solely technological revolution is insufficient - rather, states would be well advised to support solutions that reduce harms most efficiently regardless of how they are implemented. The renewable energy tariff in Germany, originally considered expensive, is moving things forward at a significant pace because it doesn't concern the technology being used. Setting sufficient limits and giving up subsidies for fossil fuels would speed up progress even further.

How can citizens be included?

At the same time, improved regulation of the markets would steer individual consumption. If there were more efficient limits on damage, people as individuals would perceive them better than before, above all in the way the environmental harms associated with products would be reflected in their prices. As we noted above, a price must be put on people's wishes to consume the environment's limited resources.

New approaches to pricing harms are nevertheless needed. Good examples include the progressive electricity and meat taxes that we consider in our book titled “Avoim vihreä talous”, the Open Green Economy.

The problem with taxing a particular harm as such is that the burden of such taxes tends fall disproportionately on poorer consumers. From an environmental perspective this is correct: the polluter pays. Yet it would not be acceptable that low earners should end up paying unreasonably, with taxes on environmental harm raising the relative price, for example, of groceries. As taxes aimed at consumption rise, income taxation should be reduced, particularly among lower earners and those who depend on benefits, who should be compensated for price rises. This is not in itself a novel approach, and it has been successfully argued by, for example, the Finnish Green Party.

New approaches to pricing harms are nevertheless needed. Good examples include the progressive electricity and meat taxes that we consider in our book titled “Avoim vihreä talous”, the Open Green Economy.

A progressive electricity tax would push towards lower consumption, particularly through affecting those whose behaviour is wasteful. In practical terms, this would succeed through a steadily increasing electricity tax, where everybody would be compensated through an equal proportion of their tax refund. In practice this would work like a small basic income, which a citizen could use to purchase, for instance, electricity. Those who use electricity sparingly would see savings, while the wasters' increased electricity bill would usher them towards more responsible action.

From the perspective of sustainable consumption, many choices relate to food, and these choices can also be steered through taxes. To some extent this is already happening, for instance, in the way that in Finland confectionary and soft drinks are liable to a tax on harmful activities. Achieving environmental sustainability, however, would require moving towards low-carbon consumption, where a core element would be an environmental tax on meat and other foods embodying high levels of carbon. In this tax model food would be priced to include all of the carbon emissions that the production cycle of a kilogram of meat or cheese has caused. For the tax to steer behaviour it would need to be pitched higher than current emissions trading, somewhat like automobile tax. It makes sense to grasp the prices that the consumer sees specifically: it would hardly help to stockpile quantities of meat purchased from outside the taxed area.

The difficulties of shortening working hours

When we want to steer consumption towards lower emissions, it is worth investigating the role of labour in the economic system as a whole. One of the core green principles for developing society as a whole, and consumption specifically, has been to highlight quality time at the expense of mass consumption. The idea remains a good one in principle, and easy to intuit, but its effects are limited and it is challenging to implement.

At the same time we have to note that further reduction in working hours does not suit the much admired Nordic welfare model, for instance: people

have a tendency to use all possible services, from training to health care, even when working hours are not particularly long. If this happens by steering productivity growth into shortening working hours, there should be no problem. But in a rapidly ageing Europe with a weak dependency ratio, this would be difficult to realise in practice without dismantling the structures of the welfare state.

The most important thing would seem to be then to give people choice. If sufficient limits are imposed on polluting, it will naturally be easier to curtail working hours when one's lifestyle is ecological and one need not spend income, even indirectly, on purchasing emission permits or carbon taxes.

In conclusion

Taking the environment seriously can go together with the idea of market mechanisms so long as the limits imposed by nature are recognised and breaking them is prevented. As new limits are being established it is necessary to ensure that taxes on harmful activities, for example, do not create an unreasonable burden on the poor. Through more ecological choices we can relax our lives and make them somewhat more comfortable by reducing our working hours a little. This kind of green vision is not just realistic, it will please many – and that is why it is politically feasible. ■

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Reading:

- On leisure time and work, Bertrand Russell: *In Praise of Idleness* (<http://www.zpub.com/notes/idle.html>).
- On productivity and the difficulty of enhancing it, Tyler Cowen: *The Great Stagnation*.
- On shortening working hours, Osmo Soininvaara: *Vauraus ja aika*.
- On the green economy and economic limits, Heikki Sairanen ja Jaakko Stenhäll: *Avoin vihreä talous*.



Timo Järvensivu

Four steps to a growth-free, prosperous Finland

Humanity is facing an undeniable challenge. Economic growth is necessary to sustain the welfare state, but this growth is more unsustainable than ever before. It's not at all clear how this paradox – the need for economic growth that is unsustainable – can be resolved.

If we establish sufficient limits on resource use, we can make a realistic guess that the economy has a substantial chance of heading for zero growth or even into decline.

Heikki Sairanen and **Jaakko Stenhäll** make some sharp observations about this paradox in their new book, "Avoim vihreä talous" [The Open Green Economy]. For the most part, the solutions presented in the book are worth supporting. For instance, Sairanen and Stenhäll are right to argue that the fundamental problems of economic policy are not to be found in economic theory as such, but in the economic policies built on these theories. I won't go into the contents of the book here; it is worth reading and forming your own opinion. I will, however, highlight two blind spots related to the paradox I mentioned: a relatively uncritical attitude to the possibilities of immaterial economic growth and a lack of depth in the proposed solutions.

Sairanen and Stenhäll repeat the myth of economic growth rather uncritically. To cite an example given in the book: atoms can certainly be rearranged in endless new ways to support economic growth, but this assumes that the markets are willing to pay a constantly increasing price for this constant rearrangement. Further, not even atoms are immaterial. Rearranging them uses up energy and every time it is consumed it is irrevocably converted, according to the laws of thermodynamics, from something more useful to a something less useful (e.g. Georgescu-Roegen). The service and digital economies are not immaterial.

What then could we consider genuinely immaterial economic growth? One answer might be that we might begin to pay each other more for spiritual

things, such as love, death, trust, belief (see e.g. Daly). But this kind of "spiritual growth economy" does not appear to be a trend one could accept uncritically – spiritual and economic growth cannot be assessed by the same measures, for good reason.

The second, more central shortcoming in the book is the lack of depth and radical content in the suggested package of solutions.

When it comes to the earth's resources, we Finns use about four times the amount considered sustainable. If we aim for a moderate 2% annual economic growth, Finland's overall product needs to become 5% more ecologically efficient every year over the next 40 years. That way we might achieve our planetary resource limits by 2050. Until now, however, macro-level ecological efficiency gains have reached annual peak rates of 1-2%, not just in Finland but globally. History does not dictate the future, but it does give a good indication of the probabilities.

What we can conclude from this: if we establish sufficient limits on resource use, we can make a realistic guess that the economy has a substantial chance of heading for zero growth or even into decline. This is the central argument of the degrowth movement, but Sairanen and Stenhäll casually bypass this scenario. In some areas growth will be needed and achieved, such as in eco-efficient solutions, but the measuring rod needs to be macro-level sustainability, not micro-level success stories.

An addict does not understand what true freedom is until freed of their addiction. To make room for the desired radical solutions, we first need to understand our dependency on economic growth and then set ourselves free of this compulsion. A new, deeper learning is needed.

Current politics seeks solutions mostly in relatively short-term realpolitik. Utopias are consigned to failure from the start, even though politics should be the art of the possible. Realpolitik takes place as technical-economic suboptimisation where technical-economic instruments are used to resolve single, simple, identified problems. The difficulty is that concentrating too much on realpolitik produces – good intentions notwithstanding – not simple but complex, many-sided problems, with a time lag. This is the development model that, rather self-consciously, Sairanen and Stenhäll also follow: “We don’t want to propose unfeasible utopias, but rather, improvements to the *status quo* that can be achieved through moderate change.”

Avoiding suboptimisation requires a more thorough investigation into basic values and aims, as well as a wholesale questioning of previously adopted frameworks. In the following I will sketch out four steps to help achieve this.

1. We need a “Parliament for the Future”

The problem is that parliament in its current form operates on a temporal horizon of two electoral cycles at most. Short-termism directs political debate towards relatively simple technical-economic solutions since there seems to be insufficient time to ponder alternatives. The Committee for the Future

(of the Finnish Parliament) undoubtedly produces good perspectives and intentions, but its outputs fall victim to parliament’s short-termism.

And so we need a Parliament for the Future, independent of the current parliament, which will train its lens on the future. The current parliament’s task must be determined as economic and other policy-making on a projected timescale of one to ten years. The Parliament for the Future by contrast, should be tasked with framing the “basic laws” of ecological, socio-cultural, societal and economic activity on a time-horizon of ten to 100 years.

In other words, the Parliament for the Future will define decision making in future parliaments, but will not involve itself in day-to-day politics. The independence of this Parliament for the Future must be guaranteed, so that the political and economic players who are concentrating on sustaining existing conditions cannot dictate its work. The long-term framework for the Parliament for the Future would also have an impact on markets, since it would strengthen market players’ belief in coming market conditions and resource constraints.

It is up to debate as to how such a Parliament for the Future should be organised and elected. In order to guarantee its independence, parliament members should not have vested interests in any kind of day-to-day politics or business. Both personal and parliamentary expenses should be covered by the government during and after the membership, and one should not be able to receive any other type of private or public compensation during or after the membership. In order to guarantee the continuance

In the same way as a driver's licence is required to begin driving a car, a driver's licence in ecological and humanist thought should be a prerequisite for working life.

and long-termism of the Parliament for the Future, we could elect 150 members, each for 15 years, so that 1/3 of the members change every 5 years.



Does Finland need a "Parliament for the Future" to look beyond the short-term thinking that dominates its current Parliament (pictured)

2. Let's start from the whole

The first decisions of the Parliament for the Future must start from a sense of the ecological, societal, cultural and economic whole, avoiding suboptimisation. An integrated conception must be developed and then the right priorities must be established. Firstly, tight global and national ecological limits must be set on people's economic and other activities, preferably concentrating on principles of security rather than maximisation. Secondly, criteria for global and national human wellbeing must be set. Thirdly, individual freedoms, e.g. to undertake economic, cultural and societal activities, should be guaranteed within the conditions

set by the aforementioned criteria for ecological and human wellbeing.

3. A "driving licence" for the art of thought for everyone

In education these days, too much emphasis is placed on the kind of technical-economic skill that increases productivity and generates economic growth. But this does not enhance an overall picture of the ethics of the biosphere, or of the interconnections that sustain human relations and our shared habitat. Alongside this technical-economic education we need – even partly as a replacement – a stronger pedagogy in humanist, philosophical, societal and socio-cultural thought and understanding than today. With this we would not so much be seeking immediate economic gain but, instead, human flourishing in the long term (e.g., Nussbaum 2011).

