

Planned Degrowth

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Platform for an Economy based on **Sustainability** and **Solidarity**
Platform **Duurzame** en **Solidaire** Economie

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Is degrowth already happening?

Big difference between:

1) Choosing degrowth

- Invent a new society
- Make the world a better place
- Replace current financial and monetary systems.
- Degrowth can only be considered in a degrowth society (another logic)

2) Undergoing degrowth

- Politicians panic. Business struggle. People lose jobs and homes.
- Crisis, starvation, riots, conflicts, increasing gap between rich and poor.
- A growth society without growth is terrible

Barbarism or degrowth?

What should planned degrowth address?

1) Change the way how we measure growth

- Economy is more than financial (Lou Keune)

2) Change the logic behind economic growth

- The results of the politics of economic growth are bad. The logic is wrong.
- “Global economic growth is an extremely inefficient way of achieving poverty reduction and is becoming even less effective.” (source: NEF, 2006b)
- Cultural change/ change in human behaviour.

3) Sustainability of growth

- Economic growth = growth in the use of natural resources.
- No factual support that a greater wealth leads to less pollution.
- Dilemma of growth: 'Growth is unsustainable' <> 'Degrowth is unstable'
- Monitor complete economy. Holistic view.

Money creation

Money = debt

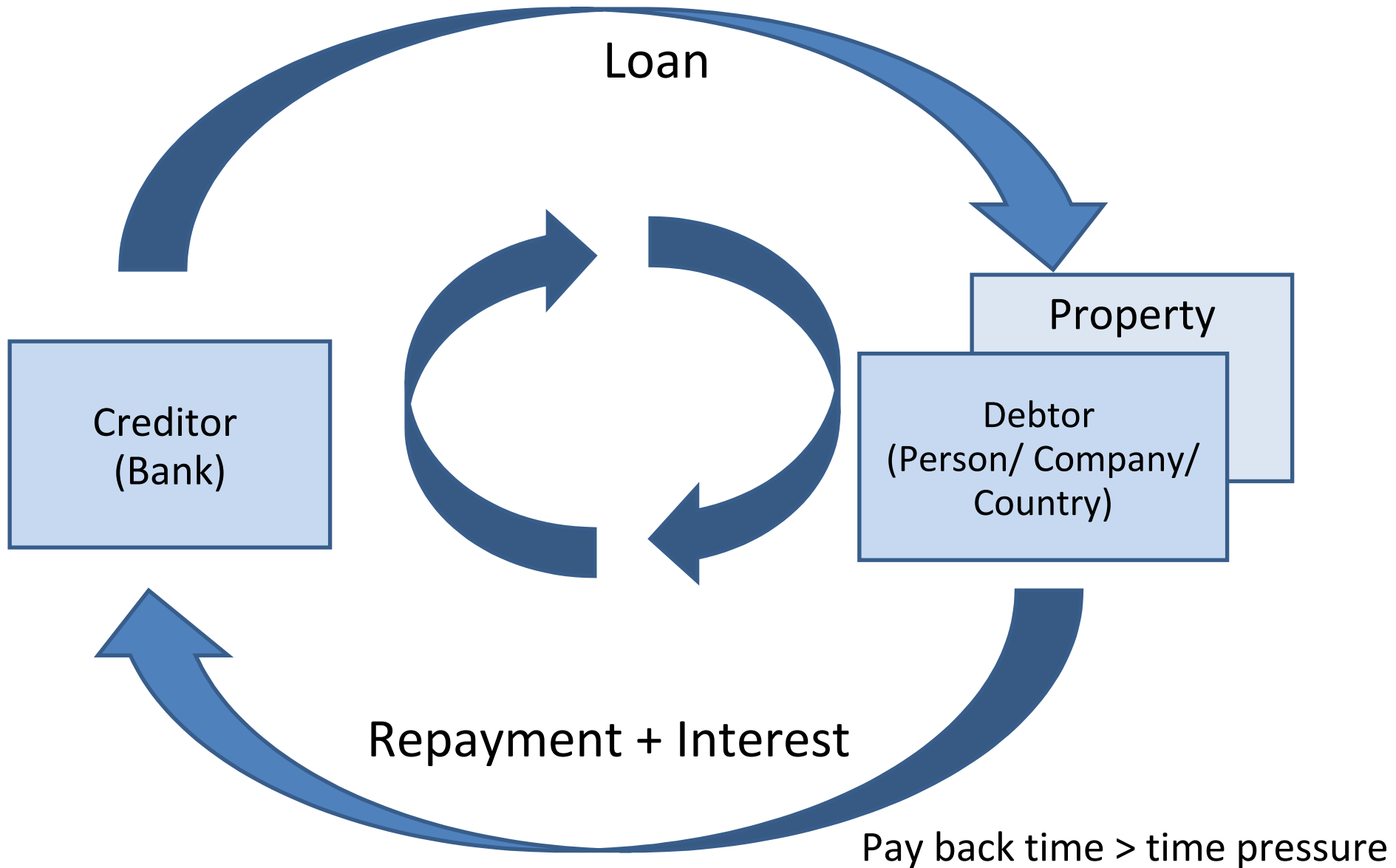
By commercial banks

On the basis of trust that the borrower repays

“By far the largest role in creating broad money is played by the banking sector... When banks make loans they create additional deposits for those that have borrowed.”

Bank of England 2007

Money creation



More money, more debt

National debt G20 advanced economies:

In 2007: 78% of GDP

In 2009: 97% of GDP

In 2015: 115% of GDP

(Source: IMF 2010)



By 1990 the total debt of consumers, businesses, government and the financial sector in western economies was between 120% and 200% of GDP. In 2010, total debt has grown to between 240% and 450% of GDP.

(Source: McKinsey Global Institute 2010)

Problem current system

Loan = Principal + Interest

Banks create principal, not interest.

There is never enough money to pay back all principals and all interest.

In case of degrowth and no system change > constant crisis

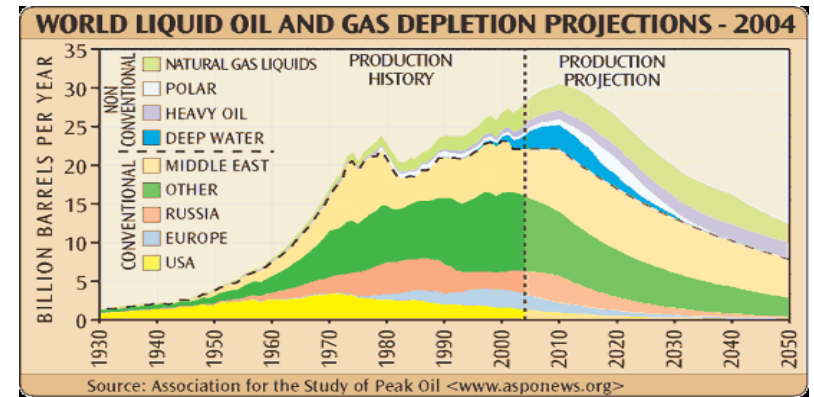
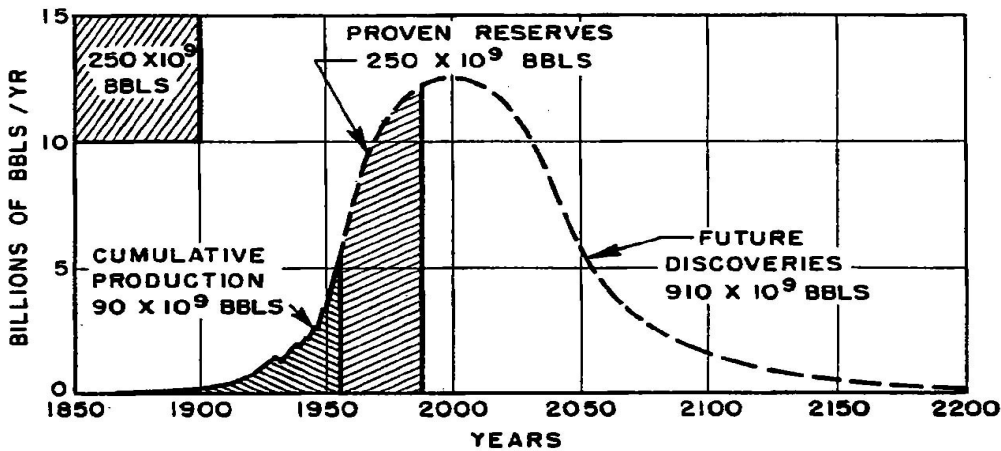
Matter-energy and monetary culture

“The world's present industrial civilization is handicapped by the coexistence of two universal, overlapping, and incompatible intellectual systems: the accumulated knowledge of the last four centuries of the properties and interrelationships of matter and energy; and the associated monetary culture which has evolved from folkways of prehistoric origin.”

