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“Reclaiming growth. The delusion of cumulative growth, the semantics of degrowth and the case for eugrowth ($\epsilon u+$ growth).”

Abstract

In my paper I will examine the normative underpinnings of growth and degrowth, in search of an alternative definition and understanding of growth. First, I will present the current, conventional, account of growth, understood as (private) accumulation and maximization of production and consumption. I will examine its normative basis and refute its main arguments. I will then contemplate on the account of degrowth, arguing that, despite its criticism of conventional growth being accurate, it bears a negative connotation and misses the point it aspires to make. I will argue that once we manage to reject the conventional account of growth, defining a term (degrowth) on a basis of a wrong premise is a categorical fallacy that we should stay clear of. Instead, in the final part of the paper, I will examine potential alternatives, referring to a combination of eudaimonia and growth (that I call eugrowth, $\epsilon\upsilon$ +growth).

Introduction- Importance of the current debate ¹

There are a few topics in contemporary economics (and politics) that cause so much conflict around their meaning and nature as that of growth. Many social scientists and economists have agreed that the current models of growth are unsustainable and in the long term harmful for the environment as well as for the social cohesion on a global level.

Therefore various accounts of “alternative types of growth” have been proposed as potential solutions to the problem. These alternative accounts seem to agree on a shared concern but disagree on the specifics of how to better deal with it.

Before delving into specifics, I will sketch out those environmental and social aspects that are considered as the most alarming ones and have motivated the international community to consider taking actions.

Environmental aspect-GHD emissions-Global warming

To begin with, the biggest threat around which the academic community has almost unequivocally united is that of climate change. There is almost a consensus on the assumption that human activity has profoundly increased greenhouse gas emissions (GHG emissions) that respectively have resulted into a rise of the earth’s temperature (global warming) (Cook et al, 2013). What is more important is the argument, supported by leading researchers, that (global) economic policy i.e. human activity – and specifically increasing and uncontrollable industrial production- has in the end resulted in the increase of CO₂ emissions that led to the increase of atmospheric temperature and respectively the level of sea water. (Stern, 2008)

¹ As taken by my previous paper on the redefinition of the meaning of growth for Leiden University (12/2017)

At the institutional/bureaucratic level, the United Nations Framework Convention on Climate Change in its Article 2 sets the objective of “*stabilizing the greenhouse gas concentrations in the atmosphere at a low enough level to prevent dangerous anthropogenic interference with the climate system.*” (Solomon et al, 2009)

Furthermore, as the writers of the above-mentioned paper highlight, this objective will require a long-term, careful and probably painful alteration of the economic and environmental strategic planning.

The first conclusion we therefore draw is that we are facing a very real and measurable threat coming from our *human impact* on the environment, through the *reckless* and *mono-dimensional* way that we have viewed growth the past four to five decades.

Social aspect

Hereinafter, I present what many consider to be problematic *social aspects* (threats) linked to the currently followed models of economic activity.

The core point of criticism is undoubtedly *inequality (mostly income)* and social exclusion. Various academics in the aftermath of the 2008 meltdown have presented data on the *rising* and *alerting* nature of economic imbalances amongst the global population on an internal level, between richer and poorer states of the society, as they describe them, as well as regarding between-Nations inequalities.

To name just a few Stiglitz, Piketty and Varoufakis have presented extensive literature on the issue, referring to the corrosive effect of inequality, in the frames of the current global economic system. For the social cohesion and balance. Space constraints in this paper do not permit their detailed analysis they deserve. The reader, who I assume is mostly familiar with the issue is invited to review the given bibliography. (Varoufakis, 2014; Piketty, 2017)

Conventional accounts of growth- Maximization of profit- Criticism

The basic assumption on growth, during the last half of the century, has been that corporations (through which economic activity is mostly conducted) should strive for the maximization of profits for the shareholders (and only) or the watered-down version of profit-seeking combined with corporate social responsibility (CSR).

Chronologically, first the maximization of profit doctrine has been developed by Milton Friedman in his infamous paper: “*the primary goal of the business is to maximize the profits of the shareholders.*” (Friedman, 2007)

The most influential defender and promoter of this (neo) liberal doctrine describes the function of a corporation as purely economic and argues that the ones in control should constrain their efforts in the *maximization* of shareholders ‘value.

We observe therefore that the end goal of economic activity is already set by Friedman clearly enough and that is *profit* (and the maximization thereof). Profit is of course here viewed strictly as financial profit in the form of money. But let us unfold this logic.

