

Redefining Growth and Prosperity

Workshop notes

The Workshop was held on 21 April, 10am-5pm at the Austrian Permanent Representation in Brussels. Rita Trattnigg from the Austrian Ministry of Agriculture, Forestry, Environment and Water Management welcomed more than 50 participants before the morning session started with two presentations given by Tim Jackson (SDC) and Friedrich Hinterberger (SERI). **Tim Jackson** presented the UK Sustainable Development Commission's report *Prosperity Without Growth*, followed by **Friedrich Hinterberger** who spoke about the Austrian project and "argumentary" *What kind of growth is sustainable?* Both presentations can be downloaded on the website www.growthintransition.eu.

Points raised by the audience included

Q: Gerhard Huemer (UEAPME): The decoupling picture Tim Jackson gave is too negative, there is much potential for technological progress

A: Tim Jackson (SDC): there is no move to decoupling policies happening, to call it "myth of decoupling" in the report is provocative – decoupling does not happen naturally

A: Friedrich Hinterberger (SERI): resource productivity would have to increase by 4-5% without growth, by 7-8 % with growth – this is not realistic – decoupling is not enough!

Q: Saamah Abdallah (nef): Why did you use a different language in the reports? (Without growth vs. qualitative growth)

A: Rita Trattnigg (Austrian Ministry of Agriculture, Forestry, Environment and Water Management): the Austrian paper was commissioned by a ministry with the aim of establishing a stakeholder dialogue about "Which kind of growth is sustainable?"

A: Tim Jackson (SDC): we are not a ministry and doing justice to a long issue; in terms of substance there is no real difference – striking similarities in the thinking of both input papers

Q: Bartek Lessaer (DG Employment): Role of indicators for measuring progress? Concrete set of indicators for measuring SD?

A: Tim Jackson (SDC): there are hundreds of SD indicators and it's getting worse! My hope is that things are moving with initiatives such as the Stiglitz-Commission and Beyond GDP; there are different stages economies are in – that's why it is difficult to focus on the same set; high importance of international discussions

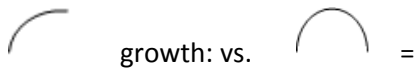
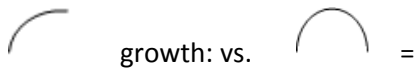
A: Friedrich Hinterberger (SERI): Frontpage indicators are needed – 1. GDP, 2. Quality of Life/Happiness/Wellbeing, 3. Employment, 4. Resources – below these headline indicators more indicators that go in detail

Five comments on both input papers

Doreen Fedrigo (EEB) found the similarities of both papers interesting, the idea of paradigm shift lies behind both of them. She promoted the Spring Alliance, which is a European NGO initiative trying to come forward with a SD agenda for Europe for the next years. According to her the initiative is a political window of opportunity. Some remarks:

- Economists – who influence policy makers most – are often stuck in traditional economic thinking
- Questions raised: How do we make our ideas palatable, how do we translate this that also non SD players understand? What are the key elements we need for these strategies? How do we put this in practice?
- What we need is cohesion between policies – efficiency, eco-innovation etc. are quite isolated islands – and action on the sub EU level – looking bottom-up and not top-down, because what we have so far from this is too liberal and too late!
- Three T's are key: transition, translation, transformation

Oliver Zwirner (DG Environment) said that it is challenging to comment on papers that cover the ground very well. Some thoughts:

- The environment is suddenly part of the solution for the economic crisis – there is at least some green hope (Green New Deal)
- Roughly 200-300 people in the world really understand GDP (chief statisticians) – amazing that the indicator has such a high societal interest/public debate
- Communication: we look at GDP figures in % – not in absolute terms
- A technical thought: real growth rates do not include any loss of quality of products. We might not even have growth!
- Economists vs. biologists illustrations towards  growth: vs.  =
- Strategies: reorganise work, organise profitability of companies, develop macroeconomic theory that links economy – ecology, need for research projects (maybe modeling is a good start), We need visions for all business/social groups they would like to go for this transition – sharing efforts and benefits equally is key

Michaela Moser (EAPN) looked at the documents from two perspectives: realities of people experiencing poverty and EAPN's 5 elements to fight poverty, which are the following:

1. Social progress is possible: growth has failed for poor people, think about ethics first and redistribution then (now it's the other way round)
2. Break stereotypes: Austrian project with Ökobüro – what environmental NGOs should know about social NGOs and vice versa in order to join forces to do lobbying
3. Democracy: we need new forms of governance, to be part of society, different structures of how we organise life is crucial

4. Fairer distribution of wealth: recent study on equal/unequal societies – evidence is striking
5. Globally on the same strike: feminist economists – approach of fullness that includes “a sense of enough” instead of scarcity, this it was makes people content in the end

She mentioned that all points were covered fairly reasonable in the reports.

Gerhard Huemer (UEAPME) often hears from SME's is that they simply want to hand their business over to their children/grandchildren. They are criticized by the EU for not being innovative, fast growing enough etc.

- He is in favour of local production but can't ask SME's: do you want higher transport costs? Higher energy prices?
- Competition between regions and international relations is missing in both reports
- Change of the regulatory framework is essential – in a free competitive market economy it does not work if no global structure is available
- Policy makers are dependent on next elections/funding – it's a systemic crisis, a policy crisis
- How to make changes start? That's missing; you have to convince all NGO's and all people!

Martin Sieker (EESC) said he won't comment because commenting means not agreeing and he agrees on absolutely everything. Key message: SD is about change, not damage control!

Afternoon session with two presentations on “Economic growth and economic crisis – is degrowth here to stay?”

Gjalt Huppes (Leiden University) provided a historical analysis of growth and crisis, causes of growth, direct and indirect effects of crisis and prospects for degrowth after crisis. His presentation can be downloaded on www.growthintransition.eu.

