

## Why Aren't We Using Low Growth as an Opportunity?

[Published on 12. September 2016](#) by [James Bartholomeusz](#)

Earlier this month, leaders of the world's biggest economies met in Hangzhou, China, for the annual G20 summit. The main item on the agenda was a predictable one: how, given the prolonged slump, can countries work together to restore the growth levels of the global economy. In June, [the World Bank revised its annual forecast for 2016 down to 2.4%](#), with the recent slowdown in China and other developing economies a major cause. From the EU perspective the concern is that, at a time when European growth might have been picking up again after several years dipping in and out of recession, a slowdown elsewhere in the world has the potential to scupper the recovery.

This is all very gloomy, but one crucial component of this narrative is missing. We need to keep reminding ourselves that, from an environmental perspective, an economic downturn is great news. The low or negative growth percentages that so obsess us are indicators of real material change: around the world, it means fewer fossil fuels burning, fewer factories running, fewer vehicles being driven. The knock-on effects of these are naturally 'sticky' - output may remain consistent temporarily if firms think it is worth holding out through a loss-making period - but, with sufficiently lower demand from the economy over time, they will have no choice but to wind down their pollutant operations.

This, of course, runs entirely counter to prevailing economic logic. The differences between the neoclassical, Keynesian and Marxian schools look comparatively small once we consider that all view growth as the panacea of human society, and that the real points of contention are over the most effective way to achieve it and how best to distribute it once it is there. Whether the result of free markets or state intervention, growth leads to greater material well-being and higher living standards for the majority. Despite the wide range of ideological and geopolitical perspectives across the G20, all parties are agreed on one thing: growth is good, and the foremost goal is to break the present cycle of uncertainty and kick-start the global economy.

By comparison with its rival approaches, green economics is heretical. It is the only school of thought with the temerity to suggest there might be more to policymaking than decisions about achieving and sharing the fruits of economic prosperity. Its starting-point is scepticism of a bundle of ideas that have been uncritically accepted by generations of mainstream economists - that infinite growth is possible on a finite planet, that all humans can achieve the standard of living reached by late-20th Century Westerners, that technological innovation will eventually overcome any natural constraints on human development. The overriding aim of green economics is not growth, it is equilibrium: finding a state of development in which humans can coexist with the Earth without fatally threatening the planetary ecosystem upon which we survive.

There is no room for such thinking in the framework of mainstream economics, a framework which still utterly dominates the G20 and all other high-level policymaking fora. Vague aspirations to 'sustainable development', the idea that we can continue down our current path whilst factoring in some environmental considerations, are utterly insufficient. Of course, the pressing need to avoid ecological crisis must be reconciled with tackling extreme levels of global inequality (especially given the immense hypocrisy of Western governments, whose present level of development was built on the twin pillars of industrial revolution and imperialism). Nevertheless, the signs could not be clearer: our current path to development

long since passed the point of sustainability, and further growth along current lines will only compound the problem.

If we were seriously concerned about the health of the planet – and therefore the health of our species – we would be treating the greatest economic slowdown since the 1930s as a fortuitous gift. Scientific opinion differs on precisely how long we have until the event-horizon of irreversible human-induced climate change, but in any case a stall in our present system may be the last opportunity we have to overhaul before it is too late. The financial crisis of 2007-8 should have heralded a series of radical multilateral initiatives, dedicated to decarbonisation, major investment in renewable energy and forging a plan for global food security consistent with ecological restoration. As it happened, the urgency of environmental issues was all but forgotten in the rush to stabilise the banking sector and deal with the resultant debt bubble. We had to wait eight years until the COP21 agreement last December, which may already have come too late to reverse the damage.

The phrase ‘never waste a crisis’ has been attributed to many sources, Winston Churchill and Mao Zedong amongst them. Several years ago, we had an opportunity to use the global economic crisis to forge a new relationship between ourselves and the planet. We must hope that this opportunity has not yet passed us by – although considering the tone of the debate from Hangzhou, we are still very far from seizing it.