

Is degrowth compatible with a market economy?

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The degrowth project

At a time when the greenhouse effect and climate change have become front page news, following the IPCC's (Intergovernmental Panel on Climate Change) Fourth Assessment Report, which definitely links the clear signs of global climate change with increases in man-made emissions of CO₂ and other greenhouse gases since the start of the Industrial Revolution, the emergence of the degrowth project developed by Serge Latouche^[1] and others was a significant development in Green politics and thought. This is because it showed that the Green movement, after its rise as an antisystemic movement in Germany in the 1970s and its subsequent integration into mainstream politics as a kind of reformist Left party or lobby (taking part in the process –or supporting in various degrees-- the criminal wars of the transnational elite in the 1990s and beyond), could still play a role at the boundaries between a reformist and an antisystemic movement. As I will try to show below, the degrowth project could be said to represent a dialectical synthesis between the antisystemic Green approaches of the German “fundos”, which have nowadays almost completely disappeared and the reformist approaches of the mainstream Green parties, which have by now proven bankrupt.

At the same time, the degrowth project shows significant similarities, both at the theoretical and the strategic levels, with the “Simpler Way” approach suggested by Ted Trainer, which, like the degrowth approach, involves “mostly small, highly self-sufficient local economies; economic systems under social control and not driven by market forces or the profit motive and highly cooperative and participatory systems”, as well as the associated “eco-village movement.”^[2] However, the degrowth project stresses that the transition process involves not just the creation of “eco-villages”, mainly outside the main society, but, instead, the creation of “urban villages,”^[3] which involve the development of a high degree of decentralisation within the main society itself. In other words, unlike the supporters of eco-villages who, even when their aim is the creation of a new social movement and not just a life style change, aspire mainly to a movement based on communities outside the main society, supporters of the degrowth project explicitly aim to create a new social movement within the main society –as the traditional Green parties have always attempted to do.

The rationale of the degrowth project is the familiar radical Green one. Growth for growth's sake is unsustainable as it pushes the limits of the biosphere. Although there have been some improvements in ecological efficiency they have been offset by growth. As a result, the ecological crisis, particularly as far as the greenhouse effect is concerned which threatens

with a catastrophic climatic change, has been worsening all the time. It is now well established that continuous expansion has been at the expense of the quality of life –in terms of clean water, air and the environment in general– if not of life itself, first of animals, and then increasingly of human beings themselves. Therefore, degrowth, in terms of downscaling our economy, seems necessary and desirable. In fact, Latouche points out, a downscaling policy could be put into effect almost immediately in areas like the following which “are crying out for downscaling”: reducing or removing the environmental impact of activities that bring no satisfaction; reviewing the need for excessive movement of people and commodities across the planet; relocalising our economies; drastically reducing pollution and other negative effects of long-distance transport; questioning the need for so much invasive, often corrosive, advertising^[4].

The aim should therefore be a non-growth society to replace the present growth society. This implies going beyond the economy by challenging its domination of present life, in theory and in practice, and above all in our minds. In practice, this means the imposition of a massive reduction in working hours to guarantee everyone a satisfying job. Furthermore, degrowth must apply to the South as much as to the North if there is to be any chance to stop Southern societies from rushing up the blind alley of growth economics. Therefore, “where there is still time, they should aim not for development but for disentanglement –removing the obstacles that prevent them from developing differently... As long as hungry Ethiopia and Somalia still have to export feedstuffs destined for pet animals in the North, and the meat we eat is raised on soya from the razed Amazon rainforest, our excessive consumption smothers any chance of real self-sufficiency in the South”.^[5] However, although Latouche rightly points out –adopting indirectly the analysis of dependent development– that Africa was self-sufficient in food until the 1960s when the great wave of development began which led to dependence, it is not equally clear whether he adopts also the conclusions of this analysis for a break with the capitalist market economy. Still, as I attempted to show elsewhere, such a break with capitalist neoliberal globalization is a necessary step towards a self-reliant development in the South.^[6]

Furthermore, as Latouche stresses, degrowth does not also imply any move towards abolishing the market economy system but only reducing its scope:

“drastically reducing environmental damage does mean losing the monetary value in material goods. But it does not necessarily mean ceasing to create value through non-material products. In part, these could keep their market forms. Though the market and profit can still be incentives, the system must no longer revolve around them”.^[7]

Thus, Latouche still believes that an eco-compatible capitalism is “conceivable in theory” –something that ignores the dynamics of the market economy system which, at the end, are incompatible with effective state controls for the protection of the environment– and only in practice is unrealistic. This is because, the same author argues, the power of TNC’s (Transnational Corporations), in combination with the breaking down of the class struggle, does not allow anymore the required level of regulation as existed under the Keynes-Fordist regulations of the Social Democratic era. He therefore concludes that:

A society based on economic contraction cannot exist under capitalism. But capitalism is a deceptively simple word for a long, complex history. Getting rid

of the capitalists and banning wage labour, currency and private ownership of the means of production would plunge society into chaos. It would bring large-scale terrorism. It would still not be enough to destroy the market mentality. We need to find another way out of development, economism (a belief in the primacy of economic causes or factors) and growth: one that does not mean forsaking the social institutions that have been annexed by the economy (currency, markets, even wages) but reframes them according to different principles.^[8]

Finally, the degrowth project adopts a similar stand of a not outright rejection of the market economy's political complement: representative 'democracy'. In his valuable contribution to the debate on the ID project Latouche^[9] was clear about his stand on the matter:

In this context, radical rejection of representative "democracy" is somewhat excessive. It is now part of our tradition, whether we like it or not. And it isn't necessarily the embodiment of evil... Improved representation, with recallable officers and direct participation in some cases (e.g. the participative budget in Porto Alegre), may constitute a satisfactory compromise. The key issue of the equal distribution of economic power will indeed remain unsolved, but it is somewhat illusory to envision solving it at a stroke with the magic wand of direct democracy.