To develop thought and understanding requires systematic education. In the same way as a driver's licence is required to begin driving a car, a driver's licence in ecological and humanist thought should be a prerequisite for working life. We could couple this with, for instance, a basic income and education framework so everyone is to have such a licence in order to be eligible for basic income and further education.

Defining what this driver's licence should be is, of course, a challenge – since driving is a technical proficiency whereas the art of thought is anything but. It will certainly not be possible to grant a driver's licence of thought and understanding on the basis of one quick test. Instead it will no doubt require

Let us instead direct our energies towards dismantling today's monopolies of power, advancing democracy and developing our capacity for integrated thought and understanding.

a peer reviewed and multi-skilled mentoring and assessment process. The licence requirement should apply in all areas of education and the licence itself should require renewal at least every ten years. The licence benefits the public in the same way as the road network, so society should share the responsibility for making it available to everyone.

4. More democratic structures

In order for the previous three steps to become possible, monopolistic concentrations of power must be dismantled. Space must be made for equal, inclusive and fair democratic processes. This requires radical changes not only in global institutions, such as the IMF, the World Bank, the EU and international trade regulations, but also in the Finnish political system and structures of corporate power. The Parliament for the Future must be given the task of investigating how the structures of power monopolies are born and erect "counter-structures" to prevent them from emerging.

Often monopolies of power emerge when the decision making regarding the resources of a particular community or region is concentrated in the hands of just one or a few players. This kind of monopolisation can be prevented by setting a ceiling on power. One example would be to prevent any individual player from having decision-making power over more than 10% of any community's or region's resources. This would apply as much to democratic decision making as private markets. For example, leaders of parliamentary parties should not be in control of over 10% of votes nor business leaders of over 10% of an area's market share or employees.

These steps are not easy, but they are necessary for Sairanen and Stenhäll's many, undoubtedly good, technical-economic solutions to be given the space they need. The steps I have presented are not utopian, since they can be realised when enough people want them.

Unlimited economic growth on a limited planet on the other hand is utopian. The limits to growth were clearly conceptualised in the early 1970s – and the subsequent forty years were wasted. Sustainable development was not achieved. What was left was unsustainable development. It is not worth wasting the next forty years as well on realpolitik. Let us instead direct our energies towards dismantling today's monopolies of power, advancing democracy and developing our capacity for integrated thought and understanding. ■

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An Austrian debate: Green New Deal and the post-growth economy



Benoit Lechat

How can a Green political party influence a long term discussion on the topic of post-growth politics? How can it centre this discussion on short term political action? Is it possible to develop the Green New Deal in order to obtain a short term exit from the crisis and an economy without growth in the long term? All of these questions were debated at the Green Summer Academy organised by the Grüne Bildungswerkstatt (Austrian Green Foundation)

Although the economic crisis may seem to be sparing Austria, it took centre stage in the debates, raising questions from participants regarding the untenable character of our economic model.

Criticism of growth was the principal theme of the Austrian Green Foundation's summer academy that was held between 23-25 August. 150 people (party staff members, activists and green sympathisers) accepted the Grüne Bildungswerkstatt's (GBW) invitation to debate the topic of "growth or a radical change of direction?" The dramatic nature of such an alternative contrasted little with the summer university's enchanting setting: a magnificently restored lakeside medieval castle perched among the mountain landscape in the region of Salzburg that evoked the clichés of the film *The Sound of Music*. However, it wasn't Julie Andrews' voice (*Edelweiss, edelweiss...*) resonating under the roof of the castle, but rather a series of calls for a radical change in direction for our industrial society.

An old debate reignited

Although the economic crisis may seem to be sparing Austria, it took centre stage in the debates, raising questions from participants regarding the untenable character of our economic model. But how do we structure "vision" and "pragmatism" as short and long term solutions? Although Green political foundations such as the GBW or the Belgian Green foundation Etopia may be tasked with being more concerned with the long term than a political party, political responsibility requires them to envisage the long term whilst taking into account the urgency of the crisis. In this respect, the debate over growth is clearly being reignited among the Austrian Greens, even if the Goldegg meeting isn't necessarily representative of everything that is being said, thought or done in the Austrian Green party.

The August session was part of a project called "Gutes Leben für alle!" ("Good life for all") launched by GBW in 2011, a project that echoes the concept of the Latin American "buen vivir". This ongoing research and education project proposes nothing less than a new 21st century socio-political model capable of succeeding liberalism and social democracy.



Prof Altvater, addressing the summer university, argues that growth belongs to the past

The GBW has entrusted the task of formulating the general framework of debate to two German academics. First and foremost, Elmar Altvater, a well-known figure in German anti-globalist circles and the author of a book, which in 2005 had a certain impact in Germany, "The End of Capitalism as We Know It". This political scientist from Berlin compared the irreversibility of the environmental destruction caused by capitalism to the reversibility of the profit flows that provoke these destructions. The environmental, economic and social crises that we are currently facing began here. The priority thus remains, unsurprisingly, in the political regulation

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of the financial sector. However, from Altvater's point of view, neither the Green New Deal proposal nor the idea of "growth of the limits" - as supported by a publication by the Heinrich Boell foundation do not seem to be capable of sufficiently tackling the problems at the source. The advent of a new economic model would rather come about through the development of a social and cooperative economy.

Change with or without politicians?

Another German economist, Niko Paech, is developing a typology of the debate on growth similar to that of Paul-Marie Boulanger. As with ecological modernisation that considers that some growth is desirable, ecologically speaking, Paech argues that its pursuit is not compatible, particularly with the fight against climate change. Paech also recommends developing the cooperative sector in order to move away from the logic of growth and intensification of capital which, according to him, significantly contributes to the destruction of the environment. These developments firstly require cultural and behavioural changes. Paech positions himself among authors such as Lewis Mumford, Ivan Illich or Juliet Schor for whom change should occur on more of a human or social level (he is referring to "significant" change) than an institutional level (which is generally the case of Neo-Marxists critics of growth such as Elmar Altvater).

The fact remains that we can hardly envisage reforms such as the development of cooperatives and regional currencies and relocation taking place

outside of any institutional and political framework; something that Paech does not dispute.

It is, after all, around the role of politicians and their short term responsibility that the debate was to be centred. Cristina Asensi, Vice-President from Attac Spain and who was invited to Goldegg by the GBW, raised the point of the need to change the power balance in a country that is experiencing a recession and in which 1.7 million families are without an income source. Whilst the Indignants Movement may develop new types of cooperatives, without institutional change, there shall be no solution to the crisis.

Build rescue ships?

The Austrian Green MP Bruno Rossman points out that Paech's analysis does not offer a genuine solution to the immediate threat of the collapse of the Eurozone. Not only must we regain control of the financial markets but it is also essential to stimulate the economy in the short term through the Green New Deal. Furthermore, it is necessary to resume the reduction of working hours in order to avoid mass unemployment in countries that are most severely affected by the crisis. But how do we achieve this in a Europe where unions are on the defensive? For the former trade unionist we are not taking the potentially irreversible effects of the collapse of the Eurozone sufficiently into account. However, this short term fight must be in conjunction with a long term effort on the post-growth economy.

Paech's argument: we can no longer; we must no longer wait for the power balance to shift before

The social compromise at the heart of welfare was designed based on the idea of sharing growth. What about when the “global” cake of production is not growing anymore? How do we reduce inequality with everything else remaining the same?

taking action. For example, the fight against the extreme right and populism must be done on the ground by developing support between people, in a cooperative spirit. He believes that by limiting ourselves to the issue of power and the power balance we are becoming trapped in a largely theoretical debate. The (provisional) conclusion of the debate was left to Volker Plass, the spokesperson for the Austrian Federation of Green Enterprises “Grüne Wirtschaft”: it is up to the Greens to build “rescue boats” to carry people from the current economy to the economy of the future.

A journey where everything is to be (re)discovered

In her review of the academy, Birgit Mahnkopf – a German academic specialising in European issues – also insisted on the social aspect of the debate. Whilst most of the participants at the meeting seemed to be in agreement with preparing a post-growth society, they must be mindful of the reactions that such a vision may provoke in society as a whole. First of all, the social compromise at the heart of welfare was designed based on the idea of sharing growth. What about when the “global” cake of production is not growing anymore? How do we reduce inequality with everything else remaining the same? Furthermore, how do we go counter the social insecurity that the insistence on changing lifestyles may generate? According to her, part of the solution undoubtedly lays in the fact that redistribution more effectively ensures an improvement in living standards than it does economic growth. There are

still many unanswered questions and the journey that the summer university has suggested still much resembles an exploration without a map, but it is up to the Greens to start by remembering the strong links between politics and the economy.

A debate that has caused a large divide

As the chairman of the GBW, Andreas Novy says, the discussion about growth forces us to make a large divide: between short term stimulus to get out of the crisis and the long term strategy to distance ourselves from the logic of growth by developing a new model of civilisation that redefines the notion of well-being and respects the limits of the environment.

So instead of holding a discussion for or against growth, we must develop a debate on the dialectic between utopia and “realpolitik”. Therefore it is not simple and dualist alternatives that we require but inclusive solutions that work at several levels. The role of the politician is to support the initiatives at work in the society by proposing a legal framework, for the regional relocation of the economy, for example. ■

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No growth? In search of another path for Europe



Aurélie Maréchal

Austerity or growth, austerity for growth, and maybe for a *different* kind of growth? In 2012, this debate is on the top of the European agenda. But what should we do if growth is no longer possible? As growth and degrowth are both equally unsustainable what we need is “something else”. For this “something else” to be truly sustainable, it will have to be serious about both the recognition of the physical limits of our planet and the need for a more egalitarian society.

Yet, while austerity is presented as the only short-term solution, in the medium-term the plan is to get out of the crisis by getting back to growth.

Between austerity and green growth

In recent years, the European Union has experienced very low GDP growth, reaching even negative levels. For the EU-27, real GDP growth was 0.3% in 2008 and -4.3% in 2009. It then recovered to 2% and 1.5% respectively in 2010 and 2011 but it is forecast at 0% for 2012. With high rates of unemployment (from around 7% in 2008 to 9% in 2009, reaching now 10% in 2012 for the EU-27) and increased poverty (in 2010, 23% were at risk of poverty)¹, it seems that the crisis is hitting hard. So far, the solution has been: austerity. Austerity, because we don't have a choice, because we have spent too much, because we don't have growth.

