Economic De-Growth: A Theoretical and Critical Review
By Douglas Dias Braz & Leonne Augusto Coelho Magnani

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Economic De-Growth: A Theoretical and Critical Review

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Abstract - The aim of this article is to present a bibliographical review on the theme of de-growth, firstly discussing the emergence, the main foundations and the proposals of this theoretical conception. Subsequently, the most relevant critical arguments to this approach are exposed, both in relation to its internal consistency and the possibility of a de-growth program being compatible with a capitalist economy. The result of this review points to the need to advance in the construction of a more robust theoretical formulation on de-growth, considering the main criticisms presented in recent years.

Introduction

The Industrial Revolution initiated in the 18th century marks the dawn of capitalism as the dominant mode of production. Since then, the world has seen an accelerated growth in productivity, innovation and production. The 20th century was marked by the dispute between two distinct economic systems, capitalism and socialism. The engine of both was the same: increased productivity (productivism) and constant economic growth. The dispute ended in 1991, with the dissolution of the Soviet Union. Capitalism won the dispute for hegemony and now, more than ever, consumerism promoted by advertising, credit and programmed obsolescence is the great engine of economic growth.

But could economic growth be infinite? In a finite world, growth could not take place indefinitely. This was the conclusion of Georgescu-Roegen in his book *The Entropy Law and the Economic Process*, published in 1971. In it, the Romanian economist shows that the planet is a closed system and that the economy is a subsystem of the ecosystem. Throughout production processes, we transform low-entropy energy into high-entropy energy. This implies that part of the energy and matter resulting from production can no longer be used. Thus, the production process is irreversible and growth cannot be infinite.

The theme, however, only gained visibility in 1972, after the release of a report, commissioned by the Club of Rome, entitled *The Limits to Growth*. The report, through computational models, presented catastrophic predictions about the environment, if the production and consumption levels of that period were maintained.

Among the various debates that followed, the idea of sustainable development, which defended the possibility of reconciling economic development with environmental preservation, gained prominence, especially from 1987 onwards, with the publication of the Brundtland Report by the World Commission on Environment and Development. The conflict between economic growth and environmental preservation seemed to be resolved with the proposals for sustainable development.

The concept of sustainable development has become increasingly dispersed and trivialized, used by governments, international agencies and even by the most predatory companies (LENA, 2012). It is from the diffusion of this concept that its biggest criticism arises: is development (understood by economic growth) really sustainable? Its critics will say that growth and sustainability are paradoxical, that is, it is not possible to continue growing without worsening the environmental situation.

It is in the midst of this discussion that the movement in favor of de-growth was born. According to Rist (2012), the idea arose in 2002 at a colloquium in Paris, whose theme was “undoing development, remaking the world”. Since then, the movement in favor of de-growth has gained more visibility and has had a great rise, although it remains a minority.

De-growth theorists draw attention to the socio-environmental problems caused by the current “growth society”. The transfiguration of this society into a “de-growth society”, with values different from the current one, would be the solution to reduce social inequalities and avoid an environmental collapse.

From this discussion on de-growth, this article sought to present the historical perspective of the concept (Introduction); expose what de-growth is, as well as its main arguments, explaining the internal structure of this formulation and its most relevant proposals (section 1); and highlight the fundamental criticisms about the internal consistency and compatibility of proposals for the realization of a “degrowth society” in relation to capitalism (section 2). Finally, considerations about the need to advance in the construction of a more robust concept of de-growth and its real intentions are presented.

Footnotes:

1 Georgescu is considered the founder of ecological economics and inspiration for the de-growth movement.


3 It is, then, a discussion that only deepened in the recent period (although its roots is in the 1970s). The term de-growth “did not appear in any French dictionary of social sciences until 2006, although it was possible to find some entries for its correlates: “zero growth”, “sustainable development” and, of course, “steady state”. (LATOUCHE, 2012, p. 45).
I. De-Growth: A Historical and Theoretical Review

The concept of de-growth is broad, therefore, difficult to be explained in a few words. In fact, according to Latouche (2012), de-growth is not a concept in itself, nor is it the opposite of growth. De-growth is a kind of political slogan, which emphasizes the importance of abandoning the search for growth as the ultimate goal. In other words, de-growth is not an alternative, but a set of alternatives that challenge the society whose main objective is growth as an end in itself. This society is neither sustainable nor desirable.

De-growth gathers those who consider it essential to reduce the physical dimension of the economic system and can be defined in different ways, given the different currents of thought and approaches that use it to criticize the pattern of development based on economic growth. It can also be seen as a concept whose purpose is to break the consensus of the consumerist imagination, denouncing the false freedom and happiness that are sold through advertising. In short, what de-growth has in common in these different approaches is the idea of “consuming less to live better” (Bayon, Flipo, Schneider, 2011).