Leaving for the next section the issue whether the market economy system is (even in theory) compatible with an economy which is not geared by economic growth, as far as representative 'democracy' is concerned, the 'tradition' of this kind of democracy is, in fact, only two centuries old or so.^[10] Namely, since the last quarter of the 18th century when the 'Founding Fathers' of the US Constitution introduced representative 'democracy' as the political complement of the *system* of the market economy that was introduced at about the same time. The conception of democracy which was dominant up to then was the one that had been practiced in classical Athens in 5th century BC. It is well known that representative 'democracy' deprives the vast majority of the population of exercising their political will – something that can only be done directly by the people itself. Therefore, the improvements suggested by Latouche implicitly see democracy as a procedure and not as a regime,^[11] as they do not seem to take into account that a representative 'democracy' is a completely different system from a political or direct democracy. When, for instance, Latouche argues that 'improved representation, with recallable officers and direct participation in some cases, may constitute a satisfactory compromise', in effect, he adopts the approach of many in the reformist Left who try to improve the present bankrupt system through direct democracy 'injections', forgetting that such injections function in the end as inoculations against direct democracy, since they do not help in the re-creation of a genuine democratic consciousness. A representation may indeed be improved, but surely this does not constitute democracy, which clearly is not a system that can be exercised *a-la carte*, as is the Porto Alegre case in which some decisions are delegated to democratic assemblies whilst others – which happen to condition the former – are left for representatives to take!

Degrowth and Inclusive Democracy

Although, therefore, the project of degrowth is seen by its supporters as “a political project, in the strongest sense of the term, that of the construction, in the North as well as in the South, of convivial, autonomous and economical societies (and) does not come within the area of professional politicians’ politicking”^[12], it is clear that it mainly aims at only one aspect of the present multi-dimensional crisis: the ecological aspect. However, even though this is a very important aspect of the crisis, equally important are the other aspects of this crisis.

Thus, first, the political crisis, which is manifested by the total degradation of the meaning of citizenship and the growing passivity of citizens towards what passes today as “politics”, can be shown to be the outcome of the concentration of political power at the hands of political elites (and economic elites through their control of the mass media). But, it is the dynamics of the system of representative ‘democracy’, which has led over time to the present huge concentration of political power at the hands of political elites that allows them to carry out, for instance, their criminal wars in Iraq and Afghanistan, despite the repeatedly expressed opposition of citizens in their own countries. Still, despite the growing political crisis, which has led to almost bankruptcy the present system of representative ‘democracy’, this system is implicitly or explicitly adopted by the degrowth project, subject to some improvements.

Second, the economic crisis, also, does not receive any mentioning in the degrowth project, but only to the extent that inequality is related to economic growth. However, as I’ll try to show below, inequality is not simply related to the growth economy; it is related to the very system of the market economy –which the degrowth project also adopts with some amendments— that gave rise to the growth economy.

Third, there is no mentioning of the parallel social crisis, as a result of the creation of a superclass and an underclass following the spreading of neoliberal globalisation. The social crisis, once more, is mentioned in this project only to the extent that it is related to economic growth, through consumerism.

Finally, the ecological crisis itself is mentioned in terms of a common problem that “humanity” faces because of the degradation of the environment, with no mention at all of the differentiated class implications of this crisis, i.e., of the fact that the economic and social implications of the ecological crisis are primarily paid in terms of the destruction of lives and livelihood of the lower social groups –either in Bangladesh or in New Orleans— and much less in terms of those of the elites and the middle classes, which have various ways at their disposal to minimise these consequences. It is not therefore surprising that supporters of the degrowth project end up adopting measures for the downscaling of the economy which, as we shall see below, are mainly going to affect the weaker social groups.

In other words, the degrowth project, unlike the ID project, is not a universalist project for human liberation but a one-issue project. This is not surprising, given Latouche’s distrust for universalist projects:^[13]

Lastly, I distrust any universalist project, even a radical or subversive one: I am prone to detect in it some residual smell of Western ethnocentrism. I already disagreed with Castoriadis about this. Reading Takis Fotopoulos strengthens my

doubts. As Louis Dumont perfectly showed, the holistic imaginary of most human societies, if not unacquainted with some requirement of due consideration for dignity of individuals and attention to their will, is largely irrelevant to our egalitarian imaginary.

However, as I tried to show elsewhere,^[14] to my mind, this is motivated by the postmodernist aversion to any kind of universalist project —the same aversion which has led to the abandonment, by most of the Left, of any problematique for a radical social change, and to what Castoriadis rightly called ‘generalized conformism’.^[15] But, as I put it in my critique of postmodernism, “the postmodern emphasis on plurality and ‘difference’, in combination with the simultaneous rejection of every idea to develop a universal project for human emancipation, in effect, serves as an alibi for abandoning liberatory analysis and politics and conforming to the status quo and, inevitably, ends up with a reformist politics (which does not challenge in any way the system of the market economy and representative ‘democracy’).^[16] Furthermore, I think it constitutes a sweeping generalisation to identify any universalist project that originated in the West with “Western ethnocentrism”, just because it originated in the West, even if such a project is founded on the demand for autonomy and freedom —like the ID project— as if such demands are not universal human demands but only those of Westerners!

