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# The Fallacy of Economic Growth

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# Contents

<b>The narrative of constant economic growth . . . . .</b>	<b>5</b>
<b>The paradigm of “Fair Growth” . . . . .</b>	<b>7</b>
<b>Overcoming economism: towards direct democracy and ecology . . . . .</b>	<b>9</b>
<b>Grassroots resistance to economic growth . . . . .</b>	<b>11</b>



gained such a momentum, that Correa's administration went as far as to criminalize environmental activism, classifying it as "terrorism"<sup>16</sup>.

We can conclude that economic growth, either Right or Left-wing, cannot solve the present social problems. Instead it strengthens capitalism and statist hierarchies, which only deepen the roots of the present crisis. For their successful tackling a completely different paradigm is needed, one that will not aim at cursory "fix-ups", but will deal with the real causes of our problems in a holistic manner. We all need to support and participate in such struggles and movements by connecting them with each other, introducing them to alternatives like decentralizing power, giving it back in the hands of interconnected local communities, and making all of us conscious of our dependence on nature.

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<sup>16</sup> [www.aljazeera.com](http://www.aljazeera.com)

*The insistence on work and production is a malign one.*

Giorgio Agamben<sup>1</sup>

We are being told that we need still more economic growth in order to overcome the present multi-layer crises. Actually we have been hearing this for quite some time now. Both right and left, capitalist and socialist governments, offer their theories about how we need more production and consumption, in order for our societies to progress and overcome the present difficulties.

## **The narrative of constant economic growth**

But a question arises — isn't our economy already more than big enough? Our production and consumption levels are already outgrowing our planet's biocapacity by nearly 60% each year<sup>2</sup>. Constantly expanding, material extraction and consumption on a global scale have peaked to almost 70 billion tonnes annually<sup>3</sup>. And the current projections show that this rapid growth will continue — it is expected that by the year of 2100 we will be producing three times more waste than we do today<sup>4</sup>.

This constant process of large-scale resource extraction and consumption has triggered a severe degradation of nature. Scientists are warning us that we are witnessing the greatest mass extinction of species in more than 65 million years<sup>5</sup>. Due to human economic activity a climate change has been set in motion (with each year passed being hotter than the previous) that threatens to trigger large-scale displacement of people (climate refugees). In many parts of the world soil fertility is being degraded by GMO crops,

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<sup>1</sup> [www.versobooks.com](http://www.versobooks.com)

<sup>2</sup> [www.footprintnetwork.org](http://www.footprintnetwork.org)

<sup>3</sup> [www.intress.info](http://www.intress.info)

<sup>4</sup> [www.nature.com](http://www.nature.com)

<sup>5</sup> [theconversation.com](http://theconversation.com)

while water and air are being polluted to levels dangerous for human health. Whole islands consisting of garbage are being formed above the deepest points of our oceans<sup>6</sup>. The list goes on and on. Having said this, we can go as far as to talk of a war on nature.

It is not clear how we will be able to reverse the ecological crisis provoked by the Anthropocene if we continue down the same path. The global leaders admit the problem and call for keeping CO2 emissions down, in order to keep up with the “below 2 degrees Celsius” requirement<sup>7</sup>, while paradoxically insisting on more resource extraction, industrial production, long-distance shipment, consumption etc.

According to the dominant narrative, we need economic growth, even at the price of irreversible ecological catastrophe, in order to cope with inequality and poverty. And here another question arises — with the growth acquired until now we should have made some significant progress in this direction, shouldn't we?

Instead, in most contemporary societies, despite their growing economies, there is an increase in inequality. According to Jason Hickel, from the London School of Economics, the world's richest 1% have increased their profits by 60% in the last 20 years<sup>8</sup>, during which global economic inequality was rapidly rising — a period of constant economic growth on a global scale.