Yet, while austerity is presented as the only short-term solution, in the medium-term the plan is to get out of the crisis by getting back to growth. However, since it is now generally accepted that economic growth does not automatically deliver social justice and sustainable development, what we need is an "addressing of the shortcomings of our growth model and creating the conditions for a different type of growth that is *smarter*, more *sustainable* and more *inclusive*". This motto, summarising the objectives of the Europe 2020 Strategy (EU2020), is pretty representative of the current discourse and policy orientations embraced by most political actors

in Europe, even among the Greens. In the case of EU2020, this growth strategy is supposed to allow us to reach five key targets on employment, innovation, education, poverty reduction and climate/energy. In order to get there, we count on several initiatives from research and innovation policy to a digital agenda, education, new skills for new jobs, etc.²

There are some reasons to doubt the potential effectiveness of this strategy - and of any growth strategy. Although noticeable progress can be seen in a few areas (e.g. the emphasis on resource-efficiency), EU2020, and the general philosophy behind it, looks a lot like its predecessor: the Lisbon Strategy. Launched in 2000 by the European Council, the Lisbon Strategy aimed at making of the EU "the most competitive and dynamic *knowledge-based* economy in the world capable of *sustainable* economic growth with more and better jobs and greater *social cohesion*" in ten years. In other words, smart, sustainable and inclusive growth. By 2010, most of its goals were not reached. Neither its main target of 70% employment rate was met (only 66% in 2008 against 62% in 2000), nor its goal of 3% spending in research and development (it only went from 1.8% in 2000 to 1.9% in 2010).³

¹ All figures are from the Eurostat online database www.ec.europa.eu/eurostat. "At risk of poverty" means that they were at least in one of the following three conditions: at-risk-of-poverty (i.e. living in a household with an equivalised disposable income below 60% of the national median equivalised disposable income, after social transfers), severely materially deprived (i.e. a lack of resources and experience in several deprivation items such as paying utility bills on time, keeping home adequately warm, taking one week holiday away from home, etc.) or living in households with very low work intensity (i.e. where on average the adults (aged 18-59) worked less than 20% of their total work potential during the past year).

² General objective of the Europe 2020 Strategy. See <http://ec.europa.eu/europe2020/>

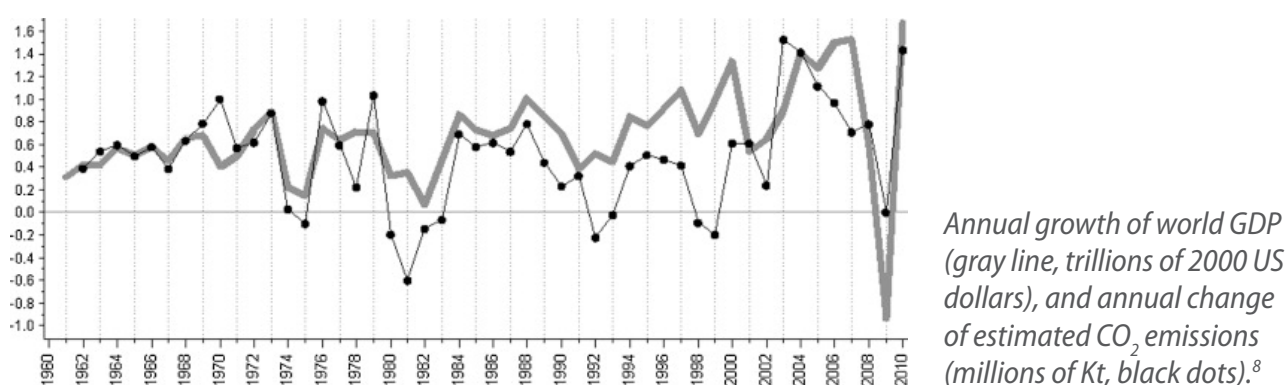
³ European Commission, Lisbon Strategy evaluation document, SEC(2010) 114 final, Brussels, 2.2.2010 available at http://ec.europa.eu/europe2020/pdf/lisbon_strategy_evaluation_en.pdf

it is interesting to note that the apparently high rate of 10% that currently exists is not a distinctive feature of the crisis. On average in the EU, unemployment rates have been 8% in the 1980's, 9.4% in the 1990's and 8.6% in the 2000s, exceeding 10% for several years in a row.

If we take a step back, we can find more reasons to doubt the efficiency of growth strategies. Looking for example at the unemployment rate in the EU, it is interesting to note that the apparently high rate of 10% that currently exists is not a distinctive feature of the crisis. On average in the EU, unemployment rates have been 8% in the 1980's, 9.4% in the 1990's and 8.6% in the 2000s, exceeding 10% for several years in a row.⁴ Crisis or not, growth strategy or not, unemployment has been a structural problem of the EU for some time now. Looking at environmental questions, although interactions are complex it is clear that economic growth and the effects associated to it (change in consumption patterns

and in technology, increased trade, etc.) are a major driver of environmental degradation.⁵ The most well-known illustration is the very strong correlation between economic growth and greenhouse gas emissions. As underlined by the IPCC, the main cause of climate change is human activities, and in particular the use of fossil fuels⁶, a central ingredient of GDP growth in the 20th century. It cannot be avoided that this correlation is valid, in times of booms – high growth rates go hand in hand with higher emissions – like in times of crisis – worldwide emissions have only decreased after major economic crisis (the Great Depression of 1929, the 1974 and 1979 oil shocks and the 2008-2009 financial crisis).⁷

Figure 1. Correlation between world GDP growth and CO₂ emissions (1960-2010)



4 Own calculation based on online Eurostat online database (www.ec.europa.eu/eurostat).

Unemployment was on average between 10 and 10,5% from 1993 to 1998.

5 See UNEP (2012) Global Environmental Outlook 5 on <http://www.unep.org/geo/geo5.asp>

6 See for example Intergovernmental Panel on Climate Change, Climate Change 2007: *Synthesis Report*, available at http://www.ipcc.ch/pdf/assessment-report/ar4/syr/ar4_syr.pdf

7 Jancovici J.-M. (2006) *La croissance économique "fait-elle de l'effet de serre"?* <http://www.manicore.com/documentation/serre/croissance.html>

8 Source: Tapia Granados J. et al. "Climate change and the world economy: short-run determinants of atmospheric CO₂" in *Environmental Science & Policy*, Volume 21, August 2012, pp. 50-62.

The growth engine is broken and this is not so much a temporary consequence of the crisis than the expression of more profound structural changes.

Growth is not going to happen any more

Persistent unemployment, environmental degradation and the overall difficulty in reaching policy targets already indicate that betting on growth doesn't work as well as it claims to. More fundamentally, relying on growth to solve our problems is foolish, because growth is no longer an option. There are several ways to explain what drives and ensures economic growth over the long run.⁹ Looking at some key facts and figures, we have to acknowledge that, in Europe, the main drivers of economic growth (labour, capital and nature) are at least dysfunctional, if not dead. The growth engine is broken and this is not so much a temporary consequence of the crisis than the expression of more profound structural changes.

Roughly, growth is supposed to function as follows: productivity gains, i.e. the ability to produce more with less capital and labour input (thanks to technological and social innovation), allow increasing output whilst decreasing production costs. On the one hand this generates profit which is (partly) reinvested to increase the overall productive capacity of the economy. On the other hand the price of the products can decrease and/or the level of wages can increase, allowing everyone to consume more, stimulating the economy, i.e. GDP growth. Yet, this "nice and smooth" dynamic has been undermined in recent decades.

On the labour side, although productivity has been constantly increasing in Europe in the post-war period, these efficiency gains have not been compensated by a proportional increase in wages, diminishing individual purchasing power. On the capital side, the share of wages in added value has been constantly decreasing whilst benefits were captured by the financial capital (the so-called creation of "shareholder value"), without being invested in the real economy (the well-known "financialisation" trend). Combined with regressive fiscal policies, this contributed to create structural unemployment, and increasing inequalities. Moreover changing demographics has been further weakening the labour market by putting pressure on pension funds. While the percentage of the working-age population was stable between 1960 and 1980, it has since declined from 55-57% to 49% in 1986 and more recently 48%.

One may think it would be enough to share the wealth better, to reinvest in the real economy and to stimulate consumption in order to repair the engine of growth. Redistribution is certainly a big part of the solution, but we cannot rely on productivism and consumerism any more to achieve these goals. Our capitalist economic system has indeed not evolved as Keynes himself predicted it would back in the 1930s: he believed that the logical consequence of rising productivity gains would be fewer hours worked. Yet instead of reducing working time (and increasing wages) proportionally, we used these gains to produce even more, in the pursuit of the idea that "more is always better".

⁹ A very interesting synthesis of the growth/degrowth debate, identifying the main drivers of growth, its advantages and limits and summarising most pro and con arguments in a quite balanced way has been produced by Hinterberger F. and Pirgmaier E. "What kind of growth is sustainable? A presentation of arguments" in Hinterberger F. et al. eds. (2012) *Growth in transition*, London, Earthscan, pp. 13-53.

The development of a consumerist culture allowed the economy to keep up with this productivist philosophy. So, even if we go for “greener” or “fairer”, counting on growth means counting on a never-ending increase of the total production and consumption of economic goods and services. This is already questionable as a general purpose of our human society but is also problematic as productivism is eroding another driver of growth itself: natural resources.

Whatever the recent trends of the “dematerialisation” of the so-called “knowledge society”, current economic growth relies more than ever before on natural resources. Globally, the extraction and use of resource is 8 times bigger today than it was in 1900 – with the increase most pronounced in the immediate post-war period.¹⁰ This means that our resources and energy reserves are being depleted at an inexorable rate. It is true that simultaneously we have become more efficient in the way we use resource and energy for economic production: in Europe we now need roughly 30% less raw materials and energy than in 1990 to produce one unit of economic value added.¹¹ However, the overall increase in goods and services we produce and consume – the *scale* of our economic activity – has been largely offsetting these *efficiency* gains. In other words, we have been able to decouple economic growth from energy and resource use in



Is a return to economic growth now a fantasy ?

relative terms but not in absolute terms, and we are not likely to reverse this trend easily.¹²

Finally, even if some of the arguments developed above would need to be nuanced and discussed further, “the proof is in the pudding”: that most

10 UNEP (2011) *Decoupling natural resource use and environmental impacts from economic growth*, available online:

http://www.unep.org/resourcepanel/decoupling/files/pdf/Decoupling_Report_English.pdf This is an average. For example, the extraction of construction minerals increased by a factor 34, the one of ores and industrial minerals by a factor of 27.

