

The role of economic growth in sustainable development from the perspective of 21st century growth critique

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Introduction

This science brief summarises some key messages of contemporary growth critique in regard to how sustainable development goals are formulated and sustainability policies are oriented. In the 21st century, the criticism of unchecked economic growth has re-emerged as concepts such as degrowth, buen vivir and solidarity economy have received public and political attention.

The 21st century growth critique can be divided into three central themes: growth as a phenomenon, growth as an institution and growth as an ideology. Each theme provides a different perspective to the role of economic growth in the politics of sustainable development.

This science brief is based on a research paper *Economic growth as phenomenon, institution and ideology: a qualitative content analysis of the 21st century growth critique* by Haapanen and Tapio (2016, <http://dx.doi.org/10.1016/j.jclepro.2015.10.024>).¹

The era of “uneconomic growth”

The theme ‘growth as a phenomenon’ examines the concrete consequences of economic growth. From this point of view, economic growth is criticised for its growing negative effects and decreasing positive effects.

¹ In the research a qualitative content analysis was conducted on three contemporary classics of 21st century growth critique: *Managing without growth: Slower by design, not disaster* (Victor, 2008), *Farewell to Growth* (Latouche, 2009), and *Prosperity without growth: Economics for a finite planet* (Jackson, 2009).

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Regarding the environmental effects of economic activity, the key question raised in growth critique is whether economic growth can be decoupled from negative environmental effects so that the effects decline in absolute terms (absolute decoupling). The growth critics remark that the actual improvement rates in eco-efficiency compose only a fraction of the rates required for absolute decoupling.² They conclude that the vision of green growth appears to be an unattainable technological dream and addressing the scale of economy should be incorporated among viable environmental protection measures.

The growth critics also question the ability of economic growth to increase well-being of those who already enjoy a high standard of living. For example Jackson (2009) and Victor (2008) both refer to a level of approximately \$15,000 GDP per capita after which increases in GDP hardly contribute to well-being.

Connecting the aforementioned observations of environmental and well-being effects of economic growth leads to a suggestion that the negative effects of economic growth override the positive ones in Western countries. Some growth critics think that economic growth could be beneficial in countries where the standard of living is still comparatively low. Others, such as Latouche (2009), recommend that non-Western countries avoid growth-dependency

² See, for example, Jackson’s (2009, p. 77-82) scenarios about the required reductions carbon intensity (g CO₂ / \$) of economic activities. Limiting the global warming under 2 °C by 2050 while sustaining a 2 % economic growth in developed nations and allowing developing nations to catch up the standard of living of developed nations would require an approximately 10 % reduction in carbon intensity per year. The current annual reduction rate is approximately 1 %. (Jackson 2009.)

and encourage their citizens to create and pursue their own visions of success and well-being. However, the practical implementation of this idea is not elaborated in Latouche's book. The 21st growth critique also stresses the importance of (global and national) equality.

A web of growth-related institutions

The second theme of growth critique is 'economic growth as an institution'³. Institutions that either require or boost economic growth are ubiquitous in modern societies. The structural dependency of modern economies on continuous economic growth leads, according to Jackson (2009), to 'a dilemma of growth': growth is unsustainable due to its increasing negative effects while degrowth would lead to instability under present conditions. This has its bearing on the leeway that decision makers have when formulating and implementing sustainability goals.

Consumer culture, the price system, productivity competition and prevailing expectations on the rate and period of financial returns are among institutions that support economic growth, just to name a few. Consumer culture and especially status consumption contain features that contribute more to economic growth than well-being. Status consumption is a zero-sum game: when some people manage to climb up the social ladder the others end up below them. This does not increase the overall well-being of the population. The growth critics also refer to the idea originating from Adam Smith that there is a culturally bound minimum level of consumption required if an individual is to lead a 'life without shame.' In a society committed to economic growth, this standard is continuously rising.

One way out of the dilemma of growth is to start building societies that are not reliant on growth. Such societies would still have a sufficient material standard of living. But, beyond that they would direct their efforts and resources on other aspects of human flourishing (such as a functioning civil society, meaningful work and inspiring leisure

³ Institutions can be defined as socially shared rules, norms and habits that coordinate actions of individuals and groups.

activities, strong social relationships and communities etc.) while keeping their environmental impacts at a sustainable level.

Growth ideology

The third central theme of growth critique is 'growth as an ideology'⁴. The rhetoric of growth ideology is widely utilised in politics, business sector and in the public discussion. In the growth ideology, economic growth is equated with welfare and even well-being, and gradually growth becomes considered as the source of all good. In addition, economic growth is seen as a precondition for solving environmental, social and ethical problems: in the absence of growth, people cannot 'afford' to take other than economic values into consideration. The pursuit of economic growth is presented as the only viable option for the future and, thus, the growth ideology can narrow down the official politics and even personal views of people.

The growth critics remark that growth should not be automatically considered good. Before arriving to a conclusion one has to look at what is growing and with what consequences for the society and nature. In the 21st century growth critique, a great concern is expressed that the idea of sustainable development is too much assimilated into the dogma of economic growth.

Conclusion and recommendations

On the level of concrete phenomena, economic growth has both negative and positive effects. Thus, it is not fruitful to examine economic growth as a whole. The 21st century growth critique does not suggest continual downsizing of the economy nor does it condemn all growth. Instead, it promotes the principle of selectivity (i.e., downsizing actions that have negative effects on the environment and/or human well-being, and growing or at least maintaining actions with positive effects). If we are able to support human well-being and alleviate environmental degradation at the same time, it should not

⁴ The notion of ideology refers to a shared framework of thinking which contains e.g. a set of values and criteria for truth. Ideology legitimates actions taken by a group and its members.

matter whether the economy grows or diminishes. Positioning economic growth as a constituent of sustainable development unnecessarily and counterproductively narrows down the selection of means by which sustainability is pursued.

We invite the reader to ponder, for example, what sustainability indicators would look like if GDP per capita would be taken away from the indicator set. There are plenty of other welfare indicators, from public health to surveys of happiness, from quality of the environment to share of population able to read. A wider understanding of social welfare is needed.

To sum up, we should differentiate between sustainable development and economic growth, and reformulate sustainability goals and policies accordingly. This would have a fundamental impact on the way we think about, speak of and act for sustainability.

References

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