In order for the business to achieve profit, it should meet one very basic condition: sell its production in the Market at a price higher than the cost of this production. If the total cost of the production of a unit has therefore been 1, it is necessary that the firm manages somehow to sell this product in a price that will be $1+n$ (n =any positive number=profit).

Since corporations sell normally more than one unit of product in the Market, the $1+n$ formula applies for the achieved price of the *total units produced (and sold or not sold)*.

We can call this the *corporate existential premise* of the contemporary corporation, ie. to always sell a (number of) unit(s) of product in a price higher than its cost.

According to Friedman the corporation should be targeting to:

a) increase this variable as much as possible (maximization of profit) and b) direct it to its “legal” owners, the shareholders.

For the purposes of this paper, I will only examine the first of the two Friedmanian premises, that of the maximization of profit.

In order to understand how this increase does happen we should conduct a basic thought experiment. Let us assume that corporation A produces units of B at a cost of 1 per unit. Then let us also assume that this corporation manages to sell its units making a profit. So it sells a unit at a price of $1+n$ (n =any positive number). It fulfills therefore the *existential premise*, however, were we to apply the Friedmanian doctrine, then the existential premise would not suffice. What we strive in this case for is the expansion of the n to its outmost limits possible.

The goal for the corporation that sells more than one unit of products/services (as most do) would be to target for a total final price of $(1+N^x) + (1+N^x) + (1+N^x)$.. etc. where N^x would be the largest positive number possible.

It becomes clear that in this case we would have to examine what influences the variable of n as the total value of all prices of all units sold. In this case if a unit of product generates profit (even marginally) then, logically, the corporation is bound to strive for the *maximization* of its production, as, given this assumption, mere production equals profit, an increase of one unit of production would automatically increase the profit too.

Marx has referred to this phenomenon as the *accumulation imperative* within capitalism² (Marx, 1976, Cap. Vol. 1, chapter 24+25). The logic behind it is that capitalism can only survive as long as it extracts more value (in the money form) than its original input (meaning the constant capital/means of production and the means of subsistence needed for the labourers (wages for necessities etc.)). The total, final, value (meaning exchange value) should be larger than the sum of the cost for constant capital and the labourers means of subsistence.

However, there are two limitations that we should consider: First, not all products can be sold generating $1+n$. Some can simply not be sold at all or are sold in $1-n$ (instead of $1+n$), for various reasons.

Friedmanians would reject the first claim as a *temporary externality* that the Market would simply correct and that these $1-n$ units would simply vanish in the long term from circulation. However, this has often not been the case, as a corporation can only approximate the price *before* a unit enters the Market.

In case of a wrong prediction it attempts to adjust it only afterwards and theoretically only to the point where the price remains $1+n$. Following this logic losses are to be taken only in extreme cases and there will be an attempt to adjust them by the increase of the quantity and the prices (or, in this case, “ideally” of both) of other ($1+n$ generating/ profitable) products.

So on *macro level*, for corporations *as a whole* within the Friedmanian logic, since $1-n$ prices are a result of externalities and therefore auto-corrected by the Market in the long term, it would make sense to:

a) strive for an increase of production anyways (since externalities would be autocorrected and the “competition survivors” will keep making a profit anyways (for themselves and for society, according to the theory).

and

b) motivate the buyers to match the increases in production (so increase their consumption) in total numbers.

We can trace back the observation of this pattern to Adam Smith. Smith, thought that were we to focus on maximizing production, that would result in the distribution of wealth to the largest number of individuals. His claim was that distribution would be a natural by-product of self-interest driven individuals, all seeking to maximize their own.

In his book “The Wealth of Nations” Smith writes:

“By pursuing his own interest he frequently promotes that of the society more effectually (sic) than when he intends to promote it”. (Smith, 1963)

Rosa Luxemburg, in a reference to marketization an expanding of profit wrote that “capitalism needs to constantly expand into non-capitalist areas in order to access new supply sources, markets for surplus value, and reservoirs of labor.” (Scott, 2008)

She spots therefore what seems to be a capitalist tendency to *marketize* more sectors of human activity and create a pattern of: *“production → selling above the produced price → profit creation → investment of profit for further production etc.”*

Corporate Social Responsibility and “responsible growth” - Criticism

The environmental and social challenges, as described in the first part of my proposal, and their direct link to economic activity has placed the dominant economic paradigm of profit-maximization growth under

scrutiny. We can spot the beginning of the mass questioning of this notion back in the 1999-2000 anti-corporate globalization demonstrations (Seattle, Genoa, Paris).

This gave birth to the notion of Corporate Social Responsibility, which intends to bridge the corporate quest for profit with the respect for non-corporate goals (beyond those set by the law.)