11 SERI and Friends of the Earth Europe (2009) *Overconsumption? Our use of the world's natural resources*, p.23. available at: <http://old.seri.at/documentupload/SERI%20PR/overconsumption--2009.pdf>

12 See the brilliant demonstration by Tim Jackson (2009) *Prosperity without growth. Economics for a finite planet*, London, Earthscan. In particular Chapter 5 “The myth of decoupling”.

Should Greens be in favour of austerity?
No, because austerity uses the pretext of scarce (monetary only) resources to impose policies that increase inequalities and poverty while failing to resolve environmental issues.

drivers of GDP growth do not work any more lies in the evolution of growth itself. From an average of 4.8% growth for the EU in the 1960s, it declined to 3.4% in the 1970s, 2.3% in the 1980s, 2% in the 1990s and 1.5% in the 2000s.¹³ This general trend is confirmed by most projections, even those made by the European Commission, which forecasts growth rates between 1 and 1.5% for the coming decades.¹⁴ So why, if this inexorable low/no growth trend is recognised, do we keep betting on future scenarios based on growth rates that haven't exist in decades? The golden sixties have been dead for a long time and they are not going to come back any time soon!

Other paths for Europe

So what? If growth is not possible any more, not even a green, inclusive or smart one, what then? Should Greens be in favour of austerity? No, because austerity uses the pretext of scarce (monetary only) resources to impose policies that increase inequalities and poverty while failing to resolve environmental issues. Yet, imposing radical economic "degrowth" would be untenable in a growth society, i.e. our current society. But so long as we go for growth without recognising that its drivers do not function any more we are doomed to fail. Therefore, we need to be creative about how we are going to recycle these broken drivers of growth into new functioning

drivers of something else. For this "something else" to be truly sustainable, it will have to be serious about both the recognition of the physical limits of our planet and the necessity of a more egalitarian society.

Without going too much into the details there are at least five big moves that should be undertaken simultaneously:

1. *Share wealth.* If the cake cannot grow anymore, we need to share it. This means implementing more progressive fiscal policies, including breaking the taboo of maximum income and shifting the tax burden from labour to capital and environmental resources. In the EU, giving up on the majority rule in the EU for fiscal matters would be essential to allow upwards harmonisation and the end of fiscal competition between European countries. These measures would also allow for the generation of more revenues for the State, which is another, fairer, way to ensure healthy public finances in ways other than through austerity policies.
2. *Share work.* Since productivism and consumerism are not a viable option, we need to use labour productivity gains to reduce and share work, allowing more free time for all, but also solving at least part of the unemployment issue.¹⁵ Note however that this

¹³ Own calculation from World Bank database. The OECD displays slightly different figures but a very similar trend.

¹⁴ European Commission, Directorate-General for Economic and Financial Affairs (2011) *The 2012 Ageing Report. Underlying assumptions and projections methodologies*. Note that these figures may even be overestimated, considering the high (and quite unrealistic) projections for unemployment rates and technological changes that are made.

¹⁵ To go further on this point see New Economics Foundation (2010) *21 hours*, report available at <http://www.neweconomics.org/publications/21-hours> and Perbost J.-M. (2011) *Work More? Work Less? What should be done so that we can all work and perform better*, GEF, Green New Deal Series volume 8 : http://gef.eu/uploads/media/Work_more_work_less.pdf

will need to be combined with a better distribution of wealth and power between labour and capital, otherwise it may affect badly the most vulnerable. Moreover, in some sectors, we may want labour productivity to decrease, in particular in the care and education sector, where more human work is needed to ensure quality of the services.

3. Reorient all financial profit towards investments in the real economy for the ecological transition.

In order to ensure the better redistribution of wealth and work serves to build a sustainable society, the power and the importance of the financial sector must be massively reduced, be it through a Financial Transaction Tax, the separation of banking activities, the banning of all financial products that have not proven to be useful for the real economy, the end of the bonus culture, etc. No money should be diverted from investments in the green transformation of the real economy. This transformation will also require proper education and (re)training programs.

4. Reduce the overall scale of production and consumption. As we have seen, energy and resource efficiency are important, but considering the existence of absolute limits to the resource availability and the biocapacity of the earth, and of the rebound effect, we also need to rescale our economy downwards. For example, rather than promoting electric cars, we need to embrace

a comprehensive vision for mobility which reduces in absolute terms and for all its dimensions the human impact on the environment. On the consumption side, it is also necessary to end the race for overconsumption. This implies a need to fight against inequalities which increase competition and envy between people.¹⁶

5. Experiment with local alternatives that are building resilient systems outside the market and the growth logic. Numerous examples should be pursued from cooperative banks to transition towns, online collaborative production or local currencies. This is absolutely necessary to demonstrate the possibility for a peaceful transition, based on principles antagonist to the ones at stake behind growth: cooperation, collaboration and equality instead of competition, individualism and meritocracy.

Obviously, creating something else is not easy. These five points appear a bit like a wish-list, facing various limits and challenges. Firstly, the power and resistance from the financial sector, but also from some industries and trade unions, who tend to be reluctant to change, have a big influence on research and policies priorities as well as on the orientation of investments. Secondly, the lack of European solidarity and federal vision is a real brake on these vital fiscal reforms. Thirdly, the rhetoric of it has conquered our imaginaries in a very powerful way and in all spheres

¹⁶ For a development of this argument and more broadly a sensational demonstration that equality is a condition *sine qua non* of the well-being and overall performance of our societies, see Wilkinson R. and Pickett K. (2010) *The Spirit Level. Why equality is better for everyone*, London, Penguin Books.

of society in such a way that there is a big fight to play on the discourse field.

Finally, the biggest challenge is probably that even those who are convinced that growth is not working and is not possible any more do not have a magical recipe to replace it. We are not quite sure about how the macroeconomics of this new system would work without growth, how exactly social security could be financed, etc. Let's us remind ourselves that growth strategies were invented along the way, tested in real life and not in laboratory. We don't need to have a turnkey solution to start building the house. Seeds of alternatives are sprouting, so we'd better start testing them on a bigger scale before it is too late. ■

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De-growth: Can Croatia afford less work and less consumption?



Igor Matutinovic

What does the growth/degrowth debate mean for a country like Croatia? Two decades after gaining independence following the collapse of the Yugoslav Republic, Croatia remains a country with economic and political problems. Is it possible for it to transition to a degrowth economy, and how would such a transition take place?

There is a growing recognition among scientist that a solution to the sustainability problem lies not in the technology or free markets but in large scale behavioural changes at the societal level.

Recent research suggests that humanity surpassed the capacity of the Earth to supply enough essential resources to sustain even the current population and level of socioeconomic development.¹ Our economic activities transgressed or approached the boundaries of several critical earth-system processes, including global climate.² The notion that unbounded economic growth and sustainability cannot be reconciled has been with us since the early writing of Herman Daly. Historical accounts of the rebound effect suggest that technological improvements in energy and manufacturing sectors cannot guarantee dematerialisation of industrialised economies, nor substantially reduce greenhouse emissions. There is a growing recognition among scientist that a solution to the sustainability problem lies not in the technology or free markets but in large scale behavioural changes at the societal level.

In a world of seven billion people, marked by harsh inequality in the material standard of living, it looks logical, considering the above mentioned constraints, that countries of the rich, industrialised West may begin to consider shrinking their ecological footprint in order to permit billions of people to rise from absolute poverty. But, what can it possibly mean to shrink the ecological footprint of Western countries? Serge Latouche, one of the prominent de-growth theorist, suggest returning to the level of material production of the 1960s/70s. However, he stresses that this may be possible only in a “de-growth

society”, based on an entirely different logic than the present one and oriented towards a better life with less work and less consumption.³ How attractive is this prospect of less work and less consumption for a country like Croatia?

In the 1990, Croatia welcomed quite unanimously its political independence and the prospect of reverting to capitalism. The ex-Yugoslavia socialist model of workers self-management had lost its impetus to create growth for nearly a decade and it seems that people were ready to trade “less work and less consumption” for a new phase of economic growth and a rapid increase in the material standard of living. What followed instead was a toxic combination of war and ill-conceived privatisation, which in a decade destroyed at least a hundred thousand jobs and shrank the industrial sector of the economy, which never reached the pre-transition level. After a decade of mild recovery, the world financial crisis and the worst post-WWII recession brought a return to economic woes. In three years since the 2008, real GDP in Croatia shrank by 7.2%, industrial production fell by 12% and unemployment reached 18%, and even higher among young people. As a consequence personal consumption fell by 10%. These negative trends continue into 2012. On the other hand, public debt reached 45% and foreign debt 103% of GDP. Is the idea of “less work and less consumption” politically acceptable under these conditions providing that

1 Burger JR, Allen CD, Brown JH, Burnside WR, Davidson AD, et al. 2012. The Macroecology of Sustainability. *PLoS Biol* 10(6): e1001345. doi:10.1371/journal.pbio.1001345.

2 Rockström, J., W. Steffen, K. Noone, Å. Persson, et al. 2009: A safe operating space for humanity. *Nature*, 461, 472-475, doi:10.1038/461472a.

3 Latouche, S. 2007. *Petit traité de la décroissance sereine*. Mille et Une Nuits.

On the other hand, why would a small country like Croatia, with its negligible impact on natural resources, energy, and climate, be willing to undertake proactively any step that would lead in the direction of “less work and less consumption”?

Croatia keeps its democratic political system and capitalist institutions?

Degrowth - a return to instability?

One does not need much imagination to reach a negative answer. If the present weak economic growth continues indefinitely, the economy will be unable to service its external debt, obtain new loans in the financial markets, and its imports of energy and food, to name the most important, may shrink to a socially unacceptable level. As output, sales and employment contract this creates problems for the socially acceptable functioning of state-controlled services – from social safety nets, pension system, educational system, to defence. Finally, if the present level and structure of unemployment would continue for an extended period of time it would be impossible to maintain social peace – the country may endure street riots and a growth in extreme political options.

The danger of extreme political options should not be underestimated – since the breakup of Yugoslavia, Croatian citizens passed through an unsettling period that saw the loss of job security, impoverishment of the middle class, an extremely unjust and corrupted privatisation process and an unprecedented increase in income inequality. War and transition crisis in the nineties and the current, four-year long, recession have been corroding the social fabric and thinning the patience of the voters. Expectations for a better life did not materialise for many, and the younger generation, like their counterparts in Serbia, Bosnia-Herzegovina, and recently in Greece, and Spain is becoming exasperated by the absence of job opportunities and a lack of vision of a better

tomorrow. Besides its internal socioeconomic problems, Croatia is situated in a politically fragile environment. The Dayton Agreements in Bosnia-Herzegovina, for example, did not manage to establish a politically stable and economically functional country. Recent presidential elections in Serbia, which saw success for right-wing nationalists, indicate that the country has not yet reached political maturity and stability while its economic problems are mounting. In such a context economic growth with its unequal “lifting of all boats” is the only, even if temporary, way out – a necessary buying of time until social fabric gets stronger and political stability and democracy stand on firmer grounds - in Croatia as well as in its close neighbourhood.

