

Reader

Rethinking Development Cooperation



Imprint

Authors

Lisa Habigt, Leah Sinsel

Editor

NELA e.V.

Copyright

© NELA e.V., 2022

Government-funded by ENGAGEMENT GLOBAL with resources from the $\,$



NELA e. V. is solely responsible for the content of this publication; the positions presented here do not reflect the views of Engagement Global or the German Federal Ministry for Economic Cooperation and Development.

Content

SUMMARY OF THE FIRST SEMINAR	4
The paradigm of growth	4
Post-growth approaches	6
Global South & Post-growth	16
Global South & Sustainable development agendas	18
Implications for development cooperation	19
LEARNINGS AND WHAT TO EXPECT OF THIS SEMINAR	22
LITERATURE SUGGESTIONS	23

Summary of the first seminar

The summary given here represents the content presented and discussed in the seminar "Development cooperation in a post-growth era" on October 30th and 31st in 2020. The seminar revolved around the implications of introducing post-growth economic thinking into development cooperation. Participants were introduced to the relevance of the growth paradigm (first chapter) and criticism surrounding it. They had the chance to dive deeper into different post-growth approaches (second chapter) and to explore the relations of post-growth to the Global South (third chapter). In a last step participants reflected on the implications of their insights for their own work (fourth chapter).

This summary contains only information presented or discussed in the seminar "Development cooperation in a post-growth era". It does thus offer an overview on the debate around post-growth. It does not offer full insight into all valid criticism on the paradigm of growth or all post-growth approaches. We added several links and citations in this summary to enable the reader to look up whichever aspect might remain unclear or appear interesting.

The paradigm of growth

"Without growth - no investments, without growth there are no jobs, without growth there is no money for education, without growth there is no help for the weak."

Angela Merkel at the announcement of the Growth Acceleration Act in November 2009

Until today there seems to be a broad consensus that growth is indispensable for a functioning society. Aside from Angela Merkel's beliefs, "Sustained, inclusive and economic growth" is one of 17 Sustainable Development Goals (SDGs) established in 2015. However, this conviction is challenged by certain environmental and individual limits to growth. Ecologically, harmful influences on our planet have grown exponentially along with the economy in recent decades since the industrial revolution (Steffen et al. 2015). From an individual perspective, the positive relationship between life satisfaction and economic growth also seems to be limited (Easterlin Paradox): Life satisfaction in Germany remained roughly the same between 1991 and 2008 despite constant economic growth (Frank & Enkawa 2009). Is it therefore possible at all, to achieve growth, which does not harm the planet? This idea is usually referred to as green growth. The idea behind green growth is to use efficient and consistent technologies to reach decoupling of economic growth from negative environmental impacts (Santarius 2012). A technology is referred to as "efficient", if it produces the same amount of output using less resources, for example energy. It is referred to as "consistent", if it uses technologies which are better for the environment, such as regenerative energy and recyclable materials (Huber 2000).

Some notes on decoupling

Decoupling refers to the relationship between Gross Domestic Product (GDP) and resource use. In theory we can differentiate between relative, absolute and sufficiently absolute decoupling. *Relative decoupling* describes the condition when GDP and resource use develop in the same direction, but the change of GDP is larger. *Absolute decoupling* means that even though GDP increases, the use of resources and ecological impact decreases. Finally, *sufficiently absolute decoupling* is given when the rate of absolute decoupling is sufficiently fast in order to remain within planetary boundaries (Raworth 2014). Decoupling can be considered sufficiently fast if the absolute decoupling point is reached before passing irreversible thresholds of damage ("planetary boundaries").

However, green growth strategies face a number of problems, including rebound effects, physical boundaries and inequality and trickle-down.

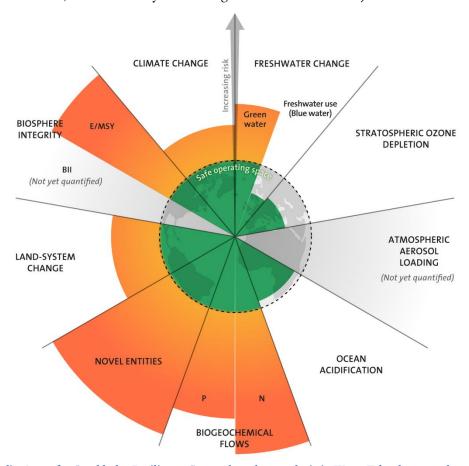
a. Rebound effects

Rebound effects arise as a result of increasing efficiency of technologies. If, for example, a car with an internal combustion engine can run more energy efficiently, i.e., with less gasoline, this not only leads to lower CO₂ emissions per kilometre driven, but also to a saving of money. These savings are usually spent in one or both of the following ways. Some car owners simply drive more kilometres. This direct change in the use of a product is an example for direct rebound effects. The car owners might also increase their consumption of other energy-intensive products, such as air travel. This is an example for indirect rebound effects. Finally, more energy-efficient driving could lead to goods being transported more cheaply, thus reducing their price and increasing consumption. This is an example for economy-wide rebound effects. (Greening et al. 2000)

b. Physical boundaries

There are physical boundaries to economic growth. The planetary boundaries concept was developed by a group of 28 internationally renowned scientists and consists of nine planetary boundaries within which humanity must operate. These include climate change, the rate of biodiversity loss, chemical pollution, and others (Rockström et al. 2009). Since then, novel entities have been added to the list of boundaries. As a recent assessment shows, some of these

boundaries have been exceeded by humanity (see Figure 1 - Credit: Azote for Stockholm Resilience Centre, based on analysis in Wang-Erlandsson et al 2022).



 $Figure \ 1 - Credit: Azote \ for \ Stockholm \ Resilience \ Centre, \ based \ on \ analysis \ in \ Wang-Erlandsson \ et \ al \ 2022$

c. Inequality and trickle-down

One of the great promises of economic growth is that rising prosperity will trickle down to all parts of society. Until today, this hypothesis has been proven wrong in many different settings. Social inequality, for example, increased massively in the US between 1980 and 2021, despite significant economic growth. The share of wealth held by the richest 10% has risen from 34% to 46% (World Inequality Database).

Overall, empirical evidence regarding these problems (Santarius 2012) implies that green growth strategies do not lead to sufficient decoupling of economic growth from resource use meaning that even though resource use rises at a lower rate than economic growth, it still rises or at least does not fall fast enough for humanity to operate within planetary boundaries (Parrique et al. 2019). Therefore, consistency and efficiency are good strategies, but they are not sufficient to reduce the environmental impact of our economy quickly enough.