In previous texts of mine (2017) I have claimed that:

“The development by the academic and its embracement by the corporate word has been seen as a response to raising activism (Soule, 2009). It has been described as progress and a "win of activist struggle," a positive outcome and a "door to change" (Miller, 2014).

Moreover, I have defined CSR as:

"A set of voluntary, beyond what is required by law, management practices/choices that further social good, that intend to exceed the interests of the corporation (shareholders/managers)."

If we want to state it in terms of growth, CSR is a form of *“responsible”* and *“self-restrictive”* growth that *“balances”* between profit-making and catering for *“more than profit”*.

I have described the importance of CSR as *“an effort of the corporate*

world to partly sacrifice the externality in the name of enhancing its legitimacy, recognizing own responsibility for a) the causing of environmental and social malaises and b) for reversing them”.

However, in a critical review of the concept, I have pinpointed what I consider as a *fundamental contradiction* between what seems to be a *corporate voluntariness* to increase self-responsibility on the one hand (seemingly risking a part of its profitability) and existing corporate imperatives *to decrease external control and minimize regulation (that could hold back production and profits.)*

In short, I have voiced the concern that the recognition of corporate responsibility alone is not enough and that the needed corporate *corrective actions* will move only until the extent that *the increase of profitability* (which still remains the main imperative), allows. Or, in simpler words, the environmental protection and social imbalances correction can only go as far as it still generates profits. The problem with this view however is that since profit making is -as I have demonstrated- connected to the circle of *production-selling above value-more production*, CSR is neither a *production diminishing/altering* notion, nor one that goes beyond the usurpation of labor value.

My conclusion, in agreement with many others, is that concepts like those of “green growth” or “socially responsible growth”, i.e. accounts of growth where the profit imperative is maintained should be rejected from being

potential solutions (Hinton, Maclurcan 2017/ Banerjee 2003). The idea that we can find alternatives that will be “sustainable” and (capitalist) profitable at the same time, is but a logical fallacy, openly misleading and dangerous.

It consists a logical fallacy as its supporters measure its efficiency on the basis of profitability (profit remains the mediator of production), that does not allow for a radical reconsideration of priorities. With this, I avoid making the claim that new technologies are not or cannot be potentially profitable for their producers, they can. According to this logic however, they certainly *should* be profitable in order to be implemented.

The threshold is not set in the end by science per se but by a bastardized version of *profitable* science. “We can take some action, but only to the extent that this action does not mess with our profits”. No wonder then why this ends up being, too late, too little (and also too inefficient).

As a consequence, in the post-Lehman era, we have been left searching for a type of growth that could possibly meet the existential challenges posed, without being hold a hostage of unsolvable contradictions and unbreakable constraints.

In what follows I examine, briefly, whether and how the proposed account of degrowth effectively meets these challenges. I argue that although correct in its critique, we should “reform” the meaning of degrowth, in a

way that cannot be usurped by its opponents.

Degrowth

I find degrowth a wonderful concept, full of right motives and intentions. Degrowth has managed to inform and alert us about the toxicity of the (current) growth paradigm.

Its main call has been twofold:

a) reject the accumulative logic and imperatives of capitalism and b) attack the GDP measurement of economic production and the inclusion of more and more previously unmonetized activity in it. Kallis, one of its founders, sets its main target to be the *“re-radicalization of environmentalism and its shifting away of managerial mentalities.”* (Kallis, 2014)

Moreover, a very important parameter of degrowth is that it does not view the *limits on growth* as (only) external ones (set by Nature), but mostly as contingent, from human agency.

“It’s not that growth is limited and we worry that capitalism might collapse. Limits in our theory are not coming from the outside, from a ‘nature out there’ that is running out of things.” (Kallis)

This view is compatible with the Zizekian view on the (non) distinction of Nature and culture:

“If humanity were to abruptly cease its immense industrial activity and let nature on Earth take its balanced course, the result would be a total breakdown, an imaginable catastrophe. “Nature” on Earth is already to such an extent “adapted” to human interventions, the human “pollutions” are already to such an extent included into the shaky and fragile balance of the “natural” reproduction on Earth, that its cessation would cause a catastrophic imbalance...there is no firm foundation, no place of retreat on which we can safely count. It means fully accepting that “nature doesn’t exist”—i.e., fully consummating the gap that separates the life-world notion of nature and the scientific notion of natural reality: “nature”

qua the domain of balanced reproduction, of organic deployment into which humanity intervenes with its hubris, brutally derailing its circular motion, is man's fantasy; (Zizek, 2008)

Degrowth puts the nail on the coffin of conventional growth and “sustainable or green” versions of it, by demonstrating that our collective obsession with accumulation and profit-making endangers the necessary radical transformation of economic and social activity. This is a brave and accurate claim.