Political environment aside, the sole idea to shrink the average material standard of living achieved in the first decade of the 21st century would very likely be unacceptable for the majority of the population: the motive to break at any cost with the “socialism with the human face” was primarily to get closer to material consumption of its rich capitalist neighbours, Austria and Italy. And Croatia is not the exemption – what other country of the ex-Soviet bloc would support the idea of shrinking their material standard of living?

On the other hand, why would a small country like Croatia, with its negligible impact on natural resources, energy, and climate, be willing to undertake proactively any step that would lead in the direction of “less work and less consumption”? The Croatian environment is in a relatively healthy state compared to the rest of the continent and most Croatians have priorities other than reducing

Drawing from the general system theory, it is possible to advance the hypothesis that capitalist society is an immature system intrinsically poised to grow until it is stopped by a negative feedback from a higher level system – natural environment

their impact on nature. Recent public opinion survey showed that only 2% of Croatians consider environment as the most important problem in Croatia.⁴ Finally, Croatia will be joining EU in July 2013, and, therefore it will partake in its political and institutional choices. Does EU consider de-growth as a political option?

A model that could work for Croatia

Drawing from the general system theory, it is possible to advance the hypothesis that capitalist society is an immature system intrinsically poised to grow until it is stopped by a negative feedback from a higher level system – natural environment. Only after the physical shock has been received the prevailing worldview of capitalist societies may undergo a radical change after which a comprehensive institutional reform of economy becomes possible. Such a spontaneous change in the prevailing worldview is the precondition for a new society in which better life may be realised with less work and less consumption, at least in the industrialised West.

In the meantime, Croatia has other options to follow rather than de-growth. In the first place Croatia is consistently importing about half of its food needs. Its natural endowments are substantial – 56% of its land is agricultural land. However, it is poorly exploited: there are an estimated 900,000 ha of unutilised agricultural land, or an incredible 70% of the total of 1.3 million ha officially registered. Even the utilised land is used inefficiently as the average size of a family farm is 1.9 ha only. The large amount of unutilised land offers opportunity, among other

things, for organic farming because being unused it is most likely to be also uncontaminated and thus subject for quick organic produce certification. Putting together the available land for cultivation, the opportunity for using EU funds and the large market – from substituting current imports to exporting organic food to EU - clearly shows one of the avenues for a relatively green growth. And it is not only the case of physical growth of crops - substantial investments in irrigation and crop management in the light of climate change are needed – tasks that require structural changes in the agricultural sector and employment of young and educated talents. Further development of food processing industry is the natural follow-up to growth in domestic agricultural production.



Can Croatia's underdeveloped agricultural economy create a path to a degrowth economy?

⁴ Domazet, M., Dolenc, D. And Ančić, B. 2012. *We Need to Change: Mapping Croatia's potential for sustainable development*. Zagreb: Heinrich Böll Stiftung.

Another window of opportunity based on natural endowments is forestry – 48% of Croatia is under forests, most of it naturally grown. This natural wealth can be sustainably exploited in a variety of industries – from wood processing for furniture and construction industries to renewable energy. Development of industrial clusters around forestry may open thousands of new jobs in extraction, tools building, manufacturing, and biomass power plants.

Finally, Croatia imports 80% of its energy needs and besides biomass extracted from forests there are considerable unused opportunities in solar and wind energy. Putting these opportunities to use may open new jobs in industry and at the same time reduce import dependency.

This brief and incomplete overview shows that there exist considerable opportunity for job creation and growth in the green economy. Whether it will realise and how fast depends primarily on the capacity of national policy makers to spur investments and entrepreneurs into afore mentioned sectors. In any cases, the choice between de-growth and relatively green growth for Croatia seems to be quite straightforward: for the time being Croatia needs more, not less, work and consumption in order to achieve a better life for its citizens. ■

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Sarah Nicholl



Alexis Rowell

Greens vs transition towns: same aims, different means

The green political movement and the transition movement could be said to share broadly the same objectives, but could the transition movement stand a better chance of changing people's mindsets? Two transition activists from North London discuss their work.

The Transition Town movement, like the Green Party, is primarily about visioning a better future, one where fossil fuels are not a danger to life on earth, where economics is not based on offshore gambling and pyramid schemes, where every member of society is valued. For the Green Party, action takes the form of policies, conferences, leaflets, media messages, votes in ballot boxes and changes in laws. For the Transition movement, it's about going back to the basics in our local communities and trying to dream up a different future to the scary one that's coming towards us like a bullet train. That's the key – can we imagine a world, a village, a town, a neighbourhood, a society we'd rather live in? If we can imagine it, then we can build it, step by step.

The intellectual underpinnings of the Transition movement are climate change, peak oil (or the inevitable depletion of natural resources) and the fragility and unfairness of the financial and economic system. Recognise those issues? They sound very much like the sort of things that Green Party policies around the world are attempting to resolve.

Transitioners focus on the local, little steps we can make as communities to change the world. Local currencies are part of the Transition movement. So are community renewables companies. And groups that help residents to draught proof their homes. Allotments and community nut orchards are part of Transition. Jam making, sewing, foraging, reuse projects – these are all part of Transition. Frankly anything which builds community resilience, which prepares a community for the massive shocks

which are coming, but which does it actively and joyously – that's Transition.

Resilience is the ability of a system to absorb change and still function. In most communities in the past – a generation or two ago – we still had the basic skills needed for life such as growing and preserving food, making clothes, building with local materials. We used to create the cake locally and import the icing. Now we import the cake and the icing.

Everyone is included in Transition, which can make for challenging meetings. But in a successful transition project every skill is valuable because there's so much happening. We need good listeners, gardeners, people who like to make and fix everything, good parties, discussions, energy engineers, inspiring art and music, builders, planners, project managers and much more besides. The Transition mentality is – don't wait for governments or businesses or anyone – get on with it. If there isn't a project working in the area you are passionate about, create one!

Transition: a process already underway

The toolkit of Transition is permaculture, which is all about learning to live with the natural world rather in opposition to it. Permaculture is about watching and reflecting before acting. It's about trying to replicate the sort of cycles you find in nature, where no irreplaceable inputs like fossil fuels are used, and no waste is created. It's a way of thinking and being as well as a way of doing which minimises our impact on the earth.

For at the heart of Transition is a sense that we're out of kilter with the natural world, that we've lost sight of our place as part of nature, that we think we can control and plunder nature rather than work with it.

Look around the world and lots of people are doing Transition or permaculture without calling it that. And some people – particularly indigenous cultures in tune with their natural environment - have been doing it for years. For at the heart of Transition is a sense that we're out of kilter with the natural world, that we've lost sight of our place as part of nature, that we think we can control and plunder nature rather than work with it.

That's where permaculture comes in. Biomimicry is permaculture. Moving away from linear systems that use fossil fuel energy and create waste – that's permaculture. Learning to respect nature rather than plunder it – that's permaculture.

Car parks as ground zero for change?

Belsize Park, an upmarket urban village in north London, is not an obvious place to launch a permaculture revolution. But at the same time it's absolutely the right starting point because so many of our ecological problems come from excessive consumption by the better off in society.

When Transition Belsize started one of our first projects was to create a food growing site in the car park of the local Premier Inn Hotel. It took a year and several hotel managers, but eventually we were allowed to build raised beds. A group of Transitioners who live in the surrounding streets came together to create a food growing space using permaculture principles. The aim was to inspire residents, hotel staff and guests to grow food and think about sustainability.

We had planned to do a raised bed building workshop with a carpenter but at the appointed hour the heavens opened and he got stuck on a roof mending someone's leaks. So two of us tried to make a raised bed out of old pallets using first principles ie none! Five hours later we were very wet, had sore arms from pulling out and banging in rusty old nails, and had built just one slightly rickety looking bed. Not very permaculture!

The next day some feminine intuition was applied to the problem. Where it had taken two men five hours to build one bed it now took a matter of minutes for one woman to design the energy out of the process and another few minutes for four women to build a bed. We men could only look on in wonder!

Next we needed compost, which the North London Waste Authority kindly provided for free - five tonnes of it! The hotel loaned us two parking spaces for the compost delivery – “as long as it doesn't smell and you move it in two days,” said the manager. It did smell. And five tonnes is a lot of compost. We couldn't use it all so the call went out across the neighbourhood – “come and get some free compost – please!” We were panicking but fortunately the good burghers of Belsize came to our rescue and the excess compost melted away.

Planting the beds was huge fun if a little chaotic. People brought seedlings they'd been growing at home and stuck them in wherever they could find a space. In year two we vowed to do a better job of rotating the four main types of vegetables

– brassicas, legumes, alliums, root & fruit crops – through our four main beds!

With the beds in and planted our thoughts turned to water. On day one, when we'd been doing our permaculture base map, we'd noticed a nearby wall with a ledge on one side of it that seemed like a good place to collect rainwater. So we rigged up some guttering and some water butts. It took a couple of attempts to get the guttering pointing downwards towards the butts but it's all valuable learning and hopefully we won't need to use mains water any more.

We also put in two wormeries so that we could recycle our own food waste and generate compost. Our secondary aim was to persuade the head chef of the hotel restaurant's to bring us their food waste. In a sense this site is a Trojan Horse for us – we want to involve the hotel staff more and more in what we're doing so that they feel a sense of ownership, so that their staff can learn about food growing, and so that the management keep moving down the road towards genuine sustainability in their operations.

With the beds all planted and abundant we invited the local media, the Camden Council's Cabinet Member for Sustainability and staff from the hotel to a Grand Launch. Even the Premier Inn regional boss came along and was impressed by what he saw - and tasted! By then, six weeks after the launch of the site, we were able to provide salad, beans, peas and strawberries. Hopefully one day they'll allow us to expand our food growing into actual car parking spaces. Or maybe we'll just be able to take them

over when the cars stop coming because fuel is too expensive!



An example of Transition in Action in a hotel carpark in North London

Now we're thinking about planting espalier fruit trees along the walls in the autumn and organising food growing and permaculture workshops on the site. It's been an amazing experience – partly because we surprised ourselves by how much food we were able to grow, but mostly because of the bonds it has created between people and because it has already inspired so many people.

It's not just about making jam or lining your curtains. The philosophy of "small steps, big change" is fundamentally dishonest.