The idea of de-growth recognizes that there are limits to the use of natural resources. Furthermore, its advocates are skeptical about the possibility of technology being able to universalize the consumption pattern of rich countries. If there are not enough resources for everyone to maintain a standard of living in the style of developed countries and no technology capable of doing it, then would the solution be a reduction in the world population? This reasoning has led many to accuse degrowth of being Malthusian. Bayon et al. (2011) refute this accusation by stating that the uncontrolled population increase is indeed a problem, but its regulation should be democratic, mainly through people's awareness and not in the way Malthus proposed it.

Latouche (2009) states that de-growth society project is the only option capable of avoiding an ecological and human catastrophe. This catastrophe will happen, if we don’t change in time, due to the incessant search for growth. To change the current society the main target would then be consumerism. But, on the contrary, current society’s efforts are aimed at stimulating consumption. Among these, the main ones are credit and advertising. Advertising creates desires in consumers and encourages them to renew their manufactured goods, even if they are still in perfect conditions of use. On the other hand, credit is what allows the consumer's desires to be satisfied, even if their income is already compromised, that is, credit allows the expansion of consumption capacity.

Both advertising, which encourages insatiability for industrialized products, and programmed obsolescence, whose mechanisms lead to a compulsory expansion in consumption, create the disposable culture. Obsolescence provides less longevity for so-called durable goods, as well as promoting the creation of components, software and parts that are incompatible between different models and different brands, with a single objective: to increase (or minimally maintain) the level of consumption. The consequences, however, are, on the one hand, an increase in the use of natural resources and, on the other, an increase in the amount of pollutants and waste arising from both the production of new goods and disposal of the old ones.

According to Latouche (2009), de-growth is a concrete and revolutionary utopia. Its concrete proposals are outlined in the “vicious circle” of serene de-growth, represented by eight interdependent changes, namely:

(i) Reassess: changing society's values to face current challenges;
(ii) Re-conceptualize: changing values leads to another way of apprehending reality;
(iii) Restructuring: adapting the productive apparatus and social relations in terms of changing values;
(iv) Redistribute: distributing wealth and to granting access to natural heritage;
(v) Relocate: producing locally, as far as possible, products intended to meet the needs of the population;
(vi) Reduce: reducing the impact on the biosphere of our ways of consuming and producing, that is, reducing our ecological footprint;
(vii) Reuse: reducing programmed obsolescence;
(viii) Recycle: recycling what cannot be directly reused.

However, as Latouche (2009) argues, de-growth does not have a robust political program and needs great support from the population to: reduce the ecological footprint and energy waste, reduce

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4 The central point of degrowth is found in the critique of development, specifically through the “inversion of perspective with which the phenomenon of poverty and exclusion is read”. (Bonaïuti, 2012, p.88).
5 Latouche (2009) does not see overcrowding as the problem. The question is: knowing how to share resources in an equitable and ethical way.
6 According to Löwy (2009), the problem is not excessive consumption by the population (as ecologists argue), nor is the solution a general reduction in consumption, especially in more developed countries. The problem is the way in which current consumption takes place, based on waste, ostentation, obsession with accumulation and mercantile alienation. The solution, therefore, is to end consumption based on these conditions.
7 “The degrowth project is therefore a utopia, that is, a source of hope and dream. However, far from taking refuge in the unreal, it tries to explore the objective possibilities of its application. Hence the term “concrete utopia”. (Latouche, 2009, p.40).
inequalities, transform productivity gains into time reduction and for the application of eco-fees.

Another approach that, similarly to the view on de-growth, derives from the discussion about the limits of economic growth as a fundamental engine of contemporary capitalist society, is the one that deals with the so-called steady state economy. Although it has already been addressed by classical economists such as Adam Smith and John Stuart Mill, the discussion of steady-state economics is brought to the fore more recently by the ecological economist Herman E. Daly. The latter, as a disciple of one of the precursors of the de-growth vision (Georgescu-Roegen), believes that the indiscriminate expansion of the economic product has serious limits in terms of generating non-negligible ecosystem impacts. However, unlike Georgescu, Daly is less skeptical about the phenomenon of growth. (KERSCHNER, 2010; MARTINEZ-ALIER et al., 2010; CECHIN & VEIGA 2010).