Victor Anderson (SDC) commented highly interesting on the SERI paper and especially on the question “Is another growth possible?”

On the production side: 4 traps of decoupling

- relative decoupling – is not really decoupling at all
- Apparent decoupling produced through exports
- Even with absolute decoupling things could get worse (example of CO2 concentration in the atmosphere)
- Rebound-effects

We have to get around these problems; can this be done? Economics can't really give an answer, it is a question of technology. But: we can't rely on it!

On the consumption side (e.g. LOHAS, cultural creatives): Income elasticity of demand – the extra bit of income is spent differently – this is also not reliable; Is this change drastical enough to give us sustainable growth?

Indicators: danger that when using different indicators (5 capital's approach, ISEW etc.) we are just measuring something different – this redefinition might not get us around the problem; agenda of no growth is what we have to address, how to deal with

- Unemployment
- Public income (social capital as a replacement of public spending)
- Company profits

COMMENTS:

Rita Trattnigg (Austrian Ministry for Agriculture, Forestry, Environment and Water Management): relative decoupling, energy-efficiency, “sustainable” long-term growth – that is where the Lisbon community is now in the discussion.

Jeffrey Turk referred to the shock doctrine (Naomi Klein) and raised the question: should we not use the crisis to put democracy a bit aside and let politicians take action? Massive changes necessary – window of opportunity

Victor Anderson (SDC): “degrowth” is difficult to sell to politicians; governments should be controlling the amount of money in circulation, national banks can't do that right

Discussion in form of a “dialogue”

More information about this participatory method on <http://www.partizipation.at/dialogue.html>

Rules: 1) Talk from your heart, 2) It can be silent in the room, 3) Be as short and precise as possible

Questions for the audience

1. Do you agree that there is a need to redefine growth and prosperity?
2. What are your three favourite arguments for redefining growth and prosperity?
3. How would you sell those arguments to decision makers?

Comments from workshop participants included –

- Crisis: no economic and finance minister had to resign – that complicates things a lot
- Q1: no. Because it is not about defining. The challenge is how to make it accepted in population! Possibilities to flourish
- Challenge is to disconnect growth and prosperity, these are two different things, they shouldn't be linked at all
- I liked the concept of fullness, there is enough for everyone
- Q3: implications of a no-growth economy is what policy-makers will have to bite in – what is in it for everybody/all NGOs? – that's what we have to work on
- (the decision making procedures of) democracy could be a problem if shifts have to happen quickly
- Common language = economic language; there economy is not the same as in the SD understanding, redefining economy

- Q3: it's about how to get it across people, growth and prosperity is often mixed up – in fact people mean prosperity but talk about growth, we have to get behind these labels, there is little discussion about how we want to live together; growth/no-growth/degrowth not so much a central issue for me
- Massai feel poor and discontent as they feel they are not part of modernisation – issues that have to be met, not leisure/pleasure but one of the opportunities now is get the bad guys and let them pay for the damage caused
- 2 challenges: issue of consumption: consumption policies don't exist yet! One of the areas where more thought is needed; automatic assumption is moving to socialist/controlled economies – it's about all choice or all control; not call it "sustainable growth" – is a strategy possible without exposing ourselves to real skeptics? we need to be careful. Going in with "degrowth" is leading to conflict; nobody wants to live in an unequal world – there are similarities we can build on!
- Don't redefine but have other values overarching economic growth
- To have a debate (which we need) it's necessary to discuss things openly – avoiding conflicts is not a solution, hasn't brought us far yet
- Of real importance is not growth/degrowth but redistribution of wealth, access to resources – a question of power – we haven't discussed this today; raw materials strategy – economic power of the EU – I don't see compassion for people living in poverty/injustice
- Who defines our values? The car industry? The pope?
- Before you start with power you start with ideas – Brundtland vs. Rawls (increasing income justified if just poor don't become poorer) – the intellectual community mainly decides that
- Power is crucial, selfishness of people; how on earth do we shift motivations of people?
- Values are always a common effort, teach people to take a second look – creating this basis is not happening, food security/access we haven't touched, social supermarket example in Austria seems brilliant in environmental and social terms but if you take a second look it's about segregating society
- A thank you to Victor for his critique. Quality of life on one hand and on the other a drastic reduce of resource use and allow the third world to grow, of course this has to do with the economy but it's not about economic growth, I don't care about degrowth
- In some respects inequality today is not that bad if we look in history, humanity hasn't succeeded in dealing with poverty/inequality – the real problem is about natural resources
- There is evidence of equal and unequal societies – so it's not that we don't have an idea what to do better
- We don't need to redefine so Q2 is unnecessary, Q3: responsible leadership should not focus too much on what people want but informs people about the serious problems today – not wait for consensus
- Leadership works for votes but people won't vote the policy-makers we'd like to see

Concluding remarks

Friedrich Hinterberger (SERI) on

- Profitability: SERI example of work share, ownership; it's striking what Gerhard Huemer said this morning about wants of SME's

- Democracy: big vs. small business, rich vs. poor – impose thinking on the rest of the world, danger if society realizes that and we don't have an alternative – populist views; maybe values are much closer to what we want here
- Culture: “You don't always get what you want but if you try hard you maybe get what you need.”

Tim Jackson (SDC): what people want is social belonging; Often a picture of “we have no alternative” is drawn – this is a strong picture and probably an inaccurate one; to my opinion it is completely wrong; Peter Victor's book “Managing Without Growth” (see: <http://www.pvictor.com>) is unconventional but shows it can work, that we are not locked in, there are choices; it's a false vision of a particular model for growth prospects; We have the freedom to flourishing up – that's a vision!