Post-growth approaches

Based on these insights approaches outside of the growth paradigm need to be explored. There are many different post-growth concepts, for example, agrowth, steady state, and degrowth. The agendas and political affiliations of the major Postwachstum thinkers in Germany are diverse. As

part of the self-reflection of and by the German post-growth movement, <u>Schmelzer and Vetter</u> (2019) have proposed a categorisation into five distinct positions (but there are many more):

- **The Institution-oriented stream** focuses on political changes and the adaption of institutional framework conditions. The stream does not promote structural transformation of capitalism, but rather focuses on ecological reforms such as internalisation of until now externalised ecological costs.
 - The idea is: governments change the macropolitical framework and create the right conditions (for example by imposing taxes or regulatory frameworks). Within these, change towards a more sustainable economy is happening.
 - Example: Tim Jackson <u>Prosperity without growth</u>. Christian Felber <u>Economy for the Common Good</u>.
- **The Sufficiency-oriented stream** aims to radically reduce the consumption of resources by creating local subsistence economies that are partly outside of the commercial market exchange.
 - The idea is: A radical reduction of industrial, globalised production and consumption chains leads to a reduced dependency on external supply. Instead, the supply of necessary goods and services should be secured through localisation, selfsufficiency, and strengthened local and regional supply chains. This perspective results among other aspects in the promotion of do-it-yourself practices and voluntary simplicity.
 - Example: Niko Paech Postwachstumsökonomie.
- The stream focusing on **commons** or alternative economics puts emphasis on building alternative infrastructures, cooperatives and non-capitalist forms of shared community production.
 - The idea is: Collaborative relationships should be expanded beyond the market and the state, e. g. in the form of community supported agriculture, peer-2-peer production and the solidarity economy.
 - Example: Ashish Kothari Radical Ecological Democracy.
- **Feminist or <u>ecofeminist</u> positions** put the aspects around care work which is the basis for society and human life in general in the center of the discussion.
 - The idea is: Reproductive care work should be at the center of economic thinking. This position considers capitalism's distinction between the productive and reproductive sphere, and thus its disregard for the material basis of life, as fundamental for exploitation not only of nature but also of women and people in the Global South.
 - Example: Adelheid Biesecker Vorsorgendes Wirtschaften.
- The post-growth stream that is **critical of capitalism** calls for radical changes of political and economic structures.
 - The idea is: Only a change in ownership structures, economic democracy and the
 restructuring and dismantling of certain industrial sectors, can be a solution to the
 multiple crises, all of which are attributed to capitalism's unequal ownership and
 power structures.
 - Example: Barbara Muraca Degrowth.

Although these streams are presented as diverging, it is important to note that they also highly overlap and enrich each other. Therefore, different representatives cannot clearly be linked to only one group. One good example for this is Kate Raworths Doughnut Economy, which cannot be assigned to only one of these streams.

In the course of the seminar, the participants were introduced to five post-growth concepts:

1. Ashish Kothari - Radial Ecological Democracy

Radical ecological democracy is a framework for common good originating in India. It was developed as an alternative to the currently prevailing capitalist system, which at the same time has overstepped all ecological boundaries, and failed to combat poverty, despite high economic growth in India. Over two thirds of Indians do not have access to at least one of the basic needs (clean water and air, appropriate shelter and sanitation, energy, opportunities for learning and good health, and productive livelihoods). The question of whether there is a way out of the capitalist system is often answered in the negative, but hundreds to thousands of initiatives in India suggest otherwise. There are people and communities who are showing that there are ecologically sensitive, socially equal ways to meet basic needs. The values and principles that emerge from these initiatives can be synthesized into a framework that offers an alternative to the current system: Radical Ecological Democracy. The core element of this is a society in which all people and communities have the opportunity to influence decisions that affect their lives so that they are ecologically sensitive and socially equitable.

There are five core elements of Radical Ecological Democracy

- 1. ecological sustainability
- 2. social well-being and justice
- 3. direct democracy
- 4. economic democracy
- 5. knowledge commons

Radical ecological democracy does not fit into any existing concept of political or economic ideology but combines some relevant aspects from the <u>Ghandian concept of swaraj</u>, Marxism, and others. The basic idea is that communities at the centre of these efforts direct their actions and thoughts according to their own personal situations, creating a set of common values that do not fit into any existing ideology. Among others, these include collective work and solidarity, respect for diversity and pluralism, empathy and respect for the rest of nature and others.

Source

Kothari, A. (2014) 'Degrowth and Radical Ecological Democracy: A View from the South'.

Further information on Radical Ecological Democracy

Kothari, A. (2014) 'India 2100: Towards Radical Ecological Democracy', Futures, 56, pp. 62-72. Kothari, A. (2016) 'Radical Ecological Democracy. Reflections from the South on Degrowth', degrowth in Bewegung(en).

Kothari, A. et al. (2014) 'Buen Vivir, Degrowth and Ecological Swaraj: Alternatives to sustainable development and the Green Economy', Development, 57(3–4), pp. 362–375.DOI: 10.1057/dev.2015.24 People's sustainability treaty on radical ecological democracy.

Video: 'How Gandhi's idea of Swaraj is inspiring communities to take charge of their environment' (6 minutes)

2. Barbara Muraca - Degrowth

Modern societies are automatically growth societies. This works according to the principle of the bicycle: The economy must accelerate further and further in order not to collapse. However, it has become clear in recent decades that this is not possible indefinitely. In the meantime, the non-decreasing acceleration no longer leads to an improvement in the quality of life. One of the reasons is ecological limits: For example, the ability of sinks to regenerate is becoming smaller and smaller. In the case of the climate crisis, for example, carbon sinks become relevant: these absorb more carbon than they release (e.g., forests). However, due to extremely large emissions of CO2, they no longer regenerate fast enough and thus represent an ecological limit. Degrowth does not consider all limits to growth to be absolute, however. Growth is still possible in some areas of the world, but other groups and other countries then bear the costs and consequences.

The notion of shifting boundaries becomes clear with the example of fracking: Fracking in North America is an attempt to further shift the boundaries of peak oil. This increases the risk for weaker populations but gives the U.S. geopolitical advantages.