In this sense, instead of economic activity presenting itself as necessarily declining over time, in the steady state it would be defined as: constant stocks of physical wealth (artifacts) and a constant population, each maintained at some chosen, desirable level by a low rate of throughput - i.e., by low birth rates equal to low death rates and by low physical production rates equal to low physical depreciation rates, so that longevity of people and durability of physical stocks are high. (DALY, 1974, pg. 15).

Thus, according to Cechin and Veiga (2010), the steady state could be interpreted as one in which the use of natural resources would be just enough to reproduce a constant amount of capital and population. Therefore, the improvements would no longer occur in quantitative terms, but in qualitative terms.

Qualitative changes would be represented by technological advances that would increase the incorporation of value into production, even though the amount of inputs used remains constant (TRAINER, 2016). Thus, “the value of total production may still increase without growth in physical throughput – as a result of qualitative development. Investment in quality improvement may yield a value increase out of which interest could be paid.” (Daly, 2008 apud Trainer, 2016).

This technological improvement would mean an increase in efficiency in the use of physical and biological resources, so that the product growth (in qualitative terms) becomes compatible with ecological sustainability. This movement of separation of economic growth from the growth in the use of production inputs, made possible by the advance of the technique, is called decoupling. While absolute decoupling would be the scenario in which output grows and the incorporation of inputs remains constant or decreases, relative decoupling would be related to the less than proportional growth of the need for inputs in relation to the output growth rate. (TRAINER, 2016). Development would, therefore, be achieved in the steady state if there were effectively a movement of distancing output growth in relation to the use of inputs.

Furthermore, as stated by Cechin and Veiga (2010), the steady state concept is strongly based on the idea that, from a given moment, the economic growth process starts to present high costs that compromise the well-being of future generations, which it would require a maintenance of the capital stock and the population in order to minimize the ecosystem impacts and the use of natural resources.

Thus, it is possible to highlight the divergences and congruences of this view in relation to the concept of de-growth. First, it is noteworthy that the latter is more related to the French-speaking world, while the steady state perspective is more linked to North American thought. Furthermore, while the de-growth proposal advocates for decreasing levels of consumption, especially in developed countries, the steady state view proposes a stabilization of population and per capita consumption, which implies the maintenance of capital stocks, the supply of labor and the use of resources for economic production. (MARTINEZ-ALIER et al., 2010).

This apparent incongruity, however, overshadows some points of compatibility between these two views. Authors such as Martinez-Alier (2010) and Kerschner (2010) indicate that these perspectives can be seen as compatible and complementary. Compatibility could be found, first, if the steady state situation is considered as the final stage of a de-growth process, which cannot be extended indefinitely. In this sense, de-growth should not be treated as the end of the process, but as a path by advanced countries to reach a situation of dynamic equilibrium similar to that of a steady state. Under these circumstances, with the decline of output and population in developed countries, a steady state situation could arise.

Finally, as in de-growth, the steady state perspective believes that it can adjust to the way capitalism works, which, in other words, would indicate the non-existence of the need to overcome the fundamental structures of this mode of production. In summary, Daly talks about this supposed compatibility: “growth is seen to be entirely subjective, optional, not built in capitalist economies. So it can be dispensed with, exorcised, and capitalism can carry on in something like ‘stasis.’” (SMITH, 2010).

However, even having stood out in the academic and political scenarios of the world, both the vision of de-growth and the steady-state economy are targets of various types of criticism, which question the theoretical consistency of these approaches and, mainly, their compatibility in relation to the functioning of the capitalist system. In the next topic the most relevant criticisms of these approaches are explained.
II. Critical Perspectives on De-Growth

As stated above, the conception of de-growth is criticized in several aspects. The first type of criticism to be highlighted is the one that calls into question the internal foundations and the structuring of the very concept of de-growth. On the inconsistencies and limits of this formulation, the work of Schwartzman (2012) is first evidenced. For this author, even though the works on the theme of de-growth present an important discussion about the social and environmental limits of economic growth, the arguments presented are not capable of offering a political agenda capable of confronting the economic and ecological crisis in a forceful way. The main problems of this approach would be, therefore, the failure to analyze the qualitative aspects of economic growth and the material requirements to provide high levels of quality of life. Furthermore, another problem that derives from this view is the emphasis on the local economy without recognizing the urgency of developing a transnational concept and solution.

With regard to the consideration of qualitative and quantitative aspects of growth, Schwartzman (2012) states that proponents of de-growth fail to treat output growth as something homogeneous. For him, the fundamental question must be raised about what type of growth is being talked about and what types of impacts each type of growth would have on ecological and health aspects. In his words, it is necessary to question, for example, what type of growth would be sustainable in terms of the preservation of biodiversity and what type of production would be most useful for increasing the well-being of humanity.