Apart, however, from this basic difference as regards the nature of the degrowth and ID projects, there are significant theoretical and strategic differences between them, which of course do not diminish their important similarities as regards the aim they share, as far as the main objective of economic activity in general and production in particular is concerned, through a move away from the present growth economy and society and, also, concerning their common means of achieving this aim, through radical decentralisation and localism.

The imaginary of development and the two types of growth economy

As far as the theoretical differences is concerned, from the ID’s perspective, the growth economy is not just the outcome of domination of specific imaginary significations or values, but the outcome of social struggle on the one hand and technological (including organisational) and socio-economic developments on the other. In other words, the rise of the growth economy and society, let alone the rise of bourgeois society itself, cannot simply be reduced to the emergence of the Enlightenment idea of Progress and the consequent rise of the imaginary of development. In fact, it would even be wrong to assume, as Castoriadis^[17] does, that modernity is the outcome of two parallel currents:

We must consider the emergence of the bourgeoisie, its expansion and final victory in parallel with the emergence, propagation, and final victory of a new “idea”, the idea that the unlimited growth of production and of the productive forces is **in fact** the central objective of human existence. This “idea” is what I call a **social imaginary signification**. To it correspond new attitudes, values, and norms, a new social definition of reality and of being, of what counts and what does **not** count (...) The marriage —probably incestuous— of these two currents gives birth, in diverse ways, to the modern world.

However, far from ‘parallel’, the two currents (the rise of the market/growth economy and the bourgeoisie on the one hand and the emergence of the growth ideology on the other) were integral elements of the same process, the latter playing the role of ‘objectively’ justifying the former.

As I attempted to show elsewhere,^[18] both the capitalist and the ‘socialist’ economies – the Eastern bloc of ‘actually existing socialist’ (AES) countries – were types of growth economy, i.e. a system of economic organisation geared, either ‘objectively’ (as in the case of market economies) or deliberately (as in the case of planned economies), toward maximising economic growth. The rise of these growth economies however cannot be explained solely by ‘objective’ economic and technological factors (as Marxists do) or by ‘subjective’ factors alone, i.e. imaginary significations and corresponding values and ideas (as some Greens attempted to do). Instead, to fully account for the rise of the growth economy, we have to refer to the interaction between the ‘objective’ and ‘subjective’ factors. Thus, the objective factors refer to the grow-or-die dynamic of the market economy, whereas the subjective factors refer to the role of the growth ideology. Contrary, therefore, to the claims made by most currents in the Green movement, it is not the growth ideology that is the exclusive, or even the main, cause of the emergence of the growth economy. The growth ideology has simply been used to justify the market economy and its dynamics – which inevitably led to the capitalist growth economy. The implication is that the main issue today cannot be reduced to just a matter of changing our values, as some radical Greens naively argue, or even condemning economic growth per se. The crucial issue today is how we may create a new society where institutionalised domination of human being over human being and the consequent idea of dominating nature are ruled out. The search for such a system will lead us to the conclusion that it is not just growth ideology, which has to be abandoned, but the market economy itself.

Furthermore, objective and subjective factors did not contribute equally to the emergence of the two types of growth economy. Objective factors were particularly important with respect to the rise and reproduction of the capitalist growth economy, but did not play any significant role in the emergence of the ‘socialist’ growth economy – although they were important with respect to its reproduction. Vice versa, subjective factors, the growth ‘values’, merely played an ideological role, as far as the capitalist growth economy is concerned, whilst played a crucial role with respect to the rise and reproduction of the ‘socialist’ growth economy, given the Enlightenment’s identification of Progress with the development of productive forces and the influence that the Enlightenment ideas had on the rising socialist movement.

Thus, marketisation and growth, fuelled by competition, constituted, historically, the two fundamental components of the system of the market economy. Marketisation has always been the outcome of the effort of those controlling the market economy to minimise social controls on the markets, whereas economic growth has been the outcome of a process, which, at the micro-economic level, involves the pursuit of profit through the continuous improvement of efficiency. Both marketisation and growth were not the result of some changes in “imaginary significations”, or values, but were, instead, the inevitable outcome of the fact that the advent of industrialism (mechanised production) took place under conditions of private ownership and control of the means of production. Under such conditions, as it could be shown by both orthodox and Marxist economic theory, maximisation of economic efficiency crucially depends on further division of labour,

specialisation and the expansion of the size of the market. This is why modern technology has always been designed to maximise economic efficiency, something that implies further expansion of the division of labour and the degree of specialisation, irrespective of the broader economic and social implications.

Therefore, economic growth, extension of division of labour and exploitation of comparative advantages imply a departure from the principle of self-reliance. But, this departure has considerable repercussions at the economic level (unemployment, poverty, economic crises in market economy, and economic irrationalism in socialism), the cultural level (disintegration of social ties and values), the general social level (drastic restriction of individual and social autonomy) and, as we shall see, the ecological level. The inevitable consequence of the pursuit of profit, through maximisation of efficiency and the size of the market, has been the concentration of economic power in the hands of the elites that control the economic process. A similar concentration took place in the socialist growth economy. So, the difference between the two types of growth economy with respect to concentration is simply reduced to who owns the means of production and how they are allocated among different uses.