The degrowth movement can do its part for climate justice in two ways. On the one hand, an overall shrinking of the economy and the use of resources and sinks leads to the reduction of the total burden on the people affected. On the other hand, degrowth also expresses criticism of the idea of growth that is linked to the Western development model: the acceleration and growth logic should no longer be pushed forward, but the basic structures should be changed so that they do not rely on growth.

There are two ways to approach degrowth regarding the Global South

- Reducing the economy in the Global North so that the Global South can continue to grow economically to achieve a certain minimum standard of living for all.
- Degrowth as a model for the Global South: Degrowth criticizes the western development model and can thus form alliances with groups that actively fight against the Western development model and for a different form of social change (e.g. Radical Ecological Democracy).

Source

Video: <u>Barbara Muraca - Degrowth - was steckt hinter der Idee?</u> (12 mintes)

Further Information on Degrowth

Muraca, B. (2012) 'Towards a fair degrowth-society: Justice and the right to a 'good life' beyond growth', Futures, 44, pp. 535-545.

Muraca, B. (2017) 'Rethinking space and time with the Degrowth movement'.

Only in German (5 pages): Muraca, B. (2012) 'Gutes Leben ohne Wachstum?' In: Gegenblende Ausgabe 15, pp. 104-108.

Video: '<u>Barbara Muraca – From capitalist accumulation to a solidarity economy</u>' (suggested minutes: 32:50 – 43:44)

3. Christian Felber - Economy for the Common Good

The economy for the common good (ECG) is an economic model based on the idea that money and capitalism should no longer be the goal of economic activity. Instead, in ECG money only serves the purpose of improving the well-being of everyone and of nature. Christian Felber has developed an economic model that incorporates this idea and has already been adopted by many businesses, universities, and municipalities. It has five underlying goals:

- 1. Reuniting the economy with the fundamental values guiding society in general. Business decisions should promote human rights, justice, and sustainability.
- 2. Transitioning to an economic system that defines serving the "common good" as its principal goal.
- 3. Shifting to a business system that measures success according to the values outlined above.
- 4. Setting the cornerstones of the legal framework for the economy democratically.
- 5. Closing the gaps between feeling and thinking, technology and nature, economy and ethics, science and spirituality.

Felber assumes that rewarding "good" behaviour and making "poor" behaviour more visible to the public and less profitable, will lead to a general paradigm shift at all levels of the economy.

Ten principles clarifying the ideas and concepts underlying the ECG movement

- 1. The ECG strives towards an ethical market economy designed to increase the quality of life for all and not to increase the wealth of a few.
- 2. The ECG helps promote the values of human dignity, human rights, and ecological responsibility into day-to-day business practice.
- 3. The Common Good Matrix indicates to what extent these values are put into practice in a company. The Matrix is being continually improved upon in an open, democratic process.
- 4. The Matrix provides the basis for companies to create a Common Good Balance Sheet. The Common Good Report describes how a company has implemented these universal values and looks at areas in need of improvement. The report and the balance sheet are externally audited and then published. As a result, a company's contribution to the common good is made available to the public and all stakeholders.
- 5. Common Good companies benefit in the marketplace through consumer choice, cooperation partners, and common-good-oriented lending institutions.
- 6. To offset higher costs resulting from ethical, social, and ecological activities, Common Good companies should benefit from advantages in taxation, bank loans, and public grants and contracts.
- 7. Business profits serve to strengthen and stabilize a company and to ensure the income of owners and employees over the long term. Profits should not, however, serve the interests of external investors. This allows entrepreneurs more flexibility to work for the common good and frees them from the pressure of maximizing the return on investment.

- 8. Another result is that companies are no longer forced to expand and grow. This opens up a myriad of new opportunities to design business to improve the quality of life and help safeguard the natural world. Mutual appreciation, fairness, creativity, and cooperation can better thrive in such a working environment.
- 9. Reducing income inequality is mandatory in order to assure everyone equal economic and political opportunities.
- 10. The ECG movement invites you to take part in creating an economy based on these values. All our ideas about creating an ethical and sustainable economic order are developed in an open, democratic process, will be voted upon by the people, and will be enshrined in our constitutions.

Source

Felber, C. and Hagelberg, G. (2017) '<u>The Economy for Common Good. A Workable, Transformative</u> <u>Ethics-Based Alternative</u>', The Next System Project.

Further Information on the Economy for the Common Good

International Economy for the Common Good Website: https://www.ecogood.org
Kasper, M. und Hofielen, G. (2020) 'Punkten für das Gemeinwohl und die SDGs'
Raworth, K. and Felber, C. (2018) 'Comparative synopsis: Doughnut Economics – Economy for the common good'

Video: 'Christian Felber on the Economy for the Common Good' (4 minutes)

Video: 'The economy of common good – in a nutshell' (5 minutes)

4. Kate Raworth - Doughnut Economics

Kate Raworth identifies three weaknesses of the current economic system: ecological context (not in the current model of the economic market system), work (non-market labour is not part of the system), and inequality.

Instead of just focussing on GDP growth as a measure for how well the economy is doing, Kate Raworth developed a new model which looks like a doughnut. The inner circle represents the social foundation, meaning the basic needs of humans which need to be met. The outer circle of the doughnut represents the ecological boundaries within which the economy must stay.



Figure 2 - Environmental Doughnut Infographic. © Doughnut Economics

If the economy stays within the doughnut, we are in the safe space of the economy. If we fall inside the inner circle, the people cannot cover their daily needs. If the use of resources and environmental pollution are so high that they hurt the planet, the economy exceeds the outer circle. In order to stay within the doughnut, Kate Raworth suggests:

7 ways to think like a 21st century economist

- 1. Change the goal of an economy from GDP growth towards respecting the social foundation and the ecological ceiling.
- 2. See the big picture: the economy must be seen in a new way, where it is embedded in larger systems like society, the earth, or the solar system, instead of just as an isolated system.
- 3. Stop focussing on the homo oeconomicus. Instead, we should change ourselves towards a more socially reciprocating, interdependent person with fluid values.
- 4. See the economy as the complex, constantly changing system that it is, instead of assuming a stable model that was invented in the 19th century as an attempt to find physics-inspired laws to describe market movements.
- 5. Design economies such that they are more equal and the created values, incomes, and wealth, are redistributed.
- 6. Economics needs to have a regenerative orientation and a more circular approach, turning waste back into valuable goods.
- 7. Be agnostic with growth. We need to reach a level of growth where we can cover our planet's needs to live in harmony with our environment.