Moving to a psychology of change

The beauty of Transition is that anyone can do it anywhere. There are no barriers to entry. Transition starts when you start the process of change. The actions are upbeat and positive. The reflections are realistic.

And there is another key aspect to Transition – the psychology of change. The Transition we need is both Inner and Outer. The challenges we face are not just caused by a mistake in our technologies but are also a direct result of our world view and belief system. The impact of the information about the state of our planet can generate fear and grief - which may underlie the state of denial that many people are caught in. Psychological theories, such as addictions models or models for behavioural change, can help us understand what is really happening and avoid unconscious processes sabotaging change.

It's not just about making jam or lining your curtains. The philosophy of "small steps, big change" is fundamentally dishonest. Telling people that changing light bulbs, recycling and driving smaller cars is the solution causes a state called "Cognitive Dissonance" – a trance where you have been given an answer, but know that it is not going to solve the problem you've just been given. In the Transition movement we aim to face up to the big problems at the same time as taking local action in the here and now.

We understand that the messages in our media are contradictory. In the UK, the BBC has spent much of the last decade trying to turn manmade climate change into a debate between scientists and pseudo-scientists. More than any other key institution in Britain, the BBC has wasted valuable time confusing the public, time that could have been spent working on solutions to climate change. Our aim is to tell people the truth and trust they will find their own appropriate response. There is now a project in the Transition movement – Transition Free Press (www.transitionfreepress.org) - to talk about the world, and to the world, through a transition lens.

We believe that Transition is a truly radical proposition dressed up in innocent clothes. Taken to its logical conclusion, it means stepping out of the rat race, saying no to the conventional social and economic system, cocking a snook at Westminster and the City of London. Community resilience is a new type of politics bordering on anarchy. Yet it looks so innocent.

After five years of Transition we almost never use supermarkets, we no longer fly, we no longer own a car, we walk and cycle as much as possible, we enjoy growing a lot of our food, we work for ourselves, we earn very little but we need far less money, we appreciate slow travel, slow food, slow everything.

If you're having fun, doing something useful and building community, then you're doing Transition. But if you're truly on the path of Transition, then you're also on a journey to a different place, one which rejects the values of the 'growth at all costs' globalised economy while sharing sustainable ideas across national boundaries, one which rejects 21st century financial capitalism in favour of a greener, fairer, more sustainable way of life. In the end, it's working towards exactly the same goal as the Green Party. It's just a different way of getting there. ■

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Peter Bofinger



Jürgen Habermas



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Only deeper European unification can save the eurozone

The ad-hoc solutions put forward by European leaders have failed to pull the continent from its economic crisis. As uncertainty continues, it is clear that only a decisive shift to a strong, democratic EU can save the Euro and guarantee the Union's future. However this process must take place in a way that is open and transparent if it is to succeed.

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Europe needs a new direction. A restructuring of the eurozone, including a transfer of sovereignty, is essential to end the crisis.

The euro crisis reflects the failure of a dead-end policy. The German government lacks the courage to move beyond a status quo that has become untenable. This is why, despite extensive rescue programmes and countless crisis summits, the situation of the eurozone has steadily deteriorated over the last two years. In the wake of its economic crash, Greece faces the prospect of leaving the eurozone, which would have incalculable knock-on effects for the other member countries. Italy, Spain and Portugal are all in the grip of a severe recession, which is driving up unemployment.

The economic downturn in these problem countries is making the fragile situation of the banks even more precarious, and the growing uncertainty about the future of monetary union is undermining the confidence of investors, who are increasingly reluctant to buy bonds issued by the problem countries. Rising interest rates for government bonds, coupled with the steadily deteriorating economic situation, are hampering the processes of consolidation – which were never going to be easy in the first place.

This self-reinforcing destabilisation is largely the product of ad hoc crisis management strategies,

which have barely begun to address the challenge of consolidating the European institutions. The fact that the attempts to deal with the crisis over the years have been characterised by a hand-to-mouth incrementalism that has only made things worse serves to highlight the lack of political creativity.

However, the justification for taking a major step forward on European integration does not derive solely from the current eurozone crisis, but also from the need to curb the evil practices of the shadowy parallel universe that the investment banks and hedge funds have built up alongside the real economy of goods and services. This requires our politicians to get a grip and take control again.

The measures needed to bring back proper regulation are obvious enough. But they are not being applied, firstly because an implementation of these measures at a national, state level would have counterproductive consequences, and secondly because the regulatory agenda that emerged from the first London G20 summit in 2008 would require globally coordinated action, which for the present is rendered impossible by the political fragmentation of the international community.

A major economic power like the EU, or failing that the eurozone, could become a standard-bearer for the way forward here. Only a significant consolidation of European integration can sustain a common currency without the need for a never-ending series of bail-outs, which in the long term would strain the solidarity of the European national populations in

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the eurozone on both sides – donor countries and recipients – to breaking point. This means, however, that a transfer of sovereignty to European institutions is unavoidable in order to impose effective fiscal discipline and guarantee a stable financial system. At the same time we need closer coordination of financial, economic and social policies in the member countries, with the aim of correcting the structural imbalances within the common currency area.

The current problems

The escalation of the crisis shows that the strategy previously pushed through by the German government in Europe is based on a false diagnosis. The current crisis is not a crisis of the euro. The euro has shown itself to be a stable currency. Nor is the current crisis a debt crisis specific to Europe. Compared with the US and Japan, the EU – and within the EU the eurozone – has the lowest level of debt of all three economic regions. The crisis is a crisis of refinancing affecting individual countries within the eurozone, and is primarily due to an inadequate institutional underpinning of the common currency.

The deepening of the crisis makes it clear that the solutions tried so far have all been found wanting. So the fear is that monetary union in its present form cannot survive much longer without a fundamental change of strategy. The starting point for a change of direction in our thinking is a clear diagnosis of the causes of the crisis.

The German government seems to assume that the problems have basically been caused by a lack of

fiscal discipline at the national level, and that the solution is primarily to be sought in a rigorous policy of spending cuts by individual countries. At the institutional level the Germans want this approach to be underpinned by stricter fiscal rules in the first instance, supplemented by bail-out funds that are quantitatively limited and subject to conditions – thereby forcing the countries concerned to adopt policies of extreme austerity, which have weakened their economies and driven up unemployment.

In actual fact the problem countries have so far failed to limit their refinancing costs to a manageable level, despite extensive structural reforms and a policy of spending cuts that are unusually severe by international standards. The events of the last few months point to one conclusion: that the German government's diagnosis and therapy have been too one-dimensional in conception from the beginning. The crisis has not come about just because individual countries have behaved badly, but is due in large measure to systemic problems. These cannot be solved by greater efforts at the national level; they require a systemic answer.

The current instability of the financial markets is driven by the risk that an individual country might become insolvent, and that risk can only be eliminated, or at least limited, by collective guarantees for government bonds issued within the eurozone. There are concerns that this could create disincentives, and these should be taken very seriously. The only way to allay these concerns is to ensure that collective guarantees are combined with

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strict collective control over national budgets. This means, however, that the degree of fiscal control necessary to underpin collective guarantees is no longer achievable within the context of national sovereignty via contractually agreed rules.

The alternative options

There are only two coherent strategies for dealing with the current crisis: a return to national currencies across the EU, which would expose each individual country to the unpredictable fluctuations of highly speculative foreign exchange markets, or the institutional underpinning of a collective fiscal, economic and social policy within the eurozone, with the further aim of restoring to policymakers their lost capacity for action in the face of market imperatives at a transnational level. And looking beyond the current crisis, the promise of a "social Europe" also depends upon this.

Only a politically united core Europe offers any hope of reversing the process – already far advanced – of transforming a citizens' democracy built on the idea of the social state into a sham democracy governed by market principles. For this reason alone – because it leads on to this broader perspective – the second option deserves preference over the first.

If we wish to avoid both a return to monetary nationalism and a permanent euro crisis, then we need to do now what we failed to do at the time of the euro's launch: we need to begin the process of moving towards political union, beginning with the core Europe of the 17 EMU member countries.

We believe that we should be entirely open about this process. It is simply not possible to retain the common currency without also espousing the idea of collective responsibility and redressing the institutional deficit in the eurozone. The proposal by the Council of Economic Experts to set up a collective debt redemption fund has been rejected by the German government, but its appeal lies precisely in the fact that it puts an end to the illusion of continuing national sovereignty by openly establishing the principle of collective responsibility. It would, however, make more sense to mutualise eurozone debt within the Maastricht criteria – so up to the 60% threshold, rather than above that level.

As long as European governments fail to state clearly what they are really doing, they will continue to undermine the already weak democratic foundations of the European Union. The battle cry of the American war of independence – "No taxation without representation" – has a new and unexpected resonance today: once we create scope in the eurozone for policies that result in redistributive effects across national boundaries, European legislators who represent the people (directly through the European parliament and indirectly through the European Council) must be able to decide and vote on these policies. Otherwise we would be violating the principle that the legislator who decides how public money is to be spent is one and the same as the democratically elected legislator who raises taxes to fund this spending.



Distant and unaccountable, the EU's decision-making process needs to be urgently updated

No political communitarisation though the back door

Nevertheless the historical memory of a unification of the German Reich that was forced upon many parts of the country for dynastic reasons should serve as a warning to us. The financial markets must not now be pandered to with complicated and untransparent structures, while governments meekly accept the imposition on their peoples of a centralised executive power that takes on a life of its own above their heads. Before it comes to that, the people themselves must have their say. As the representative of the biggest donor country in the European Council, the federal republic should take the initiative and table a resolution for summoning a constitutional convention.

This is the only way to bridge the unavoidable time gap between the immediate economic measures that are due to be put in place, but which can still be revoked in the meantime, and the retrospective legitimisation that may be required. If the results of the referenda are positive, the peoples of Europe could regain, at a European level, the sovereignty that was stolen from them by "the markets" a long time ago.

The strategy of treaty change is designed to bring about the establishment of a politically unified core European currency area, which other EU countries – in particular Poland – would be allowed to join. This calls for clear thinking about the political make-up of a supranational democracy that would allow collective government without assuming the form of a federal state.

The European federal state is the wrong model, demanding more solidarity than the historically autonomous European nations are willing to contemplate. The consolidation of the institutions that is now required could be guided by the principle that a democratic core Europe should represent the totality of citizens from the EMU member states, but each individual citizen in his or her twin capacity as a directly participating citizen of the reformed union on the one hand, and an indirectly participating member of one of the participating European nations on the other.