However, the above distinction is necessary because, although ownership—and particularly control of the means of production—was only formally social in the ‘socialist’ growth economy, the fact that the allocation of resources was achieved mainly through the central planning mechanism, rather than the price mechanism constitutes an important qualitative difference. Thus, whereas in the capitalist growth economy (and the ‘socialist market economy’) the economic growth objective, as well as the intermediate objectives (efficiency, competitiveness), are derived ‘from within’ the logic and dynamics of the system itself, in the ‘socialist’ growth economy, the same objectives are imposed ‘from without’, by the political decisions of the party bureaucrats who control the planning mechanism. In other words, it is conceivable that a planned economy may pursue different objectives than those adopted by a market economy. But, although a certain amount of development of productive forces will always be needed so that, at least, the basic needs of all citizens are satisfied, still, this does not imply a struggle to maximise growth in competition with the capitalist growth economy (‘to catch up and overtake America’ was the Soviet slogan) and everything this struggle involves in terms of the need to improve efficiency. So, whereas in the capitalist case, the growth economy is the inevitable outcome of the workings of the market economy at the micro-economic level, in the socialist case, it is simply the selected objective at the macro-economic level.

But, why the same growth ideology was shared by two different socio-economic systems? As I attempted to show elsewhere,^[19] the first component of the market economy system, the marketisation process, had divided the intelligentsia of the industrial era and led to the two major theoretical and political movements of modernity: liberalism and socialism. However, no similar divide had arisen with respect to the second component, that is, economic growth. Economic growth became a central element of the dominant social paradigm (i.e. the system of beliefs, ideas and the corresponding values, which is associated with the political, economic and social institutions) in both the capitalist and the ‘socialist’ versions of the growth economy. Thus, economic growth became a liberal and a socialist objective, although it is intrinsically linked to the market economy alone, and despite the commitment of the ruling elites in the AES countries to substitute central planning for the market economy.

Therefore, despite the fact that the dominant ideology in the West has been that of liberalism and in the East of socialism, still, both the market economy in the former case and the planned economy in the latter shared the same growth ideology that has been established for over 200 years, in the wake of the industrial revolution and the 'grow-or-die' dynamic, which was set in motion by the market economy. It was therefore the shift from markets to a market economy system, which marked the move to new forms of social organisation that embodied a new 'social imaginary signification' (i.e., the boundless spreading of 'rational domination' identifying progress with the development of productive forces and the idea of dominating Nature) and not the other way round, as some Greens imply, often influenced by Castoriadis' vague thesis about the two 'parallel' processes we saw above.

For both liberals and socialists, from Adam Smith to Karl Marx, the fundamental problem was how humankind could, with the help of science and its technological applications, maximise economic growth. In fact, Marx was even more emphatic about the importance of rapid economic growth. So, the growth ideology has complemented the liberal ideology of the capitalist growth economy and the socialist ideology of the socialist growth economy. In this sense, the growth ideology has been the ultimate ideological foundation for both the capitalist and the socialist growth economy, despite the different ways in which the hierarchical patterns of power concentration are structured in the two types of growth economy. Furthermore, the growth ideology has, in a sense, functioned as the 'ideology in the last instance', since it has determined which ideology would be dominant at the end. This is why the economic failure of the socialist growth economy (namely, the failure to create a Western-type consumer society) was the main reason that led to the collapse of this type of growth economy and to the present universal predominance of the capitalist growth economy and its own ideology (liberalism/neoliberalism).

This common growth ideology can also account for the fact that both types of growth economy share a similar environmental degradation --in fact, a bigger degradation in the AES countries due to the less efficient technologies used in these economies and the fact that the pollution effects were intensified by their price structures, which underpriced energy and raw material resources, leading to their overuse. Thus, to the extent that the present concentration of power cannot be simply reduced to capitalist production relations, as Marxists contend, to a similar extent, the ecological crisis itself cannot be merely reduced to capitalist relations and conditions of production, as eco-Marxists maintain^[20]. It is, anyway, evident that an analysis of the ecological crisis on the basis of capitalist production relations fails to explain the presence of an even more serious ecological crisis in the AES countries, despite the absence of capitalist production relations in the sense of privately owned means of production. Thus, just as it would be wrong to attribute the ecological crisis merely to the growth ideology, as environmentalists and various 'realos' within the Green movement do, disregarding the institutional framework of the market economy and the consequent power relations, it would be equally wrong to impute this crisis mainly to capitalist production conditions, as eco-Marxists are trying to do, disregarding the significance of the growth ideology on the theory and practice of socialist statism.

In fact, in order to provide an adequate interpretation of the ecological crisis, we should refer not just to the interplay of capitalist production relations with conditions of

production (as eco-Marxists do), but to the interplay of ideology with the power relations, which result from the concentration of power in the institutional framework of a hierarchical society. At this point, however, it should be pointed out that although the idea of dominating nature is as old as social domination within hierarchical society, the first historical attempt to dominate nature en masse emerged with the rise of the market economy system and the consequent development of the growth economy. Therefore, to explain the present ecological crisis we have to begin with the historical factors which led to the emergence of the hierarchical society in general, and continue with an examination of the contemporary form of hierarchical society in which the elite draws its power mainly from the concentration of economic power.