More importantly so, as it is accompanied by an equally important call: “Do not wait for Nature to restore itself and the “lost harmony”, as it will not, at least in the way your romantically fantasise about it! Realise the collective impact on it (so not only actions on the individual level i.e. recycling, change of eating habits etc.) and change it! Nature is not simply out there to harmonise with! We are a part of it!”

We can then summarize degrowth as a proposal to move towards a non-GDP-obsessed, non-profit-centered type of growth, where the limits to human activity are set not, abstractly, by Nature but by us humans. We have named capitalism’s destructive accumulation, as growth, implying that somehow it entails an element of collective *improvement*, in what is but a laughable oxymoron. Moreover, we have put all our faith in Nature *in abstracto* to resolve our mess, were we to simply cease our involvement.

I claim, however, that there is a problem with degrowth. Not one of content but rather one that consists a categorical fallacy.

This is an issue that has been, roughly, pinpointed both by other writers. Raworth (2015) mentions that “we should not forget about semantics and that *instead of a negative term, we need an alternative, positive vision, that would motivate people to get engaged, instead of scaring them.*”

Latouche (2009), pinpoints that degrowth maintains growth as its reference point. Kallis answers this criticism by claiming that “*there is no*

way round this; atheists too have to refer to and position themselves with respect to “Theos” (God in Greek) God, in order to deny God's existence.”

I insist that we are defining our proposal not only as a mere antithesis to conventional “growth”, which by itself is not an issue, but that this goes deeper; we have not been daring enough to reclaim the notion growth altogether.

If conventional growth, in the form of private accumulation, is the false God, an idol, it is not enough to proclaim that this God is dead.

If God is dead (which still is not) then someone or something has to be alive! It is an ontological question on the very meaning of life itself and on the very meaning of meaning altogether.

More so, since the false God of conventional growth is unfortunately, in practise, not dead. What I argue, therefore, is that it does not suffice to shout that the false God is dead. We need to argue that we have to first get rid of this false God (and how to do so) and furthermore we have to think what its absence might mean (so we do not fall in the same trap that Fukuyama has fallen at the end of the cold war.)

Degrowth therefore faces the following danger: By creating a gap of meaning in economic and social theory it stands vulnerable to malintended criticism that appeals to atavistic and deeply conservative social reflexes.

Capitalism succeeds quite well in producing needs and in gratifying in the field of consumption, sustaining false identities and false meanings. When we buy our next holiday package what we actually buy is not only the holiday package but also our “freedom and relaxation” (the original of which we cannot but lack, by our mere participation in a system of distortion). In the same vein when we buy a pair of Adidas shoes we also buy a piece of “the possible impossibility” -since impossible is nothing according to the famous slogan etc-. This is commodity fetishism at its

finest, as described by Marx (1976) and interpreted by the likes of Lacan (Bohm, Balta 2010), Zizek (Fortun, 2007)

Capital appropriates the time (and freedom to use it) of its cogs -both capitalists and workers- (not even the capitalists themselves can fully escape this) in order to sustain itself. In modernity also does so by creating an illusion of freedom that veils this initial lack -that is indeed coercion-, turning it into “positivity” and (false) liberty. As Byung Chul Han describes it, with neoliberalism, capitalism has moved from its “you should” maxim to the “you can” maxim:

So the real issue with degrowth is that it misses the power of the signifier of growth itself and neglects capitalism’s capacity to distort real meanings. Degrowth might be a successful answer to the conventional type of “growth” of accumulation. However, it is a defeatist approach towards the real possibilities of the word growth itself. It is not merely about inventing a word with a positive or negative meaning. It is about giving the appropriate meaning and content to the right words. We have therefore not to surrender the growth word, in its developmental aspect, to the wills of the accumulation and economic-profit-primacy advocates.

Instead I propose to reread growth in the light of the notion of eudaimonia.

Eugrowth- A proposal

Eudaimonia can be described as a floating signifier. A floating signifier is a concept or a symbol that, according to Mehlman (1972, 23-25) *“can mean different things to different people; stand for many or any signified and its meaning varies according to its interpreters.”*

I extend this notion by adding that it is not enough for a symbol or concept to be furnished with some or even significant differences between its users. A floating signifier should be able to accommodate absolute and

unsolvable contradictions, of a black-n-white type, and still be accepted as valid for use by all parties. Freedom therefore has equally taken the meaning, by its various users, of killing and not killing, dying for and not to dying for etc..