On the other hand, the author emphasizes that the de-growth program would be available only to a small minority of the world population, namely, the countries of the North. At best, the de-growth program would be useful to spur the emergence of local energy and food cooperatives, which would represent the resurgence of the bankrupt hippy community of the 1960s. What there should be, in this author's view, is a transnational ecosocialist movement capable of facing the agents that prevent the fight against the elements that threaten the ecosystem balance. (Schwartzman, 2012).

Another criticism made by this author is that the formulators of the degrowth concept point out the failures and limits of the capitalist mode of production without, however, presenting anything that could replace it. The most that is done is to point out the need to create other forms of economic and social organization more suited to the new conditions. (Schwartzman, 2012).

Foster (2011) points out that even more problematic is the view of de-growth in underdeveloped countries. This author explains Latouche's (2006) argument that the degrowth program should be applied to both advanced and underdeveloped countries, so that the latter cease to pursue the strict objective of economic growth in time. According to Latouche himself, “southern countries need to escape their economic and cultural dependence on the North and rediscover their own histories—interrupted by colonialism, development and globalization—to establish distinct indigenous cultural identities.” (LATOUCHE, 2006 apud FOSTER, 2011).

Also according to Foster (2011), for Herman Daly it would be a waste of time and a moral delay to advocate steady state (and also de-growth) economic programs for underdeveloped countries before the overdeveloped nations have at least started to decrease their growth rate population and consumption growth rate. The starting point for this type of procedure should therefore be the developed countries.

Finally, Bergh and Kallis (2012) highlight that another criticism of the de-growth view would be that related to the fact that there would not be a single and consistent measurement to measure the scale of the economy, making the idea of resizing become very vague. Thus, when talking about de-growth, one can be talking about product, consumption or hours worked. The exponents of this view, however, do not believe that the inexistence of a single parameter would be a fundamental obstacle.

Having presented the criticisms about the foundations and the concept of de-growth, we begin to explain the questions about the compatibility between de-growth and the capitalist mode of production. In other words, would it be possible to implement a program of this nature and still preserve the structuring pillars of a market economy?

Marx, in his book *The Capital*, exposes the essence of a capitalist economy through the sphere of circulation of capital: D-M-D', where the final amount of money is greater than the initial amount. The implication of this concept is that capital to be capital it will always seek its accumulation, that is, it will always increase its volume. Thus, the capitalist will reinvest part of his profits to produce new products and obtain new profits. The process is endless.

In order for this process of constant reinversion of profits to occur and, consequently, of constant increase in the volume of global capital, it is necessary that consumption also increase, as this is what will enable the transformation of the commodity into capital plus profit. Therefore, there are the following relationships: consumption growth is a fundamental part of maintaining capital accumulation; capital accumulation is the basis of the capitalist economic system; therefore, the continuous increase in consumption is fundamental for the maintenance of capitalism; finally, as the systematic increase in consumption (on a world level) means an increase in
economic growth, then economic growth, by providing the accumulation of capital, is the mainstay of the capitalist economy.

For Fotopoulos (2007), the degrowth project represents a dialectical junction between anti-systemic and reformist movements, which results in the construction of a critical view, which does not advocate the abolition of the market economy system, but which proposes to reduce its scope. According to Latouche (2007)

Drastically reducing environmental damage does mean losing the monetary value in the material goods. But it does not necessarily mean ceasing to create value through non-material products. In part, this could keep their market forms. Though the market and profit can still be incentives, the system must no longer revolve around them. (LATOUCHE, 2007 apud FOTOPOULOS, 2007).

However, according to Fotopoulos (2007), although the proponents of this view believe in the compatibility between de-growth and the perpetuation of capitalism, it should be remembered that modern society is strongly based on maximizing economic growth for its reproduction. This is basically based on two fundamental elements, namely, production and consumption.

First, with regard to production, it seems clear that the dynamics of a market economy imply a constant expansion of production so that profits are maximized. It would be contradictory, therefore, to consider a market economy based on non-growth, not only because there would be great resistance from multinational companies, which would move from countries that adopt this type of program, but also because of the simple fact that the economy market is incompatible with zero growth. It does not mean, however, that there could not be a zero-growth society. What is meant is that, given the existence of the capitalist mode of production, it would be impossible to keep it running without one of its main engines, economic growth. (Fotopoulos, 2007).

On the other hand, when consumption is considered, it is clear that its decrease is extremely undesirable, as it would represent a necessary counterpart for carrying out long and stressful working hours. A forced reduction in consumption would represent for society, therefore, a deprivation in relation to one of the elements that justifies the perpetuation of the market society, namely, consumerism. (Fotopoulos, 2007).