Still, despite the fact that the growth ideology underpinned both the liberal and socialist ideology, one should not ignore the intrinsic relationship between means and ends. Therefore, in spite of the fact that both types of growth economies aimed at the same goal (maximisation of economic growth), the difference in the means used is very important. Planning is a means which is primarily consistent with a system of social ownership of the means of production, whereas the market is primarily consistent with private ownership. Although, therefore, various combinations of planning/market and social/private ownership of productive resources have been proposed and implemented in the past, the fact remains that it is the combination of planning (combined perhaps with forms of artificial ‘markets’ like the ones proposed by the ID economic model) with forms of social ownership, which only can secure the satisfaction of all citizens’ needs. So, any combination of real markets with private ownership of productive resources (as in market economies) is bound to distribute the benefits from economic growth in a very uneven way that does not meet the needs of all citizens. In fact, even a combination of social ownership of the means of production with real markets is bound to lead again (because of the dynamics of the market mechanism itself) to significant unevenness and inequality, as is the case in today’s ‘socialist-market’ economies and particularly the ‘economic miracle’ of China, which is notorious for its ‘phenomenal’ growth rates and the parallel huge and growing inequality, as well as the severe damage to the environment!

However, apart from this basic difference, the two types of growth economy share many common features and, in particular, two very important characteristics: concentration of economic power and ecological damage. These characteristics, in turn, follow from the fact that both versions share the intermediate objective of efficiency. Efficiency is defined in both systems on the basis of narrow techno-economic criteria of input minimisation/output maximisation and not on the basis of the degree of satisfaction of human needs, which is supposed to be the aim of an economic system^[21]. Therefore, although concentration of economic power in the socialist growth economy was mainly the outcome of the concentration of political power in the hands of party elites, and not the outcome of the ‘automatic’ functioning of the economic system, still, the adopted objective to maximise economic growth and efficiency imposed the need to use the same methods of production in both East and West. Furthermore, given that the concept of economic efficiency, which both systems share, does not take into account the “externalities” of the economic process and particularly the negative consequences of economic growth on the environment, the outcome is today’s widespread environmental damage all over the planet.

Is degrowth a matter of ideology and values?

Modern hierarchical society relies for its reproduction on the maximization of economic growth. This is true on three accounts: production, consumption and concentration of income and wealth.

As far as production is concerned, it was shown above why the dynamics of the market economy lead to a constant expansion of production for efficiency and profits to be maximized. A non-growth system of the market economy is therefore a contradiction in terms. Not simply because the present main actors in the internationalized market economy, Transnational Corporations (TNCs), will never accept in practice the downscaling of the economy and would simply move to other areas in case some countries in the North attempt to adopt a degrowth policy, but also, because the system of market economy is simply incompatible with zero economic growth. Even if we assume the ultimate science fiction scenario that, somehow, a non-growth economy was imposed globally, the outcome would have probably been a Depression much worse than the Great Depression of the pre-war period, with the resulting social chaos possibly leading to various forms of eco-fascism. Of course, this does not mean that a degrowth society is impossible. It simply means that a degrowth society cannot be based on the market system, since economic growth is the very motor that energizes it.

On the consumption side, it is well known that for most people the rationale of the market and growth economy is their offspring: the consumer society. Middle classes in the North work today under conditions not much different from those of the 19th century in terms of actual (not formal) hours of work, and even worse in terms of stress, in order to “enjoy” the benefits of consumerism –the only reason to suffer a boring and stressful job and, for many, their only meaning of life. On the other hand, lower social groups suffer similar, if not worse, conditions of work, not only in order to cover their basic needs, but also to enjoy –usually through continuous borrowing– as many of the benefits of the consumer society as possible, imitating the life style promoted by the mass media. Even worse is the position of the peoples in the ex AES countries and China, India etc., who either emigrate to the North and work under slavery conditions with the same consumerist “dream”, or simply suffer similar conditions at home with the same aim. It is, therefore, obvious that a degrowth market-based economy and society is non-feasible not only because degrowth deprives it from its basic dynamics on the production side, but also because it deprives it from its justification in the eyes of citizens, who, today, have been transformed into consumers.

Finally, as far as concentration of income and wealth is concerned, this constitutes the fundamental contradiction of the growth economy. This is not because, as it is usually argued, the continuation of the growth economy has serious environmental implications, but because the necessary condition for the reproduction of the growth economy is the concentration of its benefits to a small section of the world population, i.e. the huge inequality in the distribution of world income. This is both because it is simply not *physically* possible for the wasteful consumption standards, which are today enjoyed by the “two-thirds societies” in the North and the elites in the South, to be universalized and enjoyed by the world population, and also because a universalized growth economy is not *environmentally* sustainable at the present state of technological knowledge and cost of “environmentally-friendly” technologies. Therefore, concentration of income and wealth and ecological disintegration do not simply constitute *consequences* of the establishment of the growth economy, but also *fundamental pre-conditions* for its reproduction. Contrary

to the reformist Left's approaches, the growth economy in the North not only is not threatened by the growing inequality of the present internationalized market economy, but, instead, depends on it. Thus, just as the production of the growth economy is not possible without the plundering of nature, its physical reproduction is equally impossible without further concentration of economic power.

