

## **“War is degrowth by disaster, you want to avoid that”**

**Article by Hans Stegeman, Richard Wouters, Trineke Palm**

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The climate and biodiversity crises confront us with the limits to growth. But can we let go of economic growth in a conflict-ridden world, where GDP counts as a source of power? We discussed the geopolitical ramifications of degrowth with Trineke Palm, security expert and director of the think tank of the Dutch political party Christian Union, and Hans Stegeman, chief economist of Triodos Bank and columnist.

**Richard Wouters: Hans, you think economic growth no longer fits within the ecosystem. “Green growth does not exist”, you wrote. Why not?**

**Hans Stegeman:** The simple answer is that all economic activity, whether products or services, uses energy and materials. You can increase efficiency, but ultimately economic growth always requires more inputs. We only have a limited amount of energy and materials, so we cannot grow indefinitely.

Many economic models suggest that continued growth is possible. The underlying assumption is that you can substitute everything for everything. So you replace raw materials with labour or capital and you go on doing that indefinitely. But that’s not how it works in reality. There is a limit to substitution. No matter how sophisticated your fishing fleet is, you still need fish. And if you catch more fish than can be naturally replenished, at some point the sea will be empty.

The same applies more broadly to the quality of our natural environment: if it drops below a certain limit, the ecosystem collapses. That’s a tough message to deliver. People find it hard to accept that certain things are no longer possible, as we saw at the last provincial elections in the Netherlands; amid a national nitrogen crisis, largely due to an oversized livestock sector, a pro-farmer party became the largest.

**Do you consider yourself part of the degrowth movement?**

**Hans Stegeman:** I don’t quite feel at home with the degrowth movement, because it thinks too easily about the social issues raised by the end of growth. Many degrowthers are strongly ideologically driven, Marxist even, and expect the government to fix everything. This is too optimistic.

We are only at the beginning of the search for an alternative to the growth paradigm. We need to look deep into our economic system: what are the drivers of economic growth? Take public policy: if we finance our social security and healthcare by taxing income and profits, there is a growth imperative in the public budget. So we need to think about a different tax base. Also in business and finance, where I myself work, we need to address all the growth drivers one by one and see how things can be done differently.

**Trineke, whence your interest in the debate on economic growth?**

**Trineke Palm:** Our think tank has long been concerned with the interaction between globalisation and local policies. You see numerous initiatives at the local level for sustainability and for a new interpretation

of prosperity. But such initiatives tend to get bogged down in the present economic system. Even within the Christian social tradition there is a current that criticises the growth compulsion of that system. Think of the Dutch economist and politician Bob Goudzwaard, who argued for an “economy of enough” as early as 1976.

I personally wrestle with the question of whether a planned transition to an economy without growth is different from a recession, with all the misery it entails. Can you substantiate that no one will be left behind? If not, advocates of degrowth organise their own opposition.

**Hans Stegeman:** To avoid that, you must be as specific as possible about what will be better if we jettison the growth drive. Take the Dutch debate on excess nitrogen – that’s a degrowth discussion par excellence. The ecological damage of intensive livestock farming by far outweighs its financial returns, so we need to stop it in a planned way. For that, we need to look at the drivers of the current system: the high prices of agricultural land, farmers’ lack of market power vis-à-vis other actors in the value chain, all factors that force farmers to pursue economies of scale. Can we remove the compulsion to grow through other forms of land ownership, new stakeholders from outside the agro-industrial complex and a fairer distribution of revenues? This way, the discussion becomes practical, allowing a better future to emerge. Not just for farmers, but for all of us: lower nitrogen emissions benefit the health of both humans and nature. The strength of degrowth thinking is that it puts the quality of life and of social relationships at the centre.

**Trineke Palm:** The focus on quality of life aligns with the way I talk about economics within the Christian Union: how do we shift from growing to thriving? The economy should serve communities where we take good care of each other, even if all that informal care doesn’t count in GDP.

**Hans Stegeman:** I do want to underline that degrowth is a task for rich countries. We need to shrink to make room for economic growth in countries that still need it. Solidarity between North and South, that’s the international dimension of degrowth.

*The battle for economic dominance is a zero-sum game that the EU would do well to stay out of.*

**Would it be reasonable for the European Union to be the first to say goodbye to economic growth?**

**Hans Stegeman:** Yes, but when you put it that way it sounds like a sacrifice. You could also raise the question, as political economist Katherine Trebeck does: if an economy is fully “grown up”, why would you need more? Why would you want growth at all if you are already living in unprecedented prosperity? It’s not even saying goodbye to anything. You simply spotlight that growth no longer serves any purpose and we just need to organise our society differently. If that is true anywhere, it is in Europe. Actually, also in the United States, but there they have to solve the issue of inequality first.

