



Moral and ecological truths are challenging economic doctrines

April 11, 2014 5:00AM ET

by [Gar Alperovitz](#)

One economic fact is held to be self-evident: that the future well-being of the United States requires economic growth — preferably, as much of it as we can muster. Despite wildly divergent policy recommendations, this basic assumption is made clear and explicit by everyone from the fiscally conservative Club for Growth to the left-leaning Center for American Progress. In the boardroom of the Federal Reserve, at the negotiating table for the Trans-Pacific Partnership and on the shale fields of North Dakota, our national economic policy is built on the unshakable conviction that the only way to grow the middle class is to grow the economy — by any means necessary.

Aside from the fact that the top 1 percent has taken most of the gains of growth, leaving the rest of society in virtual stalemate for three decades, there is a profound problem with this solution. Indeed, it's time to face an ecological truth that makes the traditional assumption increasingly untenable, as unpopular and difficult as this conclusion might be: Growth isn't always possible. Nor is it necessarily desirable.

Growth is good?

For the generation that came of age in the post-WWII period, the "growth is good" assumption made perfect sense. And why wouldn't it? The period between 1946 and 1973 saw the emergence of an "American dream" that was characterized by a robust middle class and accompanied by an annual increase in real GDP that averaged close to 4 percent. But as growth

began to slow in the 1970s, our national economic politics began to split in two, with the vestiges of the Keynesian liberal consensus, which favored government involvement in the economy, clashing more and more frequently with a nascent neoliberalism that supported free-market policies. The systemic problem posed by long-term stagnation has been masked by the spectacle of Washington politics, where everything seems to come down to conservatives animated by laissez-faire fantasies and the rearguard liberal defenders of a crumbling social safety net fighting each other to a perpetually dramatic stalemate.

Even if this particular ideological logjam were to suddenly and unexpectedly clear, the case for unrestricted growth is not convincing for other reasons — in particular, environmental ones, as the new [report](#) from the U.N.'s Intergovernmental Panel on Climate Change makes clear. The heat waves, droughts, floods and other harbingers of a changing climate catalogued in the report continue to multiply, and governments are now forced to get serious about adaptations to the world our carbon-fueled economy has produced. Yet so far a serious conversation about reducing emissions remains politically impossible. Despite the head-in-the-sand antics of “skeptics,” climate change is real, and economic growth, even at today's historically depressed levels, is a major factor.

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Other studies suggest we are approaching real limits to the availability of numerous basic resources necessary to economic advancement. No technological quick fix is going to change the fact that our finite planet has definite limits. And the more we grow, the more we begin to trip over them, in an increasingly chaotic and interconnected fashion. The energy business and its deleterious impact on the environment are only the most obvious of many examples: The trajectory of the hydrocarbon industry toward costly and carbon-intensive tar-sand extraction and extreme deep-water drilling now makes “sense” from the perspective of a market that has exploited most easily available energy deposits and ignores the consequences of its actions with impunity. Meanwhile, hydraulic fracturing, or fracking, is pouring more carbon into the air while depleting dwindling aquifers and destroying the very rock formations that some had hoped might be available to sequester excess carbon. The planet cannot sustain this type of growth, but the economy, we are told, commands it.

This is a problem. Our national political debate is so constrained that accelerated growth is presumed to be the necessary precondition for broad prosperity. We're told the only way to help the 1 in 6 Americans living in poverty is to keep enlarging the pie until everyone has a big enough slice. But is this worth it if we lose Miami in the process? A rising tide used to lift all boats, but now it just drowns our cities. A genuine alternative instead of attempting to press beyond the limits we face would distribute the fruits of our technological and economic prowess away from those at the top and toward the vast majority.

Turbocharged

Moreover, it's unclear — even if we decided the benefits of turbocharged growth outweighed the very real ecological risks — that it would be possible. As Thomas Piketty's [new book](#) "Capital in the Twenty-First Century" amply demonstrates, the era of 4 or 5 percent growth in the developed countries was a historical exception, and we're likely to be heading back to an era characterized by slower growth and steadily increasing income inequality. In other words, we need to rethink our political strategies for an economic situation likely to be dominated by stagnation and decay.

Traditional economic policies, both left and right, assumed that growth could drive robust progress toward a more equal society. Take the so-called Treaty of Detroit. The labor movement's historic post-WWII compromise with capital traded the productivity of a disciplined workforce for the promise of the steady growth of a blue-collar middle class. A look at today's Detroit, of course, shows to what extent that treaty has been definitively broken. The promise of stable, high-wage manufacturing jobs has given way to a city where unemployment is over 18 percent and 4 in 10 people live below the poverty line. Meanwhile, the new automobile manufacturing jobs being created are precarious, low-wage positions, not pathways to middle-class economic security. Consequently, what meager growth there is no longer brings with it a guarantee of broad prosperity.

Aggressive growth is impossible ecologically and implausible economically. We need economic strategies at the local, state and national levels that prioritize community benefit over corporate gain, and which presume a need for local resiliency instead of depending on uncontrolled growth. We also need to develop new strategies to democratize wealth in the face of extreme inequality. Like the programs developed in "the state and local laboratories of democracy" that led to the New Deal, numerous experiments percolating across the country in the "new economy" — building cooperative and community-owned businesses, developing locally focused supply chains at a municipal and regional level, building new forms for public ownership of essential services like banking and power generation — may just point the way. The end of growth poses a long-term systemic challenge, and such explorations suggest that a new direction may be quietly being explored in the midst of economic and ecological degradation. It is a direction that is likely to accelerate as economic and social pain of the decaying economic system continues to force Americans to explore solutions that take us beyond the tired nostrums of the past.

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