

Liberation NIKO PAECH
from
Excess

THE ROAD TO A
POST-GROWTH ECONOMY



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The road to a post-growth economy
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Chapter I

Living beyond one's means – A perceived human right

To understand the thesis that our affluence is based on comprehensive ecological plundering, it is worth taking a look at the EU debt crisis. Stylised as a make or break issue, the rescue of Greece—or more precisely the Greek and therefore indirectly the European model of consumption—is currently being negotiated on the basis of a remarkable premise. Whether in the neoliberal or the left-wing camp, the same logic pervades throughout: Although the “bail-out packages” that have ballooned to inconceivably monstrous dimensions may be expensive and their success is so uncertain that they can at best buy us time, the threatening alternative of the Euro’s failure would be not only much more expensive but also socially damaging, especially for a country like Germany. If the Deutschmark were reintroduced, its value would rapidly increase, while other currencies would fall in value. As a result, German exports would suffer, leading to economic repercussions that would inevitably lower its gross domestic product and thus threaten the

ability to finance the current level of prosperity. In this case, Germans would have to content themselves with a material prosperity achieved by a less comprehensive and accelerated exchange of goods and services. How terrible! Judging by the gloomy lamentations of official EU lobbyists, Germany before the introduction of the Euro must have been an impoverished economy, languishing with pitiable levels of provision and cut off from all foreign relations.

The great mobilisation

What is not mentioned in the midst of the angst-ridden Euro rescue debate is how beneficial it would be for the ecosphere, especially climate protection, if the European economic region, with its merciless focus on expansion and mobility, were indeed decelerated. Nothing plagues the European environment more than this highly praised integration project, with its sole aim of a spatial penetration that is as unhindered as it is ruinous. The European development logic is remarkably simple: It advocates removing all obstacles to the expansion of industrial and agricultural production, building and infrastructural development, shipping and road transportation into the remotest corners, as well as an oil-soaked education-, party- and project-related nomadism. This process of breaking barriers increases both levels of freedom and the range of options available. Investors can thereby overcome every institutional and spatial constraint:

The international exploitation of economic efficiency potential, which exists as comparative cost differences, or the development of remote marketing opportunities, become all the easier when there are absolutely no borders, currency risks, transport costs, planning delays, restrictive authorisation procedures or legal disparities. “Harmonisation” is a common euphemism for this process.

The impact of this reciprocal quasi-imperialism in the sense of mutual spatial permeation is also felt at the individual level: Whatever I am not obliged to or cannot obtain locally, brings me no recognition, no longer answers my need for personal achievement, bores me or demands that I make an effort to adapt, can perhaps be acquired more easily elsewhere in the European (or global) coordinate system. Just as an expansive administration has outgrown its confines because the demands have extended beyond its own territory, the mobile subject must constantly expand its field of activity. Happiness is always just a change of location or a flight away—at least for those who constantly flee from the constricting “here” in search of the promising “there”. However, modern subjects are perhaps only fleeing from their own inner constriction.

Like modern companies that fragment their value added chains into ever more specialised sub-processes, in order to shift them geographically to optimise the cost benefits, lifestyles have become a chain of events of spatially distributed venues for individual enhancement. That has long extended

beyond only holidays and now includes education, social networking, long-distance relationships, political engagement, artistic activities, everyday working life, shopping, sporting activities, all manner of leisure activities up to party and club tourism within Europe.

Spatially unlimited production chains and lifestyles are the result of intended “harmonisation” and “integration” measures, rather than a side-effect of European zeal. It is for the aim of maximum value creation growth and individual self-realisation option, that the way must be cleared, using ever new forms of destruction. The removal of all obstacles—for instance in the form of cultural or institutional diversity—combined with massive subsidies for requisite infrastructures, not only accelerates the interdependent, ecologically disastrous spatial penetration of goods and people but also creates an unavoidable pressure to pre-emptively conform to this unlimited fluidity. What used to be unachievable may now be possible, but nothing is certain anymore because on the levelled playing field, everything interacts not only with, but also against everything else. However small a business or remote village might be, it feels forced to prepare itself for European (and global) competition. Regardless of whether for defensive or offensive reasons, precautionary investment in additional transport connections, major projects and other mobilisation measures then become essential. The long-recognised effect is an arms race in material terms that nobody can win in the long run, because

every short-term advantage only induces an infrastructural upgrade by those left behind. One loser is already certain: the ecosphere.

Have now, pay later

The syndrome of indebtedness provides another indicator for the fact that modern affluence is only a small step away from institutionalised irresponsibility. When producers go into temporary debt in order to finance input factors for the next planning period, this can only happen in the expectation that those debts can be systematicall serviced. Otherwise the resulting insolvency would threaten the business's continued existence. Such regulatory factors do not seem to exist for states. There is in principle no limit to the distribution of debt-financed gifts, particularly when the aim is to protect the above-described dynamics of expansion from stagnation—a nemesis of so-called progress.

The “have now, pay later” principle epitomises the breaking of barriers of the temporal kind. In order not to be limited by what one can currently achieve by one's own means, the store of future possibilities is plundered in advance. It utilises services that have not yet been performed. The current syndrome of indebtedness is not only an indicator of greed and impatience, but also of organised *irresponsibility*—and in its literal sense, since those who deserve a *response* to the question of the consequences of contemporary lifestyles are

not yet alive. The further debts are pushed into the future, the starker the constraints will be on the options and freedoms of future generations.