This is so, because economic growth does not indicate general social wellbeing. If a few bankers get much richer, the indicator of average income can go up, even as most individuals' incomes are declining. The growing indebtedness also potentially can contribute to economic growth, as was the case of Ireland, before it descended into crisis. For example, if the incomes of the slum dwellers rise, it will be an insignificant gain for the economic sector, while

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<sup>6</sup> en.wikipedia.org

<sup>7</sup> ec.europa.eu

<sup>8</sup> www.aljazeera.com

and scientists indulge mainly into developing information technologies<sup>14</sup>, i.e. technologies of simulation, or what Jean Baudrillard and Umberto Eco call “hyper-real” — the ability to make imitations more realistic than the original. Thus real advance in this field was replaced by a spectacle.

## Grassroots resistance to economic growth

As it is obvious from what's being said above, this democratic paradigm is not confined to the economy. Instead, it encompasses all spheres of human life and their relation to nature, offering a holistic and sustainable vision for our future, based on symbiotic, rather than competitive, relations between people, and between humanity and nature. And it cannot but be enforced from the “bottom-up” — in a non-statist, anti-capitalist, direct-democratic, ecological manner.

We can already see that in many parts of the world projects aimed at enforcing economic growth, are being met with hostility by local communities. From India's farmers burning GMO crops, which are degrading their land, to indigenous and environmental groups in the U.S. that have managed during the last couple of years to stop some mega-projects — like the Keystone XL and the North Dakota pipeline, that were supposed to transfer large quantities of oil over drinkable water sources, putting in danger the lives of the locals.

But even in the countries that can be considered as pioneers of the “Fair Growth” concept we see such reactions. In Bolivia *comunarios* (communal peasants)<sup>15</sup> are protesting against the government's extremely extractivist policies that are contributing to the warming of the climate and the drought that impoverishes local farmers. In Ecuador, indigenous and ecological movements have

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<sup>14</sup> David Graeber: *The Utopia of Rules*, Melville House 2015, p. 110

<sup>15</sup> nacla.org

prize recipient Elinor Ostrom observed<sup>13</sup> similar patterns of communal management of commons, that didn't just avoid a theoretical tragedy, but actually appeared quite sustainable.

In such a way, actual social, individual and environmental needs, reflected by the above-mentioned deliberative bodies, will direct the size and purpose of economic activity. That way already existing and functioning technologies could be put to serve people and nature, reducing the work day and creating more time for creativity, philosophy, politics, art, enjoyment etc. Energy could be acquired through decentralized and renewable means, fostering local self-sufficiency and sustainability. Tools and devices could be made long-lasting, by designing them to be upgradable, rather than replaceable. All these and many more are already possible with the current state of our development.

The rejection of economic growth does not mean a retreat to primitivism, but rather a different use and understanding of what we already have and will acquire in the future. Scientific researches and experiments needn't cease taking place, but they shouldn't be navigated by the economism of short-term profits for the few, but by the general commonwealth of people and nature. And this includes conscious self-limitation, i.e. the possibility of society itself to decide, in a deliberative manner, which directions to progress in and what technology (or knowledge) should be dealt with cautiously, or even restrained.

Here it is worth noticing that the technological progress that is being praised by the advocates of capitalism and economic growth is, quite possibly, not their strongest side. In his book *Utopia of Rules*, David Graeber points at the unfulfilled popular hopes of technological miracles we should have acquired by now. Instead, the imperative of constant economic growth, bureaucratic hierarchy and short-term market competitiveness have made companies

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<sup>13</sup> Elinor Ostrom: *Beyond Markets and States: Polycentric Governance of Complex Economic Systems*, Nobel-Prize Lecture 2009

the same does not apply for the richest strata of society, whose expanding piece of the economic 'pie' consists of most of the global economy.

These negative effects of the doctrine of constant economic growth were already noticed in 1897 by Errico Malatesta, who in his book *At the Café* wrote<sup>9</sup>:

*“These evils [social inequality, poverty, unemployment] generally are more intense in countries where the industry is more developed, except if the workers themselves didn't manage, through organizing at the working place, resistance or revolt, to achieve better living conditions.”*

## The paradigm of “Fair Growth”

Now the European Left (in the face of the Greek SYRIZA government<sup>10</sup>) is coming up with a promise to share the “pie” in a more just manner. But still, as if it is not already big enough, it must grow further. It is unclear why this should happen and why we cannot just share the plenty we already have. Is the ruling Left just trying to buy itself more time in power?