It is therefore clear that the present concentration of economic, political and social power in the hands of the elites who control the growth economy is not simply a cultural phenomenon related to the values established by the industrial revolution, as significant currents within the ecological movement naively believe. The realization of ecological balance is not just a matter of changes in value-systems (abandonment of the growth logic, consumerism etc.), which would subsequently lead us to an eco-friendly way of living. In fact, concentration of power constitutes the inevitable outcome of a historical process that started with the establishment of hierarchical social structures and the implied ideology of domination of human over human and nature and culminated in the development of the market economy and its by-product the growth economy in the last two centuries.

The market/growth economy and the concentration of economic power are opposite sides of the same coin. This means that neither the concentration of economic power nor the ecological implications of the growth economy are avoidable within the present institutional framework of the internationalized market economy. However, the increase in the concentration of economic power leads many people to the realization that Progress, in the sense of improvements in welfare through economic growth, has a necessarily *non-universal* character. Therefore, the moment of truth for the present social system will come, when it will be universally acknowledged that the very existence of the present wasteful consumption standards depends on the fact that only a small proportion of the world population, now or in the future, are able to enjoy them.

In conclusion, although economic growth has clearly played an important ideological role in both actually existing socialism (as part of socialist ideology) and actually existing capitalism (as part of liberal ideology), still, in the latter, economic growth is also an integral element of its dynamics and its profit and efficiency objectives. But, if growth is seen not just as an imaginary signification, or an ideology, or value but, also, as a structural characteristic of capitalist market economy, this has serious implications both at the theoretical, as well as the strategic levels.

At the theoretical level, as we have seen above, the issue whether degrowth is compatible with a market economy is not a dogma. It is simply a matter of History and study of the dynamics of the system of the market economy. The question is: has there ever been a system of market economy, in the Polanyian sense, whose dynamic had not led to maximisation of economic growth —barring the periods of unwanted economic crises— whether this was a capitalist market economy, or even a “socialist” one like today's China in which state enterprises have to compete with private? If the answer is negative —as it should be— then this is a strong indication that degrowth could not be seen as just a matter of changing values and imaginary significations, or of “abandoning a faith system, a religion”^[22], and that it is simply non-feasible within a system of market economy. Instead, degrowth is perfectly compatible with a new kind of economy and society beyond the internationalised market economy.

At the strategic level, as we shall see below, the growth economy could not be transcended through a program of reforms, like the ones suggested by the degrowth project, or even through radical decentralisation within the market economy institutional framework, whether this is effected through eco-villages, or urban villages and similar institutions.

Could we transcend the growth economy through reforms?

No one could, of course, take seriously the “reforms” suggested by the political and economic elites at their last annual luxury meeting in Davos. The reason is that these reforms take for granted not only the cause of the present ecological crisis, i.e., the growth economy and the system of market economy, but also the privileges afforded to them by the same system. Their motto aptly summarised by Utz Claassen, who runs the German Power Company Energy Baden-Wuerttemberg, was that “only if governments put regulations and clear targets in place, but leave it to the markets to set prices and allocate resources, can the world tackle climate change”.^[23] And, of course, not only new measures – according to the elites’ logic – should not affect their privileges but, if possible, should also be used as a means to further expand them. As Daniel Esty, director of the Yale Center for Environmental Law and Policy, put it at the Davos World Economic Forum, “better regulation, better markets, and better technology – all have to combine to ensure that resources are used and deployed correctly...there is a reason why General Electric is betting the company on the assumption that environmental opportunities will create a billion dollar market”^[24].

But, what about the really radical reforms suggested by the degrowth project, as a step towards a degrowth economy? The rationale behind the proposed reforms, as were skilfully put by Latouche,^[25] is the following:

The absolutely necessary change is not, of course, one of those, which a simple election could solve by putting in place a new government or by voting for another majority. What is necessary is much more radical: a cultural revolution, neither more nor less. However, let us clarify immediately that for us, as for Castoriadis, “Revolution means neither civil war nor bloodshed (...) The revolution signifies the entry of the essence of the community in a phase of **political** activity, i.e. **instituting**. The social imaginary is put at work and explicitly deals with the transformation of existing institutions”.^[26] The project of a degrowth society is, in this sense, eminently revolutionary. It is about quite as much a change of culture, as of the legal system and the relations of production, the realization of local “democratic” initiatives is more “realistic” than that of a global democracy. It is out of the question to overthrow frontally the domination of capital and the economic powers. There remains only the possibility of dissidence (...) The degrowth stake consists of thinking that the attraction of the convivial Utopia, combined with the weight of the constraints on change, is likely to favour a “decolonization of the imaginary” and to incite sufficient “virtuous” attitudes in favour of a reasonable solution: an ecological democracy.

However, given what was said above about the non-rejection by the degrowth project of

either the system of market economy or its political complement, representative ‘democracy’, it is clear that the cultural revolution imagined by the degrowth project does not imply a systemic change. Yet, Castoriadis’ works, particularly his early works, but also his late ones, do imply a systemic change, although he never attempted to articulate a strategy leading to the transcendence of political and ethical heteronomy, or even to outline a genuine democracy consistent with his autonomy project.^[27] Degrowth mostly deals, as the above extract explicitly states, with the “decolonization of the imaginary”, i.e., a change in values and ideas. Even when talk is made about changes in the institutions, in the form of changes in the legal system and the relations of production, it is clear that these do not involve changes in the ownership of means of production and the market allocation of resources.