How do enlightened contemporaries protect themselves from the pangs of guilt that could arise from a moral deficit of such dimensions? By instrumentalising an audacious paradox: A quasi-religious superstructure is grafted on top of the de facto obliviousness to the future that current excesses represent, precisely in the form of a ritual invocation of the future. At the heart of the resulting belief system lie innovation and growth—naturally both in the official service of the welfare of future generations. The former is supposed to curtail consequential ecological damage and the latter to ease the later burden of debt. In this way, responsibility towards future generations can be compassionately simulated.

Even if it is possible to service these debts within an anticipated period of time, instead of burdening the future with it, doing so only makes sense if economic growth is expected. Who would go into debt if, after making the agreed repayments, one returned to the same level as before or was even forced to consume capital one had accrued in the meantime? Thus, aside from elementary emergencies that cannot be overcome by one's own means, debt is used to develop any kind of capital whose later exploitation promises a sufficient profit to achieve a higher level of material means, beyond that required to pay off the debt. The same applies

to the development of human capital, for instance in the case of studies financed through debt. This type of investment also serves no other purpose than the later demand for higher income.

Naturally, debt can also enable short-term consumption increases, for instance by financing an eight-week cruise to South America. It either implies faith in a sufficient growth in income or assumes that the debt will be serviced later on through restricting consumption or the sale of assets. But how attractive and accordingly likely is the latter alternative? Who enjoys current excesses in the knowledge that these will have to be balanced at a later date through painful privation? A zero-sum game such as this would starkly contradict the contemporary logic of progress. Even worse: a negative-sum game would come into play, since depending on the interest, the repayment would be higher than the loan. So without growth, debt calculations simply do not add up.

There is a clear tendency for consumer societies to continuously increase the level of debt. They are therefore increasingly exposed to the demands of the present, which cannot be satisfied by current means alone and which adversely affect the future. By breaking down the temporal barriers for current levels of demand, modern societies make themselves hostage to a merciless growth machine. Ultimately, no democratically electable politician can ever afford to question the level of affluence bought by credit, even by cau-

tiously pointing out that after seven years of plenty, seven lean years will inevitably follow. Any entrepreneur or consumer able to boast a clear conscience since their wealth has (apparently) been accrued without going into debt, is quickly seduced into branding state debt an isolated problem. According to them, politicians are to blame, since they cannot restrain themselves, or the monetary debt system combined with the compound interest effect.

Neither can be ignored. On the other hand, how much of the fantastical wealth of goods and mobility would be conceivable if the treasury did not constantly pour a subsidising stream over everything or fundamentally enable many elementary production and consumption patterns by providing tax breaks—at catastrophic ecological cost. If air travel, which is well known to cause the maximum climate damage that an individual can legally produce, were taxed according to its actual costs, only a very small number of people could fly at all or eat apples from New Zealand. Lower income would then be generated in the industries directly affected by this, which would in turn reduce demand in downstream industries, and would possibly again drag downstream industries into a downward spiral. That is the flip side of an economy based to a high degree on the division of labour, in which performance is the result of everything being connected to everything else.

So it is little wonder that the state protects at all costs even the worst climate killers from any form of taxation, and

even subsidises loss-making airports if necessary. Besides, even the gentlest threat to the usual freedom fetishes such as car driving, air travel, consumption, telecommunication or the arbitrary construction of single family homes is repaid with the drastic withdrawal of voter support or even demonstrations. The beneficiaries of living beyond one's means have long become the majority. That is precisely why the taxation of income and capital assets has failed as a logical way of limiting state debt.

Another aspect is the fact that the income relief effect of a specific subsidy can become a lever for increasing prosperity somewhere completely different. The old German saying that some things have to be financed by "saving on food" shows how the priority of basic needs can conflict with other consumer demands. From this perspective, European agricultural subsidies for instance by no means lead to an increase in an otherwise scarce food supply. Instead, the subsidies have the effect of marginalising the proportion of expenses for food and allow greater spending power for smartphones, holiday travel and financing one's own home. Without agricultural subsidies, nobody would die of hunger in Europe, indeed, quite the opposite: The quality of the environment and our health would presumably improve because firstly organic farming and secondly small-scale farming structures would have better opportunities. But one thing cannot be denied: The price level of the resulting foodstuffs, which would truly answer our living needs,

would be considerably higher, so that food expenses would use up a greater proportion of income.

The situation is similar for education, health, security, water, transport systems, energy, waste disposal, communication infrastructures, some cultural services and other services that are taken for granted. The generally-held view is that the costs of these are to be kept as low as possible by the treasury, taking the burden of financing and providing them away from modern citizens, who can thereby devote their income to the more attractive aspects of life. The various forms of concealed collective enrichment, which indirectly contribute to state debt, are inexhaustible. Almost all members of prosperous societies profit from them, although—as is the subject of heated debate—the direct benefits are distributed in a highly uneven way. Without wanting to question the necessity for fair distribution in the slightest, the focus here lies with the misappropriated question of where what is being fought over actually comes from. Can plundering be legitimised just because the spoils are distributed in a sufficiently fair way?

Chapter II

The illusion of progress – Affluence through plundering

The miraculous increase in material wealth is often celebrated as “progress”. That term refers to the heroic achievement of the human species, which as Baron Münchhausen recounted, dragged itself by the scruff of the neck out of the primeval slime to go forward and construct a perfect world based on hard work, inventiveness and superior intelligence. How logical is that fairytale of progress?

The question of progress and wealth is the subject of many modern narratives. Their most important authors include Quesnay, Smith, Ricardo, Marx and Schumpeter. The first of those named above is a slight exception, since as a representative of the so-called “Physiocrats”, he tried to show that all material wealth stems from finite physical resources (especially the land). Prospects for infinitely growing production volumes are therefore modest, unless the physical fundamentals are plundered in a very short time like a flash