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ADVENTURES IN ECONOMICS

When More is Less

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Germany has flirted with an idea out of economics' left field: Growth is not the best measure of national success.

It's been almost a decade since British ecological economist Tim Jackson wrote the first version of his bestseller, "Prosperity without Growth: Economics for a Finite Planet." Quickly translated into German, it was considered a milestone on the road less traveled by Europe's mainstream economists. The road was paved with the publication of another seminal text, "The Limits to Growth," published by the Club of Rome in 1972.

The latter was based on a computer simulation that showed that the earth "probably cannot support present rates of economic and population growth much beyond the year 2100." The former was published in 2009, and made a big impact in Germany, coming out just as the country - and indeed, the continent - was having a bit of a post-growth moment.

The first edition of "Prosperity Without Growth" was bought by