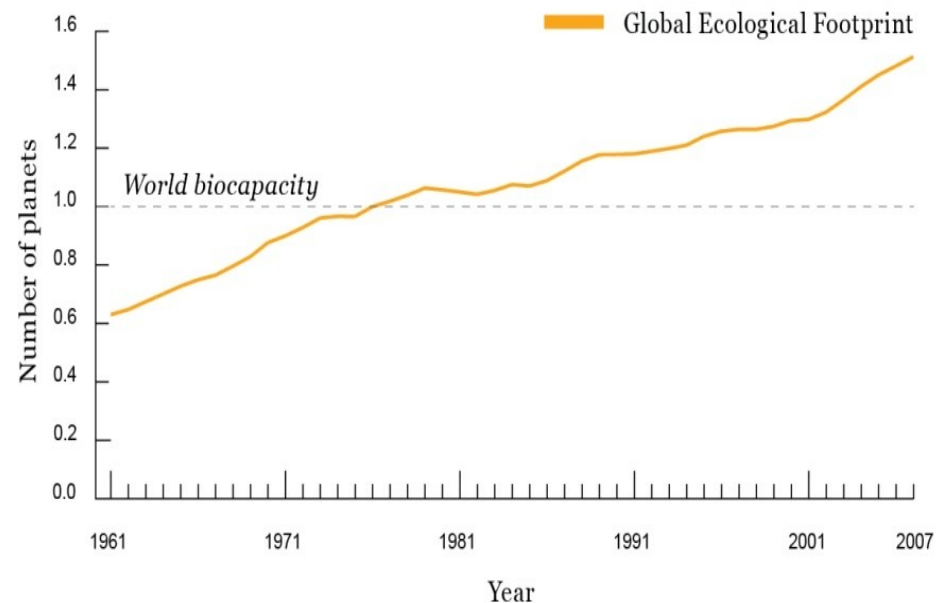
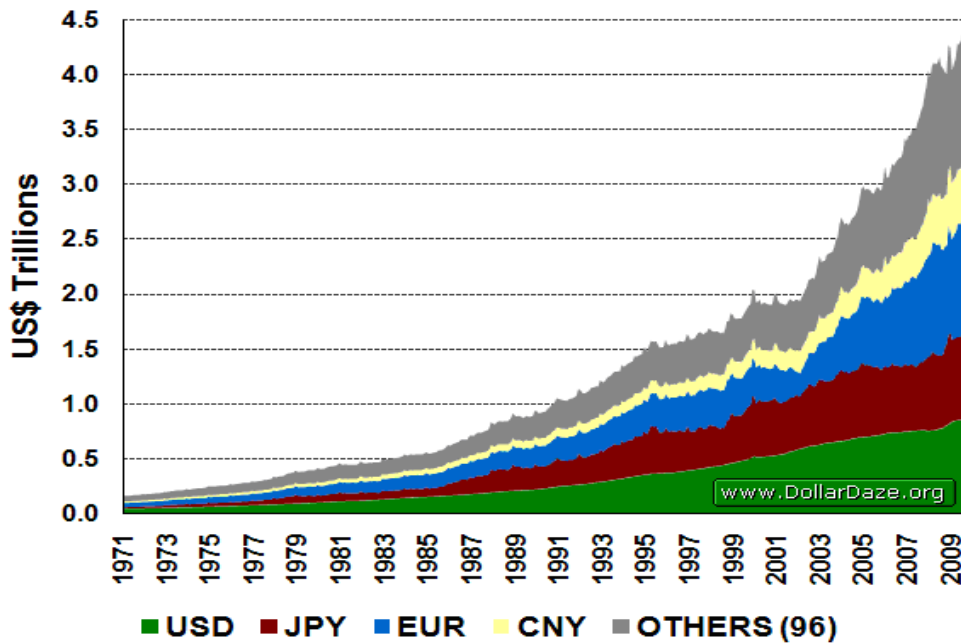
Hubbert, 1988