It is not out of the question that the federal constitutional court will seize the initiative from the political parties and announce a plebiscite to amend the constitution. That would mean that the parties could no longer avoid taking a position on the choice

of options that has been kept in the dark until now. A joint initiative backed by the SPD, CDU and Greens to set up a constitutional convention, the results of which could be voted on at the same time as the plebiscite on the constitution (but not before the end of the next parliamentary term), would not then be an unrealistic prospect. This would be the first time that Germany has conducted a public debate of this kind, in which opinions are formed and decisions taken about the different political options for Europe's future: and we believe there is a good chance that in the course of this debate an alliance of political parties would be able to persuade a majority of the electorate of the advantages of a political union.

A broad public debate is needed

The four-year crisis has brought all kinds of issues to the fore and focused the attention of national publics on European questions as never before. One result has been the awakening of an awareness of the need to regulate the financial markets and correct the structural imbalances within the eurozone. For the first time in the history of capitalism a crisis triggered by the most advanced sector, the banks, could only be resolved by governments getting their citizens, in their capacity as taxpayers, to stump up for the losses incurred. At this point a barrier between systemic processes and real-life processes was broken down. The citizens are rightly outraged.

The widespread feeling of injustice derives from the fact that faceless market processes have assumed a directly political dimension in the popular perception. This feeling is combined with a sense of rage,

suppressed or otherwise, at one's own impotence. To counteract this we need a new politics of self-empowerment.

A discussion about the purpose and aim of the unification process would present an opportunity to broaden the focus of public debate, which has hitherto been confined to economic issues. The awareness that global political power is shifting from the west to the east, and the sense that our relationship with the US is changing, combine to present the synergetic benefits of European unification in a new light. In the postcolonial world the role of Europe has changed, and not just with reference to the dubious reputation of former imperial powers, to say nothing of the Holocaust. Future projections backed by statistical data indicate that Europe is headed for further change, destined to become a continent of shrinking population numbers, declining economic importance and dwindling political significance. The people of Europe must learn that they can only preserve their welfare-state model of society and the diversity of their nation-state cultures by joining forces and working together. They must pool their resources – if they want to exert any kind of influence on the international political agenda and the solution of global problems. To abandon European unification now would be to quit the world stage for good. ■

Peter Bofinger is a German economist and member of the German Council of Economic Experts, Jürgen Habermas is a German sociologist and philosopher noted for his work on the "public sphere" and Julian Nida-Rümelin is a Professor of Philosophy at the University of Munich.



Etienne Balibar

What democratic Europe? Response to Jürgen Habermas

This brave critique of the “new German nationalism” is welcome. But there are two main weaknesses in the position of Habermas and his colleagues: the crisis does not allow us to re-start from the beginnings of the European Union. What the European democracy needs is a real tax revolution, a kind of New Deal or a Marshall Plan, something like a social movement and maybe a step aside from the structures that were designed to exclude it.

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Jürgen Habermas expressed a clear position on Europe's current situation and the decisions that need to be taken: following the Constitution of Europe translated in May, *Le Monde* published the German philosophers' latest point of view under the heading "More than ever, Europe". Essentially, Habermas' argument is that the Euro crisis has nothing to do with the "errors" of the big spender states that would struggle to catch up the more "thrifty" states (in German, Schuld means both error and debt ...), but everything to do with the inability of states pitted against one another by speculators to level the market playing field, and to weigh in favour of global financial regulation. That is why there will be no way out of the crisis if Europe does not decide to "take the step" towards political integration that will enable it to simultaneously defend its currency and pursue its social policies and policies aimed at reducing inequality that justify its existence. The natural space for this transformation is the "European core" (Kerneuropa), that is to say the augmented Eurozone with states that should join (particularly Poland). However, its sine qua non condition is a true democratisation of the Community institutions: which is what Jürgen Habermas really means by the creation of an effective parliamentary representation of the populations (according to a two-levels system, that he distinguishes from the German "federalism"), equipped with political control powers at the European level, particularly over the tax base and the use of income tax that would support the single currency, in accordance

with the principle of the American revolutionaries: "No taxation without representation!" This action should be congratulated and should not go unheeded.

A brave critic of the "new German nationalism"

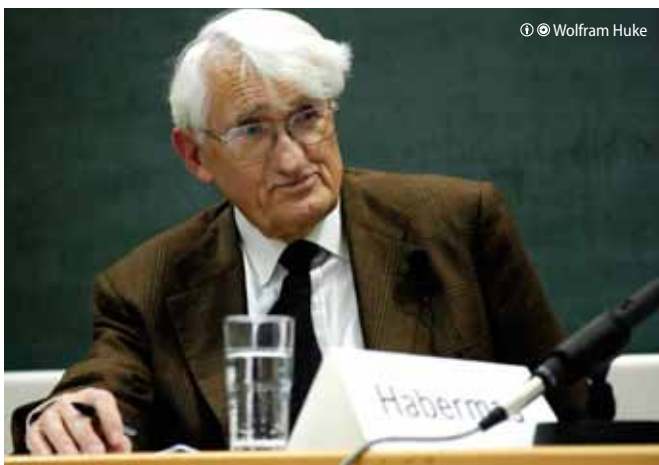
It comes after a series of brave views where Habermas hit out at the "new nationalism" of German policy and the "unilateral" prejudices that it conceals (we find ourselves wishing that French intellectuals would show the same independence). It makes a remarkable effort to hold together the political, economic and social aspects, and provides an idea of what Europe's contribution could be in finding a global crisis exit strategy, in which must be factored the need to protect social rights (which does not mean their immutability) and the need to regulate credit mechanisms that increase rapidly above the real economy. It clearly shows that politically unified Europe (whether or not we call it "federal") is only possible under the condition of substantial democratisation of Europe, that affects the very nature of its powers and their representivity, therefore their legitimacy (as far as I am concerned, I had long supported a more radical position – some would say uncertain: political Europe outside of which there is indeed only decline and inability for the people of the continent, will only be legitimate, and therefore possible, if it is more democratic than the nations that create it, if it allows them to step beyond their historical conquests in terms of democracy).

No exit from the crisis without tax revolution

The Frankfurt philosopher's argument includes however – in my eyes – two weaknesses, which are linked. The first is that it does not take into account the

There will be no – in Europe and elsewhere – exit from this crisis without a tax revolution which involves not merely lifting European tax and ensuring that it is fairly distributed, but using it for a job distribution policy destroyed by the crisis, a policy of reconversion of economic activities and European land planning.

time that has passed and therefore the climate: it reasons as though the crisis wasn't already developing for some years, as if we could reposition ourselves "before" the effects of the crisis and do what should have been done to avoid it (essentially at the time the European monetary system was implemented). I don't believe this at all. At least the indication that it contains should be developed concerning the acceptance of tax and the monitoring of its use. There will be no – in Europe and elsewhere – exit from this crisis without a tax revolution which involves not merely lifting European tax and ensuring that it is fairly distributed, but using it for a job distribution policy destroyed by the crisis, a policy of reconversion of economic activities and European land planning. Something like a New Deal or a European Marshall Plan. This undoubtedly supposes a return to a balanced monetary policy, based equally on the tax system and the banking system (coincidentally like the one that fuels speculation).



Does Habermas envisage an overly formalistic conception of democracy?

An overly formalistic conception of democracy

The second weakness is that Habermas sticks to an overly formalistic conception of democracy that is increasingly unsatisfactory as powerful processes of "de-democratisation" are at work in our society, and because these processes take arguments of opportunity and efficiency from the crisis in favour of "governance" from the top. They should not only be corrected but counteracted and "material" democratic inventions should be opposed to them. Let it be clear, I do not reject the requirement of representation. On the contrary, the history of the 20th century has demonstrated both the need and margins of fluctuation, between the simple delegation of power and effective control. We must intensify this debate across Europe. But we must also bring about other terms of democracy, or rather the democratisation of the political institution. This is the key to a resolution of the famous paradox of "European demos". The "Demos" did not exist before democracy, as its condition: it results from it, as an effect. It in itself exists across and in the forms of different practices of democratisation. As representative democracy, certainly, but also as participatory democracy, whose limit is self-managed communism (construction of "the commons" Negri would say), and as confrontational democracy ("counter-democracy" Rosanvallon would say) living demands and protests, resistance and indignation: It is true that these modalities form an unstable equilibrium that takes us away from "normative" constitutionalism.

Something like a movement must emerge

These modalities could not be implemented by prescriptive decisions, regardless of the mode of legitimisation (like others, Habermas emphatically discusses the possibility of a referendum on the future of the Euro and Europe). It could even seem that by exceeding the possibilities of governmental “management”, by conjuring the potentialities of autonomy or disagreement, they go against the objective of “rebuilding” the European Union: how to make unity with multiplicity and contradiction, stability with uncertainty, legitimacy with dissent? But conversely, do we ask to Habermas, how to bring democracy in the European construction without a “jump” or “step aside” from the structures and procedures that were designed to exclude it, neutralise it, and that the methods of “crisis management”, mainly to avoid the intervention of citizens, have systematically locked away? On this point and others (“social Europe” ...), something like an opposition

and a movement must emerge. Let us not miss the opportunity Jürgen Habermas and his colleagues are offering us from a debate on Europe for Europeans by Europeans. In different ways, it is beginning to take shape, wherever the severity of the effects of the crisis are constrained in Greece, Spain and very little in France where, despite the warning signals that should be the avalanche of this season, we seem to be turning towards a remake of the campaigns of 1992 and 2005, with the difference that there is no referendum planned ... Nothing that arises from national borders yet. Nothing, therefore, that installs policy at the level required to address the emergency as well as matters of principle. ■

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Pierre Defraigne

The crisis, ferment of European Federalism

The financial crisis has lasted for five years and there is no end in sight. The excessive public and private debt and the overleveraged banks are a heavy burden on the real economy. They also worsen the unemployment problem by preventing stimulus and fuelling deflation. The debt problem must therefore be treated as a priority. Without debt relief, there will be no economic upturn to speak of in Europe. Yet, the crisis is also a symptom of a more fundamental crisis in which the transformation of western capitalism and the obsolescence of the European integration model merge.

The size of China and the speed at which it went from agrarian autarky to the world's workshop have changed the scale and very nature of globalisation sought and led by the West; confusing political and industrial elites.

