How to blow up an economy

This is the transcript of a speech I gave at [The Conference] in Malmo (Sweden) on August 29th, 2023. The video can be found [here].

Demolition is an essential part of construction. That which is true in the world of material infrastructures is also valid for immaterial institutions. To construct a new, alternative economy – we'll first have to destroy the old one.

This, we are not currently doing. Instead, we are thinking about the transition as a matter of additions. We try to green things with armies of eco-friendly inventions like waste collecting drones, electric cargo bikes, lab grown food, underwater windmills or 5G-based smart grids.

The problem is: this approach has failed. For at least two decades (if not more), the richest countries in the world have been trying to fall back within safe planetary boundaries. none of them has succeeded. In fact, for most environmental indicators, the situation is worse today than it was 20 years ago.

This calls for a completely new strategy. Forget additions. Let's think about the transition as a matter of subtractions. What if we put *innovation* aside for a little bit and talk about *renovation*: the process of terminating a practice or the use of a technology.

This is what I want to talk about today: removal, shut-down, divestment – and degrowth. I want to talk about how to diffuse a highly sophisticated climate bomb, an economic system that is putting the biosphere at risk and that needs to be completely redesigned. And that brings me to today's provocative question: How to blow up an economy?

Of course, the problem is not the economy itself, but a specific economic system: capitalism, and its compulsion for endless growth. Just like a computer, every economy has an operating system: a socio-cultural software made of many formal and informal rules. Today our economic system is organised around a pervasive grow-or-die imperative: Governments must grow their GDP, cities their revenues, companies maximise their profit, associations look for funding, and individuals worry about income. At every level, there are incentives in place to maximise financial growth.

And guess what happens in a system where every part strives to grow? it gets bigger.

An economy which grows at 3% per yeardoubles in size every generation. And that's where it becomes tricky. Every economic activity uses energy and materials. You can use them more efficiently but you cannot run an economy without nature. The more you consume, the more you need to produce. The more you produce, the more you need to extract. The more you extract, the more your risk overshooting your biophysical carrying capacity. GDP can grow forever because it's immaterial. Ecosystems, on the other hand, are finite. There are not boundless quantities of gas, metals, fresh water, & soil. Central banks can create as many billion euros as they want but they cannot create new fossil fuels nor can they give the atmosphere extra capacity to absorb greenhouse gases.

So, that's our problem: We're trying to sustain an infinite growth within a finite planet, which, is a bit like expecting to grow up while keeping your baby shoes for your entire life.

Now, can't we just "green" growth? Why not just decouple GDP from all its ecological impacts?

Politicians LOVE this idea of green growth because it's reassuring. It's a don't worry, everything is fine, everything is gonna be okay kind of thing to say. Except it's not that easy. What we call "green" is growth that is slightly decoupled from carbon emissions. I say "slightly" because the reduction of emissions is so small, it looks ridiculous in comparison to what really needs to be done. With current decarbonisation rates, high-income countries would take an average 220 years to achieve near-carbon neutrality, emitting almost 30 times their remaining 1.5°C carbon budget in the process. Calling that growth "green" would be like me saying I've done a diet after losing 200 grammes in 10 years.

And keep in mind that this minuscule progress is only for carbon. We are doing way worse for other environmental pressures, which are still heavily coupled with economic activity. The material footprint of Europe, for example, has increased by 9.4% since the 1990s. I don't care about how efficient your economy is if it still overshoots planetary boundaries.

Same story for water footprint, land use, biodiversity loss, air and aquatic pollution, waste generation, etc. As of today, no economy in the world has managed to reduce this total ecological footprint while growing its economy. The only ambitious reductions we've had were during periods of crisis.

Does this mean we need to put our economies in permanent recession?

Well, let me put it this way: If you're obese and you want to lose weight, you don't stop eating everything and forever. No, you do a diet. A selective, temporary diet to be healthy again. Well, this is exactly what we need: a planned, selective downscaling of production and consumption to lower ecological footprint. Is that going to be painful? Well, it depends. If you want to lose 20 kilos, you can either do a diet or you can chop your leg off. In terms of kilograms, both strategies have the same result; but in terms of wellbeing, one is clearly better.