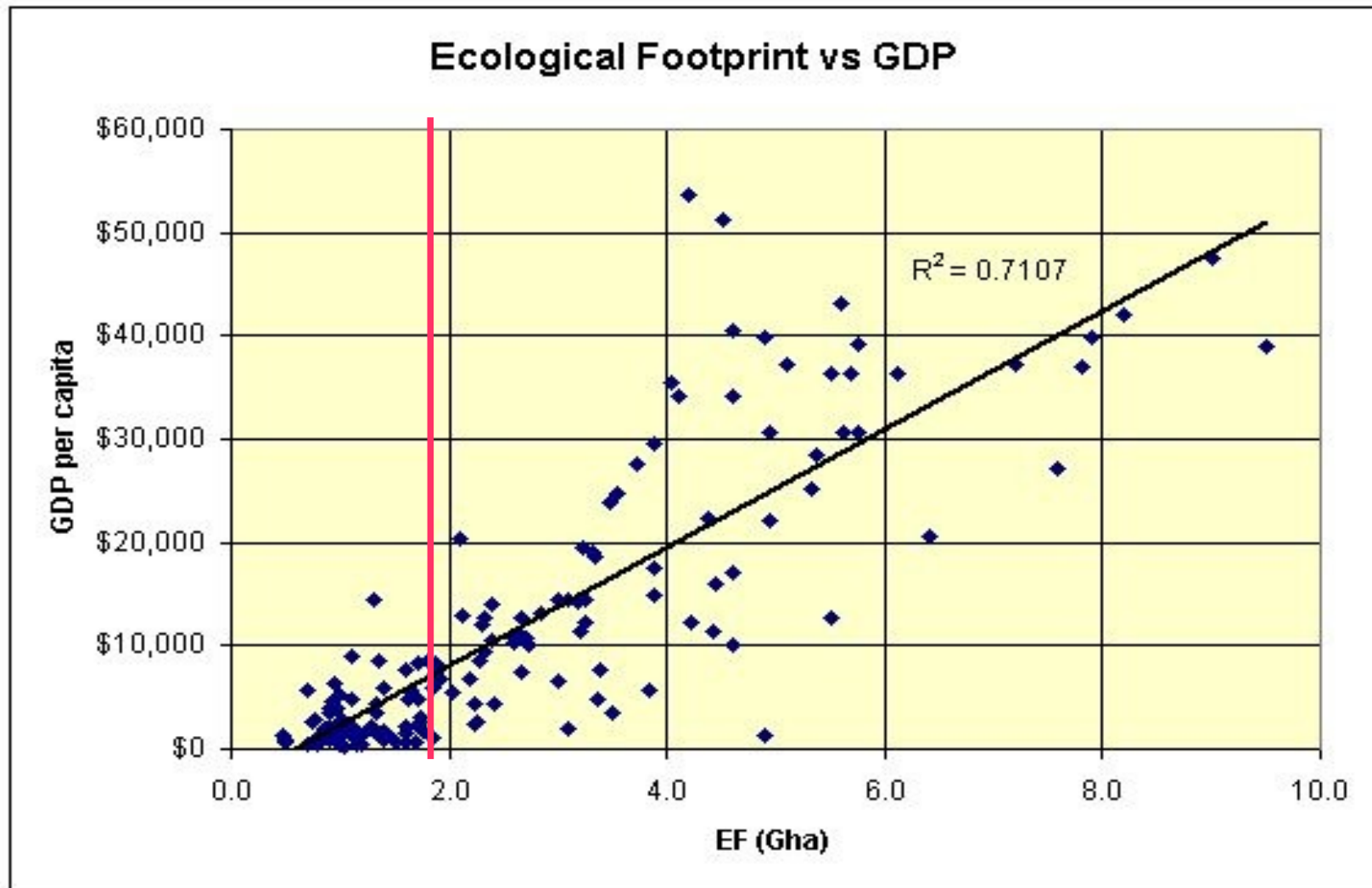
Matter-energy and monetary culture



Estimated Global Currency in Circulation (Jan 1971 - Sep 2009)



Ecological Footprint – GDP



Three types of countries

- 1) Struggling countries (developing)
- 2) Sustainable countries (f.e. Colombia, Cuba, Costa Rica and Sri Lanka)
- 3) Overconsuming countries (developed)