At the very least, the European Commission is now pursuing green growth, but one wonders if it is not already going further. European policies on climate, sustainability and circular economy are quite far-reaching – they often go beyond national policies, especially Dutch ones. European policymakers are trying to fit their sustainability goals into today’s economy, with its growth imperative, but this is slowly coming into question. There was a big [Beyond Growth conference](#) at the European Parliament in 2023. The interest in degrowth is especially strong in southern Europe, where people have been looking for

new forms of community after the trauma of the euro crisis. We totally lack that perspective in the Netherlands. We are one of the most neoliberal countries in Europe.

**How do foreign and security policy thinkers view economic growth? Isn't GDP a key measure of geopolitical power?**

**Trineke Palm:** The fundamental debate about green growth versus degrowth is hardly ever held in those circles. There is a growing understanding that unbridled growth does not automatically confer geopolitical advantage, and thus the EU is not weakened by pursuing more qualitative growth. Being ahead in green technology is even a power factor. There is also an increasing focus on decarbonising the defence sector, which is still extremely fossil-based. It is seen as strategically smart to make the armed forces more sustainable. In short, a shift towards green growth is taking place. We should welcome that.

Degrowth is not really on the minds of geopolitical thinkers yet. I do see a common ground. Scaling back our consumption of energy and raw materials reduces our dependence on countries like China. Ecological and geopolitical security seem to coincide here. At the same time, I would caution against isolationism. We should not move towards a situation where Europe says: we have our act together now and we are putting a fence around it. We must preserve the valuable relationships with other countries and cultures.

I therefore have difficulty with the term "strategic autonomy", which is now central to European discourse. We could say: the EU is finally learning to speak the language of power; that is a healthy correction to the naivety of a trade and security policy that has made us too dependent on other countries. But our community does not stop at the EU's external border. I heard the term "strategic engagement" the other day. That is more appealing to me.

**Hans, you also argue for greater European independence when it comes to energy and raw materials.**

**Hans Stegeman:** Yes, but I agree with Trineke's nuance. You want to keep international solidarity; it arises partly through interdependence. Moreover, I'm still too much of an economist to think that comparative advantages don't count. If countries specialise in activities that they are good at, without exploiting people and the environment, we will benefit together. So we should not pursue autarky; that would lead to global impoverishment.

Yet there are good reasons to reduce Europe's dependence on imported raw materials. There is a geopolitical argument, as Trineke pointed out, but also a moral one; now that we started to bring some mining back to Europe, the environmental costs of our extractive economic model suddenly become visible. As long as the damage is suffered in Congo, we are not worried about it; now those environmental problems need to be addressed. What you mess up, you also must fix – I see increasing that awareness as part of the degrowth strategy.

*We must preserve the valuable relationships with other countries and cultures.*

**Trineke, your dissertation was about the normative power of the EU. Can that kind of power be an alternative to economic and military power?**

**Trineke Palm:** Normative power is more about how economic and military instruments are used. They should not undermine international law and human rights, but rather strengthen them. By affirming existing norms, or establishing new standards, the EU can enhance its own credibility and make it harder for other players to flout the rules completely. This is especially true in the economic sphere, where the EU is strong: it can set an example, create normative frameworks that feed through into global trade.

Geopolitical experts mainly look at economic and military power, but I think a country's demography is also a power factor. It is said of China: they will grow old before they grow rich. Africa, on the other hand, has a young population. That is where political opportunities lie for the EU, if it shows exemplary behaviour. So don't rob Africa, but set standards for fair trade. Commit to equal partnerships that constitute a convincing break with the colonial past and the neo-colonial present. This will be easier if we stop putting economic growth first in Europe.

**Hans Stegeman:** If we in Europe manage to set up a post-growth society that is sustainable and provides well-being, we will be a moral leader that everyone will look to. Especially if we also make the solutions we come up with accessible to the rest of the world – otherwise we won't benefit ourselves, we'll still be heading for ecological disaster. Of course, the EU should also ensure a minimum of military security, but I see that as a separate issue.