Source

Ross, F. (2019) 'Kate Raworth – Doughnut Economics: Seven Ways to Think Like a 21st Century Economist (2017)'. Regional and Business Studies, 11(2), 81–86. https://doi.org/10.33568/rbs.2409.

Further information on Doughnut Economics

Raworth, K. and Felber, C. (2018) 'Comparative synopsis: Doughnut Economics - Economy for the common good'.

Video: 'Kate Raworth explaining the doughnut economy' (7 minutes) Website: Doughnut economics action lab: About doughnut economics

5. Tim Jackson - Prosperity without growth

Constant growth has led to global injustices in the past. Moreover, it is not possible to continue as before - all the more so if all countries in the world have the same lifestyle as the early industrialized countries. Moreover, it has become clear that economic growth is not only ecologically but also economically unsustainable - for example, in the wake of the 2008 financial crisis. Therefore, we need to consider defining prosperity in a different way that is independent of economic growth. A set of limited capabilities that incorporates not only economic but also social needs and operates within the strict, natural, can be the basis of a new definition of prosperity. There is a dilemma between growth and ecological limits. However, economic growth has been a guarantee of jobs, and is strongly linked to key development indicators. In our current system, growth is essential, otherwise we risk collapse. Nevertheless, the dilemma of ecological limits must not be disregarded. An often-cited argument for the possibility of economic growth within planetary boundaries is decoupling. However, current scenarios argue against the possibility of a necessarily large decoupling. "The truth is that there is as yet no credible, socially just, ecologically sustainable scenario of continuously growing incomes for a world of nine billion people." In our current economic system, we find ourselves in an "Iron Cage of Consumerism": The urge of individuals to consume new things and the constant development of new products by companies are perfectly interrelated. These two processes reinforce each other and drive growth. "The system remains economically viable as long as liquidity is preserved and consumption rises. It collapses when either of these stalls." There is a consensus that consumption must be stimulated to solve crises. According to the classical Keynesian system, this can be done through tax relief and public spending. Investments in energy security, low-carbon infrastructures and ecological protection can have some benefits. However, even the "greenest" Keynesian investments aim at more growth. This cannot be sustainable.

To achieve a transition to a sustainable economy, changes must be made by taking twelve steps in three categories:

Building a Sustainable Macro-Economy

Debt-driven materialistic consumption is deeply unsatisfactory as the basis for our macro-economy. The time is now ripe to develop a new macro-economics for sustainability that does not rely for its stability on relentless growth and expanding material throughput. Four specific policy areas were identified to achieve this:

- 1. Developing macro-economic capabilities
- 2. Investing in public assets and infrastructures
- 3. Increasing financial and fiscal prudence
- 4. Reforming macro-economic accounting

Protecting Capabilities for Flourishing

The social logic that locks people into materialistic consumerism is extremely powerful, but detrimental ecologically and psychologically. A lasting prosperity can only be achieved by freeing people from this damaging dynamic and providing creative opportunities for people to flourish – within the ecological limits of the planet. Five policy areas address this challenge.

- 5. Sharing the available work and improving the work-life balance
- 6. Tackling systemic inequality
- 7. Measuring capabilities and flourishing
- 8. Strengthening human and social capital
- 9. Reversing the culture of consumerism

Respecting Ecological Limits

The material profligacy of consumer society is depleting natural resources and placing unsustainable burdens on the planet's ecosystems. There is an urgent need to establish clear resource and environmental limits on economic activity and develop policies to achieve them. Three policy suggestions contribute to that task.

- 11. Imposing clearly defined resource/emissions caps
- 12. Implementing fiscal reform for sustainability
- 13. Promoting technology transfer and international ecosystem protection.

Source

Jackson, T. (2009) 'Prosperity Without Growth? The transition to a sustainable economy', report of the Sustainable Development Commission, March 2009.

Further information on Prosperity without growth

Jackson, T. (2016) 'Beyond Consumer Capitalism – Foundations for a Sustainable Prosperity', CUSP Working Paper No 2. Guildford: University of Surrey.

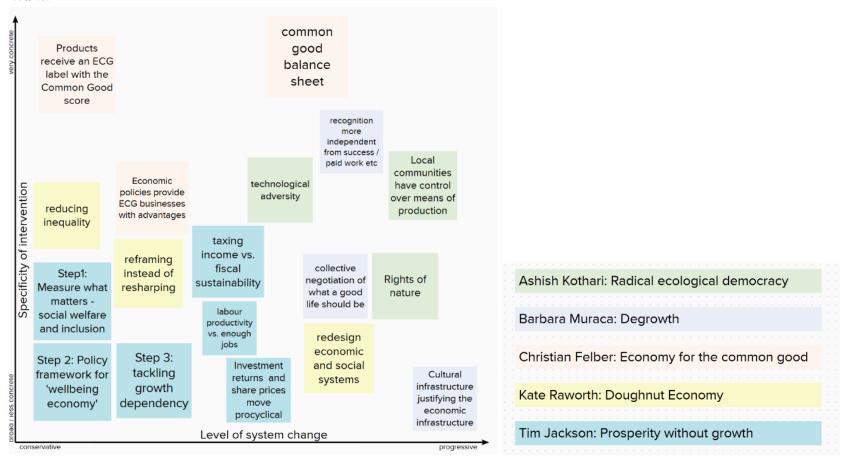
Jackson, T. (2020) 'Wellbeing Matters. Tackling growth dependency', An Economy That Works, Briefing Paper No.3.

Video: 'A new kind of Growth for Europe?' | Tim Jackson at the 2019 Brussels Economic Forum (minutes 4:37-6:50 and 12:38-15:53).

Video: "Tim Jackson about his book "Prosperity without growth" (2 minutes)

Characteristics of five different post-growth approaches

The participants were asked to sketch the main ideas and specific solutions and strategies proposed by these five post-growth approaches (each in a different colour, as indicated on the right side of the diagram). They were then asked to categorise them by how concrete and how progressive they are. Here are the results:



Global South & Post-growth

This summary is based on the presentations by

Rajeswari S. Raina, a professor at the Department of International Relations and Governance Studies, Shiv Nadar University.

Tonny Nowshin, a climate justice and degrowth activist from Bangladesh.

Roldan Muradian, a professor at the Faculty of Economics, Universidade Federal Fluminense.