Thus, even if the reformist transition programme^[28] was ever to be adopted – a possibility that Latouche rightly rules out – it would have never led to the creation of an alternative sort of socio-economic consciousness. Instead, it would have alienated the lower social groups (including the lower middle class), which would particularly have to pay the price for the adoption of the measures involved. This would be true of such measures as the following ones – also adopted by mainstream Greens:

- Bringing material production back down to the levels of the 1960s and 1970s (which implies more unemployment and poverty among the weaker social groups)
- Internalizing transport costs (which implies that private cars, as well as flying would become again luxury commodities to be enjoyed only by the upper social groups)
- Returning to small-scale farming (which means higher prices for foodstuff – something that would particularly hit the lower social strata)
- Reducing energy waste by three quarters through measures like the ones proposed by the Negawatt scheme, which aims at a dramatic cut in energy consumption, without any drastic reduction in needs, through the use of a system of taxes, norms, bonuses, incentives and selective subsidies to make virtuous behaviour an economically attractive option (a system which, even if successful – a big if! – is by no means certain, as Latouche himself rightly points out, that it would really avoid the rebound effect: i.e., the economic principle whereby reduced material and energy costs lead, via reduced financial costs, to increased material consumption).

The reason why these adverse effects – that particularly hit the lower social strata – may arise has to do, of course, with the fact that the proposed reforms are based on market economics and particularly the internalization of external diseconomies – i.e. those costs incurred by the activity of one player, but borne by the community at large, e.g., pollution costs. Similar considerations apply to technological fixes like the proposed massive reconversion programme, which could turn car factories into cogeneration power plants, or the extensive use of renewable energy resources which, as Ted Trainer^[29], among others, has shown, could only have the desired effect if economic growth, living standards and consumerism are drastically cut – which clearly begs the question.

Still, Latouche is right when he argues that “the creation of democratic local initiatives is more realistic than that of a democratic world government”, particularly if it takes the form of a confederation of Demoi, as proposed by the ID project, which Latouche discusses in some detail.^[30] However, localism, either it takes the form of urban villages and participatory democracy (Homs), or even of a confederation of demoi within a reformed

market economy and representative ‘democracy’ (Latouche) clearly could not lead to a degrowth society on the basis of the above analysis. This sort of “ecological democracy” in no way solves the problem of concentration of economic and political power—the root cause of the present multidimensional crisis.

Similar considerations apply to Ted Trainer’s *Simpler Way*, which involves the development of “non-affluent (but quite sufficient) material living standards, mostly small, highly self-sufficient local economies” through a profound change in values and world view, away from some of the most fundamental elements in Western culture, especially to do with competitive, acquisitive individualism. Trainer argues that ‘our best chance will be through an attempt to work here and now on the transformation of existing towns and suburbs towards being “eco-villages” of a kind’ —a process which, he suggests, could begin as of now, through small local groups beginning to take more control over their local economies. This, he concludes, could be achieved with no fight against capitalism: “The Simpler Way is death for capitalism, but the way we will defeat it is by ignoring it to death, by turning away from it and building those many bits of the alternative that we could easily build right now”.^[31]

However, as I have pointed out in reply to this argument^[32], only if present antisystemic activities prefiguring the system become an integral part of an antisystemic movement, could they be part of a solution to the critical problem we face today rather than part of the problem itself. This process involves not the creation of eco-villages (mainly outside the main society) but, instead, the creation of local ‘inclusive democracies in action’ which would gradually move resources out of the capitalist market economy and create new political, economic and ecological institutions to replace the present ones. In other words, the core of the transitional process should involve a change of institutions at the local level which, through an interplay with a consequent change in values, would lead to a new culture rather than, as Trainer seems to argue, the whole process could simply be effected through a radical change in culture that is not necessarily connected with any parallel institutional change.

To conclude, economic localism, i.e., the change in relations of production in terms of creating self-sufficient or even self-reliant communities, is impossible as long as the TNCs and their branches are now spread in every community. Even in the transitional period, self-sufficiency is only one of the preconditions of economic democracy as part of an Inclusive Democracy, the other ones being demotic ownership of the means of production and a new system of democratic allocation of resources. All these measures have to be set in motion on the way to replace, at the end of this process, TNCs and the system of the market economy by a new system of economic organisation, which would not be geared by the market system and the principles of profit maximisation and efficiency that inevitably lead to a growth economy. Instead, it would be geared exclusively by the choice to cover the basic needs of all citizens and those of the non-basic needs that citizens themselves decide to cover --collectively, through their democratic assemblies and individually, through a voucher scheme and an artificial “market”.^[33]

Similarly, as far as political localism is concerned, even in the transitional period, forms of direct or political democracy have to be created which, initially, will be in a dual power relationship with the state, until eventually they become universalised and federated into a confederal ID. To my mind, it is only through a transitional strategy^[34] aiming to create

new democratic political and economic institutions and, through paideia, which would aim to make hegemonic the corresponding values, that we could realistically hope to create the conditions for the emergence of an economy and society not based on economic growth: a real ecological democracy, as an integral part of an Inclusive Democracy.