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The financial crisis: symptom and catalyst

Financial crises are endemic in the history of capitalism. They occur, according to Minsk's theory, at the end of a period of stability during which time the meaning of risk becomes dulled: gradually, everything becomes possible, "this time, it's different", the trees grow to the sky. Debt has no limits because it is safeguarded by real or financial assets, the value of which are continuously rising. However, the inflation of assets leads to the bursting of speculative bubbles when demand, that up until now supported the continued growth in stock prices, dries up. This is what happened in the United States beginning in 2007 with the two large public mortgage credit institutions – Fannie Mae and Freddie Mac – and which culminated in the collapse of Lehman Brothers in September 2008. Spain and Ireland also experienced this with the collapse of the property market which put banks in jeopardy and led to them being bailed out by governments. In turn, governments amassed severe debts whereas up until that point their public finances were healthy. The two main ingredients of a financial crisis are, on one hand, the erroneous collective appreciation of risk and, on the other hand, a welcoming monetary policy that facilitates excessive debt. Securitisation and the use of derivatives have fuelled the illusion of a world sheltered from risk, and yet individual risk had become systemic. Speculation pushed to its climax by the leverage that excessive debt enables has done its job. Lax monetary policy and the failure of self-regulation claimed by the financial industry have constituted the two vectors of the crisis that have led us to overall excessive debt in which the western economy has

become bogged down in, which heralds new dramatic developments. The financial crisis reveals a much deeper transformation of market capitalism.

Western capitalism in systemic crisis

The way in which the capitalism of western market functions changed dramatically in the 1980s was driven by three forces. The first was the revolution of information technology, the second was the advent of the global production chain with international firms and the third and final piece was Deng Xiaoping decision to integrate China, in accordance with the model of the Asian tigers (Korea, Hong Kong, ASEAN), into the global economy through manufacturing exports and foreign direct investments. The size of China and the speed at which it went from agrarian autarky to the world's workshop have changed the scale and very nature of globalisation sought and led by the West; confusing political and industrial elites. This transformation of the global real economy has an immediate consequence: the swing of the economy towards the East and towards the BRICs (Brazil, Russia, India, China and South Africa) is now a reality.



China's rapid economic growth has profoundly changed the global economy

Those who marvel at the central bank's creativity in dealing with the sovereign debt crisis and the under-capitalisation of banks are letting them off far too easily for their gross misconduct before the crisis.

With this, the West is losing its post-colonial rent which consisted of the monopoly over manufacturing jobs and cheap energy prices, minerals and imported agricultural products. As such, our social model has therefore lost one of its major mainstays.

Here we see two main causes of rising inequalities in the West: firstly technological progress and then globalisation. This movement will be amplified by another concurrent development with the globalisation of production: the hypertrophy of the financial industry. Finance is going to push the focus on business management to the extreme over the "value creation for shareholders" by playing on stock-options for directors, but also by pushing towards the short-termism of management. Gaps in remuneration will widen within companies. Finance has seized a growing share of added-value for itself, which further worsens the inequality drift.

Behind this hypertrophy of finance we find the policies of the central banks that provide abundant, cheap, and therefore inappropriate markets with reasonable limits of debt. Those who marvel at the central bank's creativity in dealing with the sovereign debt crisis and the under-capitalisation of banks are letting them off far too easily for their gross misconduct before the crisis: they should have known what inflating assets and the excessive debt of several systemic banks would have done; they could have taken action.

The inequalities generated by technological innovation, globalisation and financial hypertrophy, upstream of debt, constitute the main factor of the systemic crisis of the western market capitalism. In fact, they are what pushed households into excessive debt in order to sustain their level of consumption despite the capping of, or indeed fall in, their income.

Western capitalism is therefore in systemic crisis. What are the symptoms of this crisis? Firstly, the system no longer generates growth, although this is its logic and *raison d'être*. In addition to this the classic stimulus tools are no longer working: monetary policy is neutralised by the "liquidity trap door"; budgetary policy is stifled by excessive deficits whereas an exchange rate policy would trigger a currency war and is not desirable. Finally, states in desperate straits are looking for heterodox policies with the double risk of protectionism and a return to state capitalism. The double threat of measures against international free trade and the repartitioning of the European sector, which is already under way in the banking sector, are emerging; the opposite of what should be happening. Today, we are at that point: market capitalism keeps going. The conditions of a crisis in the crisis have been met.

The only unifying driver
of EU-27 today is the
large single market,
a negligible unifying
principle for such
a heterogeneous Europe.

Europe, the point of collision between the single market and national social models

In the new context created by globalisation, the EU could reconstitute the necessary balance between markets and political power. However, it has not yet managed this because it was constructed precisely to liberate market forces, fuel growth and therefore overcome the problem of repartitioning by making the rich richer and the poor less poor.

From the outset, the EU has been a schizophrenic project: Europe's security, in the context of the Cold War is the concern of the United States and NATO, whereas European integration is confined to the economy. This fundamental dissociation of politics and the economy sprouts the conditions of a safe drift from liberalism towards neoliberalism today. The strategic dependence on Washington and the attraction of the American production model, whose social and environmental flaws are ignored, pushed the EU to opt for a vision of the economy based solely on an increase in supply. There is no shortage of arguments: the excess of an errant Keynesianism which caused inflation and fuelled public debt in the 1970s; demographic changes which calls for an increase in employment and productivity rates, and of course, the importance of economies of scale and competition in international competition.

The EU will increasingly construct its integration on a supply-side economy tightly confined to an area without internal borders through the free circulation of goods and factors as well as – a crucial and often neglected fact – without external borders for the movement of capital. However, this passive

integration, guaranteed by an internal market policy, a policy of competition and an open commercial policy, is not flanked by any active policy on the same level as the Common Agricultural Policy: nor any energy, industrial, defence or research and development policy. Above all, Europe, through the single market and the single currency, is actually organising, from the moment that it rejects harmonisation, the introduction of competition between national social and fiscal models, thus burdening governments' ability to assume their leadership role when confronted with the heavy adjustments imposed by technological progress, globalisation and the enlargement of the EU itself.

This unit of the market remains incomplete in the key areas of energy, financial services and communications. Incomplete passive integration has not borne truly European industrial or financial groups with the exception of EADS. As a result, Europe has no industrial body: it deals with large national groups. This is a serious flaw in European sovereignty.

The only unifying driver of EU-27 today is the large single market, a negligible unifying principle for such a heterogeneous Europe.

This lack of political plan is part of the discord which persists between the twenty seven Member States over three major issues: the degree of federalisation, the type of social model, the margin of unity in joint diplomatic action as a last resort in terms of strategic autonomy to recognise Europe by.

However, paradoxically, it is the Eurozone that symbolises best this divorce between politics and the economy. Whilst currency is a state attribute in the same way as the army is, and the fact that it could henceforth put the Eurozone on course towards federalism, it has been returned, against all reason, to a tool to fight inflation, and entrusted to an independent agency, the ECB, constrained by a strong and strict mandate: price stability. The Eurozone is not an optimal monetary zone in the sense that Member States are subject to asymmetric impacts due to their differing economic structures – debt, energy, technology – and it is characterised by the weak geographical labour mobility as well as a rigidity of decreasing nominal salaries that slow down adjustment in cases of structural underemployment. This handicap, which is common in a number of countries – including the United States and China – is not, in the case of Europe, compensated by a strong federal budget aimed at transferring financial resources from an external country with a surplus to a country in deficit. In reality, the Eurozone, the pinnacle of economic integration, with a federal vocation in principle, is today managed by an intergovernmental process, the only *modus operandi* since instruments are lacking and ad hoc solutions have to be invented on sight.

The Eurozone has been an unviable construction since its origins, but its structural shortcomings have only been revealed by the crisis. In principle, it should be supported by four pillars: money, a balanced budget that is simultaneously cross border and counter-cyclical, tax harmonisation of mobile factors (company profits and financial saving) and a system of financial regulation including both centralised supervision and a centralised mechanism for resolving banking crises, banking union called for today by the governor of the ECB, Mario Draghi.



Has the Eurozone been an unviable construction since its origins?

Yet, the European Council
is directing the Eurozone
towards federalism;
however it is doing it
so in denial and
reluctantly because there
is currently no federalist
movement in Europe;
neither in governments
nor in public opinion.
Necessity rules the roost.

However, up until now monetary policy had not been consolidated solely by a budgetary coordination agreement, the stability and growth pact (SGP), violated by those who promoted it: Paris and Berlin when they overran the rule on fiscal deficit (3% of GDP). This SGP has now been replaced by a deal that brings together discipline – the new budgetary treaty which constitutionalises the golden rule: a “financial shield”, the European Stability Mechanism (ESM), aimed at countering speculation over the sovereign debt of States in difficulty. This pact, however, will remain inoperable in the event of a persistent recession and the ESM is too weak to protect the Eurozone from an attack on a larger Member State. The European Council is struggling to give the Eurozone the solid foundation that its heterogeneity requires.

Conclusion: towards a threshold of convergence

The route towards debt pooling; a Eurozone budget; a financial pillar and tax harmonisation is a long and uncertain one. There is indeed no overall view that has led to a general consensus in the EU except the fact that a two-speed Europe is now turning out to be a reality. There is no agreement on a direction or a road map. Empiricism and gradualism under the pressure of financial markets sum up the method for the most part. Yet, the European Council is directing the Eurozone towards federalism; however it is doing it so in denial and reluctantly because there is currently no federalist movement in Europe; neither in governments nor in public opinion. Necessity rules the roost.

A threshold of coherence between common policies must, however, be crossed in order to ensure effectiveness and democracy in Europe whose hold over national economies is increasingly tight. We therefore find ourselves thrown back into this double divorce of which Europe is the theatre: discrepancy between market and policy, and on the side of policy, discrepancy between *kratos* and *demos*, between power and opinion. Europe offers the possibility of once again mastering market capitalism both in and through multilateral governance based on the current level of globalisation with its new balance between advanced and emerging countries, between the East and the West, North and South.

But Europe can only build a strict framework of correction and redistribution of wealth at that level if it builds its own governance around a consensus over an internal model and its projection in the world. That implies a shared vision of the geopolitical balance sought with the United States, China, Russia and Africa in particular.

The moment of truth has arrived for Europe: EU policy must reveal itself and head in the direction of the Eurozone, giving it its true nature of “community of destiny” confronted with the economic upheaval and conflict of resources that is becoming a major challenge to our security.

Between a European neoliberal rhetoric dedicated to growth which is both improbable and severely non-egalitarian, and a snatched social-democracy with a version of welfare state undermined by the loss of post-colonial rent, a doctrine remains to be constructed. The European project needs direction and citizen federalism that differs from intergovernmental bureaucratic and indecipherable governance.

The challenge is re-appropriation through a citizen demos of a Europe that until now was reserved for the

elite, or rather the emergence of new elites that would give up instrumentalising the European construction for the benefit of the purely economic interests. The time for citizen involvement in Europe has come and consequently, the time for policy! ■

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