The European proposal of “left-winged” growth is based on the so called progressivism of Latin America. There supposedly progressive governments are conducting large-scale extractivist policies, in order to improve the general wellbeing of society. Despite the obvious ecological costs such projects usually have, it's also worth noticing the negative effects they have on rural and indigenous communities<sup>11</sup>. By the enclosure and commodification of common-pool resources which accompany the extractivist policies, traditionally sustainable ways of life are made practically

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<sup>9</sup> Errico Malatesta: *At the Café: Conversations on Anarchism*, Freedom Press 2005, p. 30

<sup>10</sup> [greece.greekreporter.com](http://greece.greekreporter.com)

<sup>11</sup> Naomi Klein: *This Changes Everything*, Penguin Books 2015, pp 180–182

impossible, thus forcing the members of these communities to search for livelihoods in megalopolises, often ending up in the urban slums.

For the enrichment of the metropolitan middle and upper classes, sustainable ways of life are being sacrificed. And what are they being sacrificed for – for a life of increasing dependence in an unhealthy environment. That’s why much of the critique and resistance against the pink-tide in Latin America is coming from those located at the bottom of the pyramid – the indigenous communities, the first that are being sacrificed in the name of “progress”.

We can assume therefore that economic growth is incompatible with ecological and self-sustainable ways of life. In order to continue growing, the modern economy needs to absorb as much commons as possible, making impossible human interactions outside of it. Some, such as Google and Facebook, the two fastest growing corporations in the history of capitalism, are going as far as to commodify our very existence in the datascape, squeezing our digital life for surplus value<sup>12</sup>. And by doing this, economic growth actually strengthens the capitalist system, which is, alongside the state apparatus, responsible for the deepening social inequalities.

Thus the Left’s promise that constant economic growth could lower the current levels of inequality and poverty is at least unrealistic. We can assume that in reality it is nothing more than a move that strives at keeping them in positions of power by giving hope. On the one hand, it is a promise towards the many that are in need, stricken by the crisis. On the other – towards the richest strata, promising them that the current social imbalances will not be disturbed.

But even if somehow reduction of poverty and inequality is being achieved in the distant future through constant economic growth, it will be at the price of irreversible environmental changes

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<sup>12</sup> roarmag.org

that will affect human health, like the unbreathable air of the Chinese megalopolises, or the inflammable water in American towns where shale-gas fracking is taking place. But there will be a cost also on the socio-political level. In this process self-sufficient and democratic ways of life will be sacrificed and absorbed by unstable capitalist entities and the state that strive to commodify and bureaucratize everything. Thus alternative approaches will be pushed even further away from the social imaginary.

## **Overcoming economism: towards direct democracy and ecology**

Instead, we should abandon the growth doctrine altogether and direct our attention at the already existing enormous economic “pie”. There is no point at enlarging it even further; on the contrary, if we want to have any future on this planet, we will have to de-grow it. But this can have meaning only if we decide to share it equally. And this cannot be done by the state or other hierarchical extra-social structures, for equality requires equal participation in the decision-making by all citizens. Thus here we speak for major paradigm change: an altogether abandonment of the capitalist economism of homo economicus and embracement of the social ecology of active citizens, impassioned about public affairs and conscious of their symbiotic relationship with nature.

This implies that instead of elected representatives, economic oligarchs or artificial economic indicators to determine where the pieces of the economic “pie” should go, this should be done by interconnected direct-democratic institutions like popular assemblies and councils of revocable delegates that give the opportunity for direct participation to every member of society. In her field work in the U.S., Guatemala, Kenya, Turkey, Nepal and elsewhere, Nobel-