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- [1] See e.g., Serge Latouche, "[Degrowth: an electoral stake?](#)" in *The International Journal of INCLUSIVE DEMOCRACY* Vol. 3, No. 1 (January 2007).
- [2] See Ted Trainer, "[Renewable Energy: No Solution for Consumer Society](#)", *The International Journal of INCLUSIVE DEMOCRACY* Vol. 3, No. 1 (January 2007) and also the [dialogue on ecovillages](#), *The International Journal of INCLUSIVE DEMOCRACY* Vol. 2, No. 3 (June 2006).
- [3] Clement Homs "[Localism and the city: the example of 'urban villages'](#)" in *The International Journal of INCLUSIVE DEMOCRACY* Vol. 3, No. 1 (January 2007).
- [4] Serge Latouche, "Will the West actually be happier with less? The world downscaled", *Le Monde diplomatique* (December 2003).
- [5] Serge Latouche, "Why Less Should Be So Much More: Degrowth Economics", *Le Monde diplomatique* (November 2004).
- [6] See Takis Fotopoulos, "[Development or Democracy?](#)", *Society and Nature*, Vol. 3, No. 1 (Issue 7), 1995, pp. 57-92, and, also, [Dependent Development: the case of Greece](#), (Athens 1985).
- [7] Serge Latouche, "Will the West actually be happier with less? The world downscaled", *Le Monde diplomatique* (December 2003).
- [8] Serge Latouche, "The globe downshifted", *Le Monde diplomatique* (January 2006).
- [9] Serge Latouche, "[Can democracy solve all problems?](#)", *Democracy & Nature*, Vol. 9, No. 3 (November 2003), pp. 373-78 and *The International Journal of INCLUSIVE DEMOCRACY* Vol. 1, No. 3 (May 2005)
- [10] Takis Fotopoulos, "[The Inclusive Democracy project: A rejoinder](#)", *Democracy & Nature*, Vol. 9, No. 3 (November 2003), pp. 429-472.
- [11] see Cornelius Castoriadis, "La démocratie comme procédure et comme régime", *La montée de l'insignifiance*, (Seuil: Paris, 1996), pp. 221-241.
- [12] Serge Latouche, "Degrowth: an electoral stake?"
- [13] Serge Latouche, "Can democracy solve all problems?"
- [14] "The Inclusive Democracy project-A rejoinder"
- [15] See Cornelius Castoriadis, "The retreat from Autonomy: Postmodernism as generalised conformism" in *World in Fragments*, (Stanford: Stanford University Press, 1997) pp. 32-45.
- [16] Takis Fotopoulos, "[The Myth of Postmodernity](#)", *Democracy & Nature*, Vol. 7, No. 1 (March 2001), pp. 27-76
- [17] C. Castoriadis, "Reflections on 'Rationality' and 'Development'", in *Philosophy, Politics, Autonomy*, (New York Oxford : Oxford University Press, 1991) p. 184.
- [18] Takis Fotopoulos, *Towards An Inclusive Democracy*, (London/New York: Cassell/Continuum, 1997) ch. 2; see also, *The Multidimensional Crisis and Inclusive Democracy*, (International Journal of Inclusive Democracy publication based on an English translation of the book under the same title published in Greek (Athens: Gordios, 2005), [ch. 5](#).
- [19] Takis Fotopoulos, *Towards An Inclusive Democracy*, (London/New York: Cassell/Continuum,

1997), ch. 1.

[20] James O'Connor, "Capitalism, Nature, Socialism," *Society and Nature*, Vol. 1, No. 2, (1992), pp. 174-202.

[21] The usual definition of economic efficiency in terms of technical efficiency, production efficiency and exchange efficiency, although supposedly 'neutral', in fact, assumes away distributional aspects, so that it is perfectly possible for a particular allocation of resources to be 'efficient' and at the same time not capable to meeting adequately (or not at all) even the basic needs of many citizens .

[22] Serge Latouche, "Why Less Should Be So Much More: Degrowth Economics."

[23] Tim Weber "[Has Big Business gone green at last?](#)" *BBC News website* (27/1/2007).

[24] Ibid.

[25] Serge Latouche, "Degrowth: an electoral stake?"

[26] C. Castoriadis, *Une société à la dérive*, (Seuil, Paris 2005), p. 177.

[27] See Takis Fotopoulos, "[Towards a democratic liberatory ethics](#)", *Democracy & Nature*, Vol. 8, No. 3 (November 2002), pp. 361-396.

[28] Serge Latouche, "The globe downshifted."

[29] Ted Trainer, "[Renewable Energy: No Solution for Consumer Society](#)", *The International Journal of INCLUSIVE DEMOCRACY* Vol. 3, No. 1 (January 2007).

[30] Serge Latouche, "The globe downshifted."

[31] Ted Trainer, "[On eco-villages and the transition](#)", *The International Journal of INCLUSIVE DEMOCRACY*, Vol. 2, No. 3 (June 2006).

[32] Takis Fotopoulos, "[Is the eco-village movement a solution or part of the problem?](#)", *The International Journal of INCLUSIVE DEMOCRACY*, Vol. 2, No. 3 (June 2006).

[33] See Takis Fotopoulos, *Towards An Inclusive Democracy*, [ch. 6](#) or, in concise form, *The Multidimensional Crisis and Inclusive Democracy*, [ch. 14](#).

[34] See Takis Fotopoulos, *The Multidimensional Crisis and Inclusive Democracy*, [ch. 16](#).