Regarding its etymology, eudaimonia *“is an abstract noun derived from eu meaning "well" and daimon (daemon), which refers to a minor deity or a guardian spirit. It implies a positive and divine state of being that humanity is able to strive toward and possibly reach. A literal view of eudaimonia means achieving a state of being similar to benevolent deity, or being protected and looked after by a benevolent deity. As this would be considered the most positive state to be in, the word is often translated as 'happiness' although incorporating the divine nature of the word extends the meaning to also include the concepts of being fortunate, or blessed. Despite this etymology, however, discussions of eudaimonia in ancient Greek ethics are often conducted independently of any super-natural significance*³.

As mentioned above, eudaimonia is a word with an absolutely open meaning. It can mean a life of simple pleasure, as the Epicureans claim. Or, it might mean a life where we seek peace of mind and freedom, in its Stoic reading. Or a life characterized by excellence or arete as Aristotle argued. The readings are various.

The common point of agreement however, is that the term implies “becoming active” in one way or another. Becoming active doesn’t entail that we start running around the room or jumping ups and downs. Rather, becoming active implies *becoming an agent or becoming free*. And this freedom does not exclude sad moments or suffering. We should not view eudaimonia as an endless hedonism, but rather as a concept that embraces the sadness and suffering of life too, without dissolving into despair and anguish.

³ <https://en.wikipedia.org/wiki/Eudaimonia>

It is rather the freedom to be oneself in control of one's own decisions in the *sphere of possible* and in acceptance of the events that fall outside it. By definition I take events that relate to social organization aspects to fall within the first category and events that relate to natural phenomena and constraints (natural disasters, weather, indeterminate health conditions etc) to fall within the second one.

For this I subscribe to Ryan's/Huta's/Deci's definition of eudaimonic living in terms of four motivational concepts:

- (1) pursuing intrinsic goals and values for their own sake, including personal growth, relationships, community, and health, rather than extrinsic goals and values, such as wealth, fame, image, and power;
- (2) behaving in autonomous, volitional, or consensual ways, rather than heteronomous or controlled ways;
- (3) being mindful and acting with a sense of awareness; and
- (4) behaving in ways that satisfy basic psychological needs for competence, relatedness, and autonomy. (Ryan/Huta/Deci, 2013)

Based on this, I sketch out the limits of the term of eu-growth as:

- a) The growth of capacity to be in control of the meaning of own work (growth of workplace democracy and
- b) the growth of participation in decision making regarding the use and distribution of own work within the community (growth of participation in decision making affecting own life).

Eudaimonic living is therefore tightly connected to growth of participation, decision making capacity and empowerment. Instead of asking "how do we create/produce more" we should rather ask how do we get to decide what to do with what we already have, how to use it and what for and what do we really need to produce and consume. In other words how do

we become more conscious about what we are doing and the reasons we are doing it.

In conclusion, I claim that the contemporary structure of the economic system is hindering the realization of the conditions described as necessary for the achievement of eudaimonic living.

Production is executed not in order to satisfy needs consciously, but in order to abstractly increase “economic activity”. In this way the vast majority of people around the globe are not in complete control of their own lives, as external forces (either human agents directly, their employees, or abstract mechanisms like the market, or as I claim both) decide on what is produced, how is used and what needs to be promoted/prioritized or not. This, consequently, hinders the self-actualization and realization of both individuals and collectivities as meaning is prescribed for them. They produce more because they have to but they never get to ask why and what for.

So, all in all, not only should we reverse the absurdity of growth for the sake of growth, attaining the goals and with the help of the tools of degrowth, but we should also support its positive aspect: that of regaining control, to create an own meaning and in the end to allow for the accomplishment of a truly eudaimonic life.

Conslusion

In my paper I have dealt with the concepts growth and degrowth aiming to seek for an alternative definition and understanding of growth. I have refuted the present, conventional, account of growth, understood as (private) accumulation and maximization of production and consumption. I have questioned its normative underpinning and questioned its main conclusions. Then I have argued that degrowth despite offering an accurate criticism on conventional growth, bears a negative connotation and misses the point it aspires to make. I argued that defining the term -degrowth- around conventional growth is *definition on the wrong premise* and consists a categorical fallacy that we should stay clear of. Instead, in the final part of the paper, I will examine potential alternatives, referring to a combination of eudaimonia and growth (that I call eugrowth, $\epsilon\upsilon$ +growth).

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