For our economies, the choice is similar: planned degrowth today (the diet) or chaotic collapse tomorrow (the amputation). Either we take the time to organise a just and democratic transition to a smaller, more sustainable economy. Or we wait for resources to go scarce and let disaster set the agenda.

I understand that some people are afraid of GDP going down. But that's not really what should scare us. Struggling to survive in a Mad Max-like +4°C world with heatwaves, water shortages, dead soil, and recurrent pandemics. That's the scary bit. Compared to that, the quantity of money an economy makes is relatively unimportant.

Even if growth was perfectly sustainable, it would remain an absurd objective. When people think of growth, they think of progress, innovation, wellbeing. But that's not what it is. Economic growth is one thing only: an increase in GDP, Gross Domestic Product. This indicator tells us nothing about wellbeing. It's actually written in the United Nations manual to calculate it: Chapter 1, p. 12, section 75: "GDP is often taken as a measure of welfare, but the System of National Account makes no claim that this is so." [end of quote]; So, that's strange. Most people think economic growth IS GOOD, except the few people who know what economic growth *IS*, who tell us that it cannot be described as neither good nor bad in terms of wellbeing.

GDP is like a giant calculator that estimates production by aggregating monetary transactions. But it's a calculator with only one big "+" button. Whatever is being produced will push GDP up, regardless of its utility in terms of needs satisfaction. Insulin & hand grenades; electric buses & private jets; hand jobs & cocaine (yeah, some countries include prostitution and drugs in their GDP). A real hodgepodge that includes useful and useless things while telling us nothing about who is using them and whether they really need it or not.

Measuring prosperity in terms of GDP would be like measuring happiness in kilometres.

The purpose of an economy is not to boost GDP, it is to content unsatisfied needs. If it's not doing this, your economy is broken, regardless of its level of GDP. If it satisfies needs, but only for a privileged few – something is not working properly. If it's contenting needs today but by squandering natural resources and creating an unbearable ecological future, I don't think it deserves to be called "prosperous."

So, the question is not how to green today's economy, but rather how to invent a new economy that would be fairer and more sustainable than growth-obsessed capitalism.

The weird thing is that we don't often try to design new economic systems. It's paradoxical that capitalism is supposedly a heaven of innovation, except for the system itself, which should never change. Every year, we mobilise some of our most creative minds to invent another smartphone, a larger SUV, and new sneaky ways to bring you to McDonalds. But we never do that for the economy as a whole.

Economics has become an unimaginative science, confined to trying to predict the future of the economy. […] But the future of the economy is not to be predicted, it is to be invented.

Imagine a society where the economy and its way of thinking are no longer at the centre of everything.
An economy in balance with the living world which prioritises human wellbeing over the blind accumulation of capital.
No more bullshit jobs, no more needless labour.
It's an economy where we can afford to nap every day and where progress means filling the calendar with new holidays.
Poorer in money but richer with time and connection.
An economy where the use of materials and energy is capped but where no one is left behind just because their money runs low.
Sufficiency for all, excess for none. Imagine the end of the profit motive.
Democratic cooperatives that allow us to decide together what to produce and how to produce it, putting quality and pleasantness over quantity and cheapness.
Life after growth is not poverty – this is a life that is outwardly simple and inwardly rich.

Is it a utopia? Well, it's as utopian as putting a camera in a phone… before we used to put cameras in phones!

A utopia is not something impossible. It is something perceived to be impossible in a specific social context. Degrowth is utopian only because it contradicts one of the common senses of our time: the imperative for endless economic growth. In a present obsessed with enormousness, the ultimate exuberance is to dream of something small but beautiful.

Call it a concrete utopia, a subversive concept to educate our desire for a future we didn't know was possible even though. It actually is.

So, let me finish by quoting some of the most famous words of our times, which seems here very fitting: *Let's come in like a wrecking ball*.

Time to demolish this monolithic vision of capitalism as the end of history. Let's rebuild something smaller, better, fairer, safer.
An economy that can prosper without growth. This is the ultimate innovation.