**Russia's attack on Ukraine shows that peace in Europe cannot be taken for granted. The EU relies heavily on the US in supporting Ukraine. Washington says to us: do more on defence. Is that necessary?**

**Trineke Palm:** You could say that European defence spending has fallen below a minimum level. We will have to invest in the armed forces. The pledge by NATO members to spend at least 2 per cent of their GDP on defence is a good benchmark. If EU countries meet that standard, and strengthen their cooperation, the relationship with the US will become more balanced. This is important because sometimes the EU makes different choices from the US. Take China. The EU should definitely be more critical of Beijing when it violates international law, but I am not in favour of blindly following the US in squeezing China. That battle for economic dominance is a zero-sum game that the EU would do well to stay out of. Especially since we all need each other in tackling the climate crisis. If we start demonising each other, we will not reach joint solutions.

The EU should stick to its core values. Most Europeans do not want to live in a world of economic and military arms races. Neither do they desire a world where the law of the strongest prevails over the strength of law. Standing up for the international rule of law is therefore not only a value, but also an interest of the EU.

**Would an EU that chooses the path of degrowth require better defence cooperation?**

**Trineke Palm:** That is necessary anyway. Without defence cooperation, the EU can't punch its way out of a paper bag. There is too much duplication between the national armed forces. Joint action is hampered because countries choose different weapons and communication systems, partly to provide their national defence industry with orders. There are really niggling examples of this, such as radios that cannot communicate with each other.

It can all be done much more efficiently if EU countries move towards specialisation. By mutual agreement, each country's armed force would then focus on certain defence tasks. As Hans said, specialisation can be beneficial for all countries. It also fits in with degrowth thinking, because the EU would gain in strength even without additional spending.

Especially now that EU countries are going to invest more in defence, they really need to agree on who does what. It should also now be easier to break through national protectionism, because the defence industry has no shortage of orders.

**Hans Stegeman:** A contradiction between degrowth and security is evoked here. I don't see that at all. GDP is a poor measure of a country's power. It all depends on how a country uses its productivity, what choices it makes. Look at Russia: it is a lousy country in terms of GDP, but it has a huge armed force. In the West, we are definitely rich enough to invest more in defence, if we feel the geopolitical situation calls for it. Even if we opt for degrowth, we remain one of the richest continents in the world. Let's face it, war is degrowth by disaster, you want to avoid that at all costs.

**Hans, you work at Triodos, a bank that doesn't invest in the arms industry. Will it remain so now that security in Europe is at stake?**

**Hans Stegeman:** Yes. I am very much against sustainable investors plugging money into the defence sector. Given the situation, it may be necessary to correct the low defence spending of the past, as advocated by Tineke. I'm fine with that. But that doesn't make defence a useful activity that is also necessary in the long term. History teaches that investing in the military-industrial complex leads to a wasteful arms race. That money is better used elsewhere. You can have a more nuanced personal view, but why would a sustainable bank with an exemplary role finance the production of ammunition? That is a government's responsibility. If we democratically decide that it is necessary to produce more weapons and ammunition, then we should channel public money into it, not private funds.

**Trineke Palm:** I agree. It is important to distinguish between defence as a public service, which invests in arms under democratic control as insurance against aggression, and defence as a market, which revolves around profit. That profit is often made by exporting weaponry around the world, including to countries outside the EU and NATO. Even after the Russian annexation of Crimea in 2014, military equipment has been sold to Russia from EU countries – despite European rules that aim to restrict arms exports. In a defence market there is also the risk that arms manufacturers will determine what the threats are and how we should protect ourselves against them. If all you have is a hammer, every problem looks like a nail.

**Hans Stegeman:** Defence should not be a market; with a little imagination you can think of that as a post-growth idea. Then you say, “we don't want markets that are only out for short-term returns, without a clear social function.” So no market for arms manufacturers who are looking for customers and therefore have an interest in conflicts and war. The alternative is then to put this task in the hands of the government; that's what post-growth thinking says about this kind of activity. If it leads to excesses, you don't want to leave it to the market.

*This interview is part of the Green European Foundation's transnational project Geopolitics of a post-growth Europe. It is also available in Dutch.*

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Hans Stegeman (1972) is an economist. He worked at CPB Netherlands Bureau for Economic Policy Analysis, was chief economist at Rabobank and now holds the same position at Triodos Bank. He co-authored a book on the financial crisis and is working on a dissertation on the circular economy. Hans is a columnist for Dutch daily Het Financieele Dagblad.



Richard Wouters is a member of staff at Wetenschappelijk Bureau GroenLinks (the think tank of the Dutch GreenLeft party).



Trineke Palm (1987) is a political scientist specialised in European security. She worked as a researcher and lecturer at various universities and the Netherlands Defence Academy. She wrote a dissertation on the normative power and military means of the European Union. Since 2022, Trineke has been director of the think tank of the Christian Union, one of the four parties that make up the current Dutch government.

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