1. Critique on the concepts of "development" and "development cooperation"

The development concept suggests that there is only one right way for a country to "develop", the way of the early industrialized countries. This creates a hierarchy between the so-called developed countries and the rest, and permanent frustration in those who are not considered developed. (Roldan Muradian) To measure the development level of a country, the "four pillars of development" are used: industrialisation, capital accumulation, formalisation of informal labour and role of the state. In terms of sustainability and the role of the state, the implementation of these pillars does not necessarily result in an improvement for the respective country, as the applicability is very country-specific. Using the example of India, the opportunities for rural industrial growth are massive. However, many natural resources in India are not just seen as economic capital, but in a broader sense as values. In terms of formalisation of labour, 92 percent of the labour in India is informal and unorganized. From the perspective of sustainability this is a good thing - this labour goes to locally relevant, low carbon, low waste jobs. Scale-effects with local, unorganised informal labour are already there. The only thing needed is routed capital (responsible, accountable local capital) to work with this labour. Capital has to move to where labour is. Finally, the role of the government can be different from the centralised model that countries of the Global North favour, and function better. Instead of the centralised model, we should also talk about a decentralised, location-specific and accountable government, where direct democracy works in the form of people speaking in behalf of nature (see also Ashish Kothari's Radical Ecological Democracy). (Rajeswari S. Raina)

2. Responsibility of the Global North

As mentioned before, development policies are influenced by a development concept based on the development of the early industrialised countries. However, it is not possible for all countries to develop in line with this model. This is because the early industrialised countries exploited and oppressed countries of the Global South as they developed, e.g. through slave trade or appropriation of land. In addition, early industrialised countries protected their own economies through import tariffs - an opportunity that the Global South does not have. Linear economic growth is not possible without these conditions. As an alternative, the countries of the Global North must fulfil their historical and social responsibility by downsizing their economies. In this way, all countries can coexist with nature (Tonny Nowshin). Additionally, in contrast to the early industrialised countries, other countries cannot follow a post-growth or degrowth strategy, since this assumes that there has been a previous era of growth. (Roldan Muradian)

3. Incompatibility of Capitalism and Degrowth

Although the Global North has a responsibility to shrink its economy, this is not yet taking place because growth is an inherent component of capitalism. The main driving forces of capitalism are consumption and innovation. If there is a drop in consumption, labour is suffering, as can currently be seen from the example of the USA during the COVID 19 pandemic. This is due to the asymmetrical relationship between labour and capital, which is increasing to the disadvantage of labour. It is extremely difficult in capitalism to have a reduction in consumption and an improvement in labour conditions and an expansion of jobs at the same time, which would be necessary, however, for a degrowth strategy to work. Another important feature of capitalism is that engagement in market labour is forced: anyone who is unemployed is excluded from the system. This stresses the importance to reconcile a reduction in consumption with expansion in jobs, which is again very difficult or impossible in capitalism. (Roldan Muradian)

4. Institutions in the Global South

Several points on the subject of institutions were mentioned during the discussion of the presentations: A participant made the point that well-functioning institutions in the Global South were destroyed by colonialism. Countries used to have their own models of governance-internal structures but these were destroyed in India, Africa, South America, and other places. Slave trade for example removed the most important resource from the land: people. Another participant mentioned that Westerners tend to think that their solutions/institutions are the only right ones, and that the lack of wealth in the Global South comes from missing institutions. Roldan Muradian and Tonny Nowshin added, that the need to be wealthy to be happy is a European concept. Finally, there is a problem with democracy in Europe: the welfare state has taken away a lot of institutional democracy (people's democracy, grassroots). Not all institutional decisions should be given to the state but everybody needs to live democracy! (Rajeswari S. Raina)

5. Strategies to approach these problems

Many problems were collected during the seminar in the field of development cooperation. Here are some approaches to tackle these collected in the discussion.

For the Global North to degrow, bottom-up movements are necessary.

When it comes to changes in development cooperation, there are a variety of ways to bring them about: By raising awareness for the issues, leaving development cooperation and switching to NGOs or grassroot organisations. What is needed is a change from within, people need take small steps and start questioning approaches. In the light of the many issues, we should also ask ourselves what the true intention of development aid is. Ultimately, development cooperation needs to focus more on solidarity, especially making the aid conditional is a wrong approach. (Tonny Nowshin)

In order to end the power difference between "helpers" and "help recipients", what is needed above all is a change in the way we think: What is development cooperation about? Who learns from who? We should try to avoid traditional divisions of the world, and there is a need for governance and changing narratives. Be happy with having little! (Roldan Muradian)

A way to work against what the four pillars of development suggest, could be to introduce the idea of labour hiring capital, and using people to create something instead of money! A reversion of foreign direct investment is also an option. We should move out of development aid towards development

sharing since development aid tends to prioritise the interest of the giving nation. (Rajeswari S. Raina)

Participants agreed that we must learn fast and do things differently!

Global South & Sustainable development agendas

Participants were asked to match quotes from various reports or declarations of international sustainability summits/conferences or voices of individuals regarding post-growth and green growth thinking in (sustainable) development (policy) agendas with the respective year on a timeline from 1972 to present.

The outcome was that post-growth in the development context is in no way a new topic. In the Club of Rome report "Limits of Growth" (1972), a long-term recommendation for action was made to achieve global equilibrium instead of unlimited economic growth: "Man [...] has all that is physically necessary to create a totally new form of human society - one that would be built to last for generations. The two missing ingredients are a realistic, long-term goal that can guide humankind to the equilibrium society the human will to achieve that goal. [...] With that goal and that commitment, mankind would be ready now to begin a controlled, orderly transition from growth to global equilibrium."

In 1974, the UNEP and UNCTAD published the <u>Cocoyoc Declaration</u>, which, among other things, includes a paragraph on the hierarchy of "growth first, distribution second": "We believe that thirty years of experience with the hope that rapid economic growth benefiting the few will "trickle down" to the mass of the people has proved to be illusionary. We therefore reject the idea of "growth first, justice in the distribution of benefits later." [...] The task of statesmanship is to guide the nations towards a new system more capable of meeting the inner limits of basic human needs for all the world's people and of doing so without violating the outer limits of the planet's resources and environment."

