The Growth Imperative

Arguments

• Ecological Economists
  – On a finite planet infinite economic growth is impossible.

• Marxists
  – Capitalism is a system that must continually expand. No-growth capitalism is an oxymoron.
Caveats

• The growth of what ecological economists call *throughput* is limited.
• Throughput is not gross domestic product (GDP)
• Then the more appropriate question is:
  – Is there something about our economic system that keeps us on a trajectory to produce the kinds of goods and services that will continue to increase throughput?

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• The driver behind the exponential growth in economic output.
• Should productivity be blamed?
  – What we do with increases in our productivity?
    • Consume more rather than increasing leisure.
  – How we expand our economic needs into desires whose satisfaction does little or nothing to do increase our economic well-being?
    • Engage in competitive consumption: Compete for increasing relative consumption so as to acquire social recognition or status.

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• The desire for further growth in output should diminish once the material standard of living reaches high levels. Apparently, the absolute material standard of living is less important than relative material standard of living.

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• Should productivity be blamed?
  – Perhaps the increase in productivity is captured mostly by people at the very top of the economic pyramid, leaving those at the bottom no choice but keep demanding for even more growth.
  • Calls for intra-generational economic justice.

• Growth rates lead to greater income inequality and the need for investment in redistribution and social infrastructure.
Current economy craves economic growth because growth is capable of securing high employment.

Biases Against Collective Consumption

Note that not all consumption are equal. Generally, individual consumption is more environmentally damaging than collective consumption.

- We engage in too much individual consumption and too little collective consumption.
- The free-rider problem in provision of public goods in market economies.
Population Growth

Material standard of living → Population → Consumption → Output → Desire for more growth → Desire for long term financial security → Population → Material standard of living

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