Four global classes

- 1) Struggling class
- 2) Sustainable class
- 3) Over-consuming class
- 4) Super over-consuming class

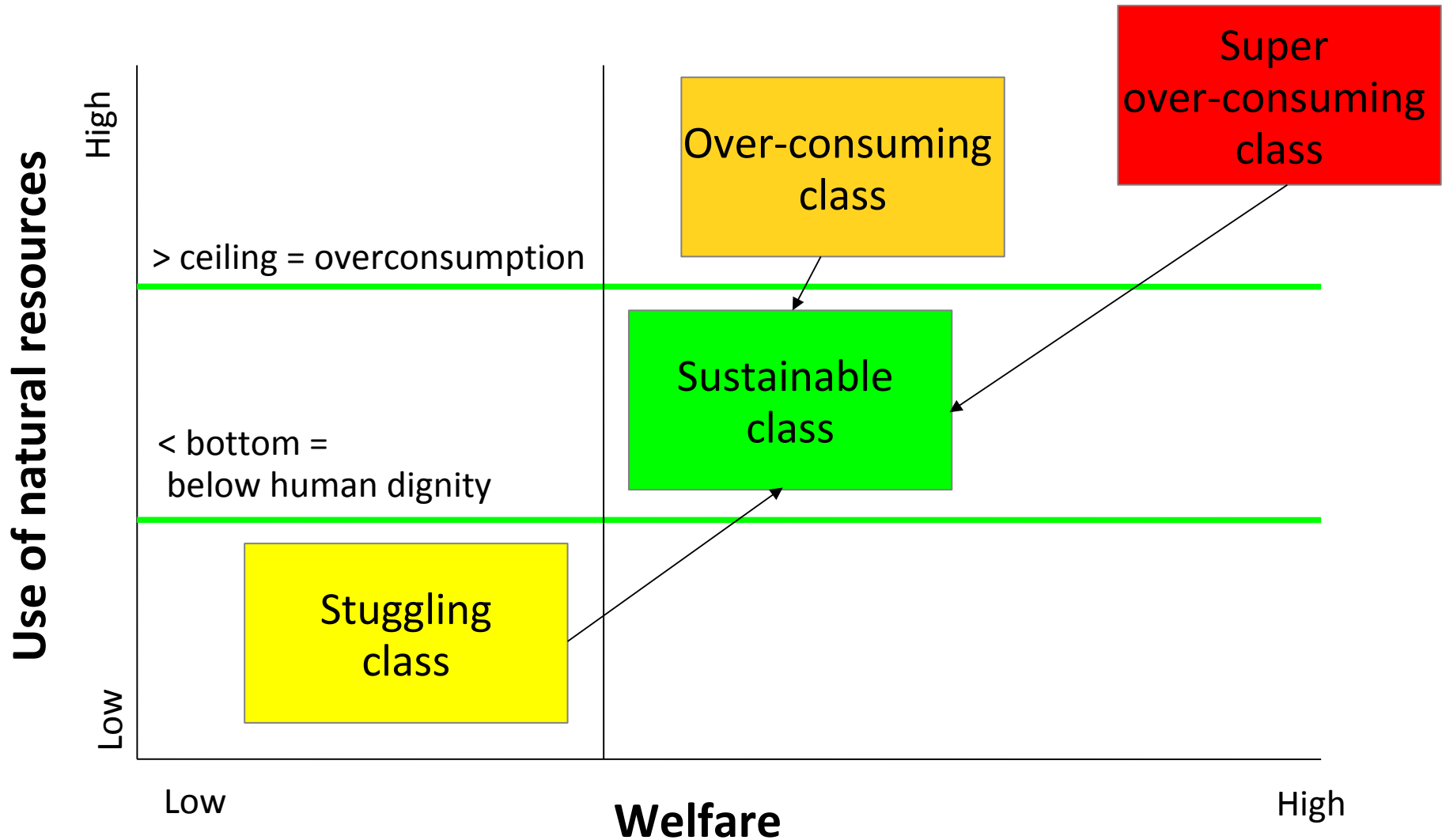
On global scale nearly an equal number of over-consumers are located in the developed (912 million) and developing (816 million) groups of countries.