In 1992, the fact that the Global North should be responsible for bearing the costs of the pollution was made clear in the Rio declaration, result of the United Nations Conference on Environment and Development in Rio: "The developed countries acknowledge the responsibility that they bear in the international pursuit of sustainable development in the view of the pressures their societies place on the global environment and of the technologies and financial resources that they command. [...] National authorities should endeavour to promote the internalization of environmental costs and the use of economic instruments, taking into account the approach that the polluter should, in principle, bear the cost of pollution, with due regard to the public interest and without distorting international trade and investment." In the UNEP's Green economy report of 2012, it becomes particularly clear that the UN is pursuing a green growth rather than a degrowth strategy: "The key aim [...] is to enable economic growth and investment while increasing environmental quality and social inclusiveness. [...] Perhaps the most prevalent myth is that there is an inescapable trade-off between environmental sustainability and economic progress." The decision in favour of green growth was again strengthened in the 2030 Agenda for Sustainable Development (2015): "sustained and inclusive economic growth can drive progress, create decent jobs for all and improve living standards."

During the discussion of this exercise, the following conclusions were reached: Some participants suggested that there seemed to be a regress in terms of radicality of proposed policy measures (most striking: Club of Rome vs. 2030 Agenda). This could also be partly due to the fact, that the type of selected documents were different: The radical ones from the 70s were not ratified, the more current ones were. There are also current voices that propose radical changes. Overall, participants observed a shift towards more market-oriented approaches.

Implications for development cooperation

In group work, ideas on how to apply post-growth ideas to the development cooperation sector in general, or concrete projects / experience were collected during the seminar.

The results of this group work focussed on many different perspectives on the issues, ranging from the system level to the work of individual organisations in development cooperation.

In terms of **Structural Changes**, it was proposed that the approach to development cooperation should not be a capitalist one, or that the paradigm of "development" should be avoided altogether, since it implies inequality (e.g. rural vs. urban, developed vs. developing). Subsequently, it was agreed that the concept of development cooperation itself is not needed at all and it was discussed whether it should be substituted by a just global economy. Only when this exists, is it possible to talk about post-growth strategies in the Global South. Based on this conclusion, policies were identified as a way to set the framework. Some suggestions for policy changes can be found in the following section. Additionally, it was mentioned that the **Global North must start the transformation**

section. Additionally, it was inclinioned that the Global North must start the transformation

towards a post-growth economy by setting good conditions for itself. The industrial sector was identified as a bottle neck here.

Lower-level political changes in the Global North were also suggested. In the case of Germany, the power imbalance between the ministry of economics and the ministry of development cooperation was highlighted as an obstacle for making development cooperation non-capitalist. It was further mentioned that development cooperation always depends on political interests. Therefore, **public communication of issues and targets**, e.g., in the form of numbers that are easy to understand,

is very important. It was suggested that the Global North start a raw **materials initiative** to change the working conditions and environmental impact of mining, using the instruments of trade regulations, resource mobilisation and taxing. The issue with mining can be highlighted using the example of copper: the industry imports copper from mines where human rights violations are happening daily. When an instance becomes public, corporations from copper industry just switch their sourcing country rather than investing in countries to alleviate problems.

Following the statement that there is a need for a fair global economy instead of development cooperation a power imbalance in development cooperation was identified, which needs to change before post-growth strategies in the Global South can be taken into consideration. The Global North is setting standards for production in the Global South, but no standards are set by the Global South for its production in the Global North. In order to impose fair trade structures, opportunities like this must be equally possible for the Global South and the Global North. A strategy to reduce these

power imbalances could be to establish more **demand driven development cooperation**, e.g. through a facility that offers support only if there is demand from the Global South. A guideline that makes the approach of one of the participants available to others working in the development cooperation sector could also be helpful. To quote the participant: "I try to think about creating a just global economy in my work and ask myself the questions: Is my project in the logic of someone needing to catch up? Or is it in the logic of creating a just global system? Of course also always check first "do no harm" and then, is it shaking up power relations and creating a just global economy."

It was also argued that there need to be more local instead of global development

cooperation initiatives. The focus should be put on small communities in the Global South instead of just paying a lump sum to the government. Oxfam partnering with small communities is mentioned as an example, however it is not easy to bypass government structures. The optimal scale

of solutions in general was one of the most controversial issues, ranging from very small-scale (focussing on local/regional projects) to very large-scale. Other suggestions were that post-growth approaches should be applied only in local, regional development, or at the ministry level instead of the state level. A participant made the point of considering what is already happening at the local level as there may be not much needed from the outside at all.

Regarding the question whether **top-down or bottom-up** approaches are the way to start the change towards post-growth, both positions were represented.

The way we talk and think about development cooperation was also identified as important. We need to find new wordings to replace terms like developing countries, since language plays into our conception of development cooperation.

During the discussion, there arose some very general questions. Firstly, the question came up whether **post-growth can be a strategy for development cooperation at all.** One position was that it can be, but it's applicability depends on the countries themselves and it is not applicable for the least developed countries. What was offered as a strategy instead is improving working conditions. Secondly, it was mentioned that the suggestions offered during the exercise either could be implemented **within the lines of existing development cooperation or questioned development cooperation in its totality**. It must be clear at which level the proposed solutions are to be applied. It was also pointed out that the outcomes of the exercises focused more on **preconditions**, since those must be given before one can even talk about how important post-

Finally, three discussion groups were formed to share ideas regarding three topics:

growth might be.

- Assuming that we fail in radical global redistributions, achieving the 2030 agenda requires growth in some sectors / countries. How can we align this with the need to degrow?
- How can we integrate degrowth in the German development cooperation strategy?
- What are practical solutions using degrowth in development cooperation?

The participants identified one main strategy to solve the problem (in orange on the left) and collected further suggestions (below the question). You can see the results here:

Group I: Assuming that we fail in radical global redistributions, achieving the 2030 Agenda requires growth in some sectors / countries. How can we align Change global frameworks! this with the need for degrowth? Change global But we don't want to bring Strengthen the ability frameworks, institutions & the idea of unions to other of people to fight for set of rules (e.g. fighting countries, instead work corruption, bank secrecy. with groups which exist their interests banning blood diamonds) there already General political But it's not enough to engagement, if you give responsibility to don't work concretely on these frameworks consumers.

Group II: Integrating degrowth in the German development cooperation strategy - looking at the example of using frugal Try out frugal innovations! innovations as practical implementation of degrowth Try out frugal innovation Support more change as resource efficient agents in society so that ways to decrease solutions can be created dependency on imports from within societies, not from Global North imposed from outside There are always only Ask locals what they need and what is already there partial solutions! and facilitate, give space for their ideas to flourish.