For this author, the incompatibility between de-growth and capitalism would become clear from the historical analysis and investigation of the system dynamics. If there is no market economy system that has not been based on maximizing economic growth, then it must be assumed that de-growth could not be constituted as a mere change in the values of society and that, moreover, it could not coexist with a market system.

Fotopoulos (2007) also presents the proposals of the de-growth program and what would be its impacts within a capitalist system. Starting with the proposal to bring material production back to the levels of the 1960s and 1970s, which would lead to a dramatic increase in unemployment and poverty among the most vulnerable social groups.\(^8\) Second, the internalization of transport costs, which would transform private and air transport modes into luxury goods accessible only to the wealthier classes. Third, the return to small-scale agricultural production, which would increase food prices, once again affecting the poorest groups. Finally, reducing energy waste by three quarters through the use of a tax system, which could reduce material and energy costs, but at the same time increase material consumption.

As Trainer (2010) points out, if effective efforts were made to combat the negative effects of growth, the required action should be so drastic and widespread, that a new type of system, other than the market, would emerge. On the other hand, the proposals developed by the advocates of de-growth would cause a dramatic reduction in business, which, apart from being intolerable on the part of large companies, would not be achieved without major state regulation.

Another important consequence of a zero-growth economy, according to Trainer (2010), refers to the non-existence of interest payments. In the absence of this element, the existence of only a fixed and stable amount of capital would be necessary, so that the investment would be put into operation just to face the depreciation.

In this scenario, the government would be incapable of implementing monetary policy, having to stimulate the economy through indiscriminate and coercive decisions, approaching a type of planned control. Furthermore, there would be no need for the creation of money, as a constant amount would be sufficient to carry out the purchase and sale transactions. In this way, the banking market would be dramatically transformed, as they would be unable to create new currency. (Trainer, 2010).

Finally, given that in the current economic system, growth is essential to prevent unemployment from growing, considering the constant technological advances, in a zero-growth economy a constant amount of product would only be achieved at the expense of a reduction in the workforce. (Trainer, 2010).

\(^8\) Knowing that the volume of capital has multiplied several times since the 1970s, then the question to be asked is: with such a large reduction in production, what would happen to this volume of capital? A part of it would not find alternatives to continue its accumulation process, resulting in acute economic crises.

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Trainer (2010, pg.11) summarizes what then would be the nature of the capitalist system and how it is fundamentally based on the logic of growth and accumulation: “Capitalism is by definition about growth. Its essential characteristic is the investment of capital in order to make as much profit as possible, to re-invest next year in order to make as much profit as possible... in a never ending spiral of capital accumulation”.

The key to the incompatibility between de-growth and capitalism would therefore lie in the fact that growth would be an inescapable consequence of the market system, as one enters into it with the intention of maximizing, selling at the highest price, buying at the lowest, investing in sectors in that the rates of return are more attractive, in other words, seeking the highest possible valuation. In this way, according to Trainer (2010), in the market there is either growth or death, since all the others who participate in it use this same logic.

### III. Concluding Remarks

Considering the recent nature of the concept of de-growth, the purpose of this article was to carry out a literature review, trying to explain the fundamental structure and the main proposals of the degrowth program, in addition to presenting the most relevant critical arguments in relation to this approach.

What stands out, first, is the broad character of the concept (or political slogan) of degrowth, which intends to lessen the importance and indispensability of the objective of growth in contemporary capitalist society. The proposal would therefore be to resize the economic system in order to make it “fit” within the limits set by the terrestrial ecosystem.

This proposal, however, due to its comprehensive and abstract nature, ends up being the target of several criticisms regarding its own internal consistency - Impossibility of analyzing the qualitative aspects of growth, the regional and fragmented character of the analysis and the generic application of the program for advanced countries and underdeveloped – and, mainly, regarding the possibility of implementing this proposed type in a system whose fundamental gear would be accumulation or economic growth.

In summary, the most relevant critical arguments seem to indicate a contradiction in the formulation of the de-growth concept, since: i) the reduction in growth, in a growing economy, would have perverse effects; ii) therefore, de-growth should only be considered in a de-growth society; iii) however, the concrete measures of de-growth end up generating a reduction in growth, causing the negative effects warned by the author, since today’s society is a society of consumption, of growth.

Thus, the need to advance in the construction of the idea of de-growth seems evident, strengthening the internal structure of this conception and evaluating the effectiveness of implementing such a program in a capitalist production system.

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