

Keswick Reminder 28.02.25: NfWW No.81 The trouble with growth

Growth! Growth! Growth!

Economic growth, measured by GDP (Gross Domestic Product), has long been seen as the key to improving human welfare. While no country has eliminated poverty without economic growth, none has stopped environmental damage while growing either, including damage to the planet's climate through greenhouse gas emissions. In fact there is a very close correlation between greenhouse gas emissions, economic growth and poverty reduction.

A fundamental issue is GDP's exponential nature - it grows by a percentage of its current size each year. For example, a 3% annual growth rate doubles the economy's size in just 23 years. This mathematical reality creates increasing pressure on Earth's finite resources, including its atmosphere.

'Green growth' is currently the main policy response to these challenges. This theory suggests we can keep expanding the economy while protecting the planet through technology and finding alternatives to current resources. However, data on resource use and carbon emissions doesn't support this idea. The promise of complete decoupling of economic growth from environmental impact is a fantasy.

Economists have always known that growth must eventually stop, and we may be reaching Earth's limits now. This has led to new approaches that focus on human wellbeing within environmental boundaries rather than just increasing GDP. These alternatives challenge traditional economic thinking.

Two main alternative viewpoints have been put forward:

'Post-growth economics' tries to work within capitalism to create change. However, research shows this faces significant challenges, such as managing the transition and addressing differences between wealthy and developing nations. Questions remain about how to implement these ideas effectively.

'Degrowth' takes a more radical approach, arguing that capitalism's competitive nature makes it impossible to slow growth fairly within the current system. Instead, it calls for a planned, democratic transformation of the economy to reduce environmental impact and inequality while improving quality of life.

Both approaches agree on key points: we should focus on improving life quality without relying on constant growth. We should reduce harmful production while increasing beneficial activities. Many countries still lack basic necessities and need support to develop sustainably.

These debates raise important questions about our values. Should we prioritize efficiency, productivity, and growth, or focus more on justice, fairness, and rights to help humans truly thrive?

The challenge lies in finding ways to: meet everyone's basic needs; protect the environment; cut greenhouse gas emissions; create a fair economic system; support poorer nations; and improve everyone's quality of life without endless growth.

As we face increasing environmental pressures, these questions become more urgent. The debate is shifting from 'how do we grow more?' to 'how do we create a better life for everyone while respecting planetary boundaries?' Finding answers will require rethinking our economic goals and measures of success.

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