(Source: Sustainable Futures, Ulvila&Pasanen, 2009)

Four global classes

	Sustainability principle MET	Sustainability principle NOT MET
Human dignity principle MET	Sustainable class	Over-consuming class
Human dignity principle NOT MET	Struggling class	Super over-consuming class

Strategy per class



Four strategies

	Over-consuming countries	Sustainable countries	Struggling countries
Super over-consuming class	Degrowth ²	Degrowth ²	Degrowth ²
Over-consuming class	Degrowth	Degrowth	Degrowth
Sustainable class	Stable	Stable	Stable
Struggling class	Growth	Growth	Growth

The Great Transition

Goal: Economy based on Sustainability and Solidarity

6 Basic Principles:

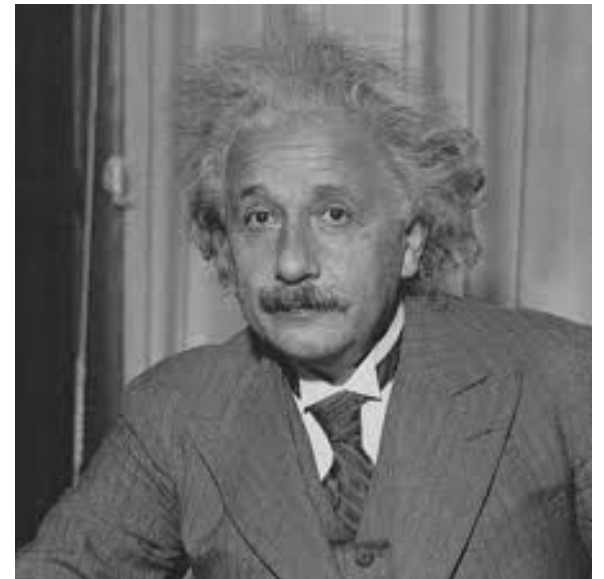
- Human values and nature values primary (Not financial values)
- Principle of sustainability (Sustainable Development)
- Principle of solidarity (Ubuntu)
- Principle of “enough” (Fair Earth Share)
- Objective scarcity (Limited resources)
- Prosperity ≠ material wealth

A change in thinking is needed

“The definition of insanity is doing the same thing over and over again and expecting different results.”

“We can't solve problems by using the same kind of thinking we used when we created them.”

Einstein (1879 – 1955)



Will they change?



The Great Transition

Current Era

Linear processes

Money as a goal/ Money making

Overshoot

Unfair distribution

Fossil fuels

Focus on economic growth

Insecurity, uncertainty & crises

Increase in scale

Globalisation

Passive civil participation

Money efficiency

36 hours working week (average)

Own interest

60 hours working week and unemployment

Social Ecological Era

Circular / cyclical processes (C2C)

Money as a medium of exchange/ No Money

Maximum use

Fair share

Renewable energy

Focus on quality/ well-being

Socioeconomic security & safety

Optimal scale

Regionalization

Active civil participation

Ecological efficiency

21 hours working week

Solidarity

Sharing work

Planned degrowth options

Last person first economics.

Establishing the limits, fixing the economic model and changing the social logic.

New systems to rationally divide limited natural resources.

New direction: work less, share work, less stress, less burnouts, lower footprint, less inequality, more time for leisure, social relations, sport, education, culture, etc.

We have to deal with an ideology. F.e. 'working hard is good', 'making money is good', 'competition is good' and 'the market is fair'.

Develop alternatives

Experiment with new financial / money systems:

Complementary valutas, Interest free money, Money creation without debt, Societies without money, Earth dividend, Link ecology and economy

Experiment with new forms of democracy: Direct democracy, Participatory democracy, Deliberative democracy, Grassroots democracy, Inclusive democracy, Comprehensive democracy, Radical democracy, Horizontal democracy, Earth democracy,

Planned degrowth for politicians

- 1) Replace growth imperative with the 6 basic principles of a Economy based on Sustainability and Solidarity.
 - Revalue
 - Rebalance
- 2) Develop degrowth², degrowth, stable and growth policies.
 - Redistribute
 - Reduce inequality
 - Reskill
- 3) Stimulate the search for another economic system.
 - Regionalize.
 - Relocate.
 - Reform financial and tax system. Democratize the creation of money and the qualitative allocation.

Thank you for your attention.

Questions?

Platform for an Economy based on **Sustainability** and
Solidarity

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