Group III: Practical Act locally! solutions using degrowth in development cooperation Change the mindset of Act locally! work locally Change power development cooperation with local experts! Help structures - what does it mean? How locals identify their own can you reduce aid Allow young people to take over? At least flexibility in multilateral organisations problems and solutions. dependency?

Learnings and what to expect of this seminar

Our upcoming seminar "Rethinking Development Cooperation" will build on the learnings and insights from the first seminar summarised above. These concern the structure as well as the content of the seminar.

The first seminar was...

... open to students, scholars and development workers. Although this did generate some fruitful theoretical discussions it also hampered reflection on the implications for development cooperation and the discussion of related ideas since many participants had no work experience in this field.

Thus, this seminar is exclusively targeted at people working in the development cooperation sector.

... very interactive with some inputs and different kinds of group work on the first day and more group work on the second day. However, the amount of group work, especially group work involving online whiteboards, was perceived as too much. Thus, this seminar will include **inputs on the first as well as on the second day** while also including **different interactive formats** on both days that rely more on direct interaction rather than on online whiteboards. However, online whiteboards will be used when useful to record discussion outcomes and results.

... focussed on ecological and socio-economic critique of growth and corresponding post-growth perspectives. In this seminar we will dive deeper into **growth critical perspectives based on**

the criticism of colonial and neo-colonial relations between the Global North and South.

This involves reflection on the connection between growth, development, colonialism, race and power. So be prepared for some critical (self) reflection. In preparation for this we have included some literature on the decolonialisation of development cooperation in our literature suggestions.

 \dots focussed on exploring theoretical implications of post-growth thinking for development

cooperation work. This was a very useful and necessary step, but now **more concrete ideas** and possibilities need to be investigated to better enable you to integrate post-growth thinking into your work. Consequently, you will get to know different growth independent approaches in our seminar and learn about their struggles.

... a space to share and discuss implications of and ideas for post-growth economic thinking in development cooperation. However, as most participants were from the Global North most of their discussions during the seminar, except for those based on the presentations by the three speakers, remained unchallenged by perspectives from the Global South. To balance this out we have invited

Lebohang Liepollo Pheko as a critical friend to not just present her experience and knowledge but also to discuss with you, your thoughts and ideas developed during the seminar.

Literature suggestions

Further Resources on post-growth thinking

A further discussion of decoupling and the limits of green growth can be found here:

• Parrique, T. et al. (2019) '<u>Decoupling debunked – Evidence and arguments against green growth as a sole strategy for sustainability</u>'. European Environmental Bureau (EEB).

For a general, accessible introduction to the idea of degrowth, see:

• Video: 'An Interview with Vincent Liegey on Degrowth' (6 minutes).

For a review of studies of economic stability in the absence of growth, of societies that have managed well without growth, see:

• Kallis, G. et al. (2018) 'Research On Degrowth', Annual Review of Environment and Resources, 43(1), pp. 291–316. doi: 10.1146/annurev-environ-102017-025941.

Further Resources

- Bodirsky, B. et al. (2022): <u>Integrating degrowth and efficiency perspectives enables an emission-neutral food system by 2100</u>. Nature Food, 3, pp. 341–34. Doi: 10.1038/s43016-022-00500-3
- Cosme, I., Santos, R. and O'Neill, D. W. (2017) 'Assessing the degrowth discourse: A review and analysis of academic degrowth policy proposals', Journal of Cleaner Production, 149, pp. 321–334. doi: 10.1016/j.jclepro.2017.02.016.
- Demaria, F., Kallis, G. and Bakker, K. (2019) 'Geographies of degrowth: Nowtopias, resurgences and the decolonization of imaginaries and places', Environment and Planning E: Nature and Space, 2(3), pp. 431–450. doi: 10.1177/2514848619869689.
- Hickel, J. and Kallis, G. (2020) '<u>Is Green Growth Possible</u>?', New Political Economy, 25(4), pp. 469–486. doi: 10.1080/13563467.2019.1598964.
- Policy Ideas Database for Sustainable Prosperity https://sustainable-prosperity.eu/.

Linking post-growth thinking to the Global South

For a new definition of post-growth as the combined application and theorization of different approaches, and their application to the Global South and especially India, see:

• Gerber, J.-F. & Raina, R. (2018) 'Post-Growth in the Global South? Some Reflections from India and Bhutan', Ecological Economics, 150, pp. 353-358. Doi: 10.1016/j.ecolecon.2018.02.020

For a discussion of the challenges that arise when proposing degrowth and The Simpler Way approaches in the global south, see:

• MacKay, S. (2022) 'The global south, degrowth and The Simpler Way movement: the need for structural solutions at the global level', Globalizations, 19:5,828-835, DOI: 10.1080/14747731.2021.2015103

A discussion of possible alliances regarding degrowth between the Global North and the Global South, see:

• Video: Rodríguez-Labajos, B., Kothari, A., Acosta, A., Brand, U. (2014). '<u>Alliances for degrowth</u>
between Global North and South?!' Panel discussion at the 4th International Degrowth Conference for Ecological Sustainability and Social Equity in Leipzig in 2014. (ca. 2:15 h)

Further Resources

• Alcock, R. (2019) 'The New Rural Reconstruction Movement: A Chinese degrowth style movement?', Ecological Economics. Elsevier, 161(March 2018), pp. 261–269. Doi: 10.1016/j.ecolecon.2019.03.024.

- Chiengkul, P. (2018) 'The Degrowth Movement: Alternative Economic Practices and Relevance to Developing Countries', Alternatives: Global, Local, Political, 43(2), pp. 81–95. Doi: 10.1177/0304375418811763.
- Dengler, C. and Seebacher, L. M. (2019) 'What About the Global South? Towards a Feminist Decolonial Degrowth Approach', Ecological Economics, 157, pp. 246–252. Doi: 10.1016/j.ecolecon.2018.11.019.
- Gabriel, C. A., Nazar, S., Zhu, D., & Kirkwood, J. (2019) 'Performance beyond economic growth: Alternatives from growth-averse enterprises in the global south'. Alternatives, 44(2-4), 119-137.
- Gunderson, R. and Yun, S.-J. (2017) 'South Korean green growth and the Jevons paradox: An assessment with democratic and degrowth policy recommendations', Journal of Cleaner Production, 144, pp. 239–247. Doi: 10.1016/j.jclepro.2017.01.006.
- Hanaček, K. et al. (2020) 'Ecological economics and degrowth: Proposing a future research agenda from the margins', Ecological Economics. Elsevier, 169. Doi: 10.1016/J.ECOLECON.2019.106495.
- Hollender, R. (2015) 'Post Growth in the Global South: The Emergence of Alternatives to Development in Latin America', Socialism and Democracy, 29(1), pp. 73-101. Doi: 10.1080/08854300.2014.998472
- Lang, M. (2017) 'Degrowth: Unsuited for the Global South?', Alternautas, 4(1), pp. 1–16.
- Muradian, R. (2019) 'Frugality as a choice vs. frugality as a social condition. Is de-growth doomed to be a Eurocentric project?', Ecological Economics. Elsevier, 161(March), pp. 257–260. doi: 10.1016/j.ecolecon.2019.03.027.
- Nirmal, P. and Rocheleau, D. (2019) '<u>Decolonizing degrowth in the post-development convergence</u>:

 <u>Questions, experiences, and proposals from two Indigenous territories</u>', Environment and Planning E:

 Nature and Space, p. 251484861881947. Doi: 10.1177/2514848618819478.
- Pansera, M. and Owen, R. (2018) 'Innovation for de-growth: A case study of counter-hegemonic practices from Kerala, India', Journal of Cleaner Production, 197, pp. 1872–1883. Doi: 10.1016/j.jclepro.2016.06.197.
- Ugalde, S.V. (2015) 'Sumak Kawsay, Feminisms and Post-Growth: Linkages to imagine new Utopias'. Alternautas (Re)Searching Development: The Abya Yala Chapter, 2 (1).
- Vandenhole, W. (2018) '<u>De-growth and sustainable development: Rethinking human rights law and poverty alleviation</u>', Law and Development Review, 11(2), pp. 647–675. Doi: 10.1515/ldr-2018-0033.
- Xue, J., Arler, F. and Næss, P. (2012) '<u>Is the degrowth debate relevant to China?</u>', Environment, Development and Sustainability, 14(1), pp. 85–109. Doi: 10.1007/s10668-011-9310-z.

Degrowth and Environmental Justice

For tensions and analogies between degrowth movements and environmental justice movements from the perspective of Environmental justice activists from Ecuador, Italy, Kenya, Nigeria, South Africa, Uruguay, see:

• Rodríguez-Labajos, B. et al. (2019) 'Not So Natural an Alliance? Degrowth and Environmental Justice Movements in the Global South', Ecological Economics. Elsevier, 157(May 2018), pp. 175–184. Doi: 10.1016/j.ecolecon.2018.11.007.

Further Resources

- Akbulut, B. et al. (2019) 'Who promotes sustainability? Five theses on the relationships between the degrowth and the environmental justice movements', Ecological Economics. Elsevier, 165(April), p. 106418. Doi: 10.1016/j.ecolecon.2019.106418.
- Martínez-Alier, J. (2012) 'Environmental justice and economic degrowth: An alliance between two movements', Capitalism, Nature, Socialism, 23(1), pp. 51–73. Doi: 10.1080/10455752.2011.648839.
- Singh, N. M. (2019) 'Environmental justice, degrowth and post-capitalist futures', Ecological Economics. Elsevier, 163(April), pp. 138–142. Doi: 10.1016/j.ecolecon.2019.05.014.

Decolonising Development Cooperation

For an analysis of the meaning of "decolonising development", see:

• Krauss, J. (2018) 'Decolonising development -what, how, by whom and for whom?'

Further resources

- Bruce-Raeburn, A. (2019) 'Opinion: International development has a race problem'.
- Cullen, P. et al. (2022) <u>'The "Big Survey": Decolonisation, Development and the First Wave of NGO Expansion in Africa after 1945</u>, The International History Review, 44(4), pp. 721-750.
- Neajai Pailey, R. (2020) 'De-centring the 'White Gaze' of Development', Volume 51, Issue 3, S. 729-745. https://doi.org/10.1111/dech.12550.
- Öhlmann, P. et al. (Ed.) (2020): '<u>African Initiated Christianity and the Decolonisation of Development</u>', New York. Routledge.
- Weerawardhana, C. (2018) 'Decolonising Development Work: A Transfeminist Perspective'.

Linking post-growth thinking to development cooperation

For a study on how aggregate economic growth can be avoided through the redistribution of global GDP, see:

• Hickel, J. (2019) 'The Imperative of Redistribution in an Age of Ecological Overshoot: Human Rights and Global Inequality', Humanity 10(3), pp. 416-428.

Further resources

- Alexander, S. (2014) 'Degrowth and the carbon budget: Powerdown strategies for climate
- <u>stability</u> ', Simplicity Institute Report.
- Brand, U., Boos, T. and Brad, A. (2017) '<u>Degrowth and post-extractivism: two debates with suggestions for the inclusive development framework</u>', Current Opinion in Environmental Sustainability, 24, pp. 36–41. doi: 10.1016/j.cosust.2017.01.007.
- Dempsey, J. and Suarez, D. C. (2016) 'Arrested Development? The Promises and Paradoxes of "Selling Nature to Save It", Annals of the American Association of Geographers. Taylor & Francis, 106(3), pp. 653–671. doi: 10.1080/24694452.2016.1140018.
- Hickel (2019) The Imperative of Redistribution in an Age of Ecological Overshoot: Human Rights and Global Inequality. Humanity 10(3), pp. 416-428.
- Kuhnhenn, K. (2018) 'Economic Growth in mitigation scenarios: A blind spot in climate science. Global scenarios from a growth-critical perspective' Heinrich Böll Stiftung.
- Perkins, P. E. (2019) 'Climate justice, commons, and degrowth', Ecological Economics, 160, pp. 183–190. doi: 10.1016/j.ecolecon.2019.02.005.
- Van Den Bergh, J. C. J. M. (2017) 'A third option for climate policy within potential limits to growth', Nature Climate Change. Nature Publishing Group, 7(2), pp. 107–112. doi: 10.1038/nclimate3113.
- Vandenhole, W. (2018) '<u>De-growth and sustainable development: Rethinking human rights law and poverty alleviation</u>', Law and Development Review, 11(2), pp. 647–675.

Any further questions?



Tanja Brumbauer

Founder & Managing Director brumbauer@nexteconomylab.de +49 228-38757 602

or

Lisa Habigt

Project assistant

habigt@nexteconomylab.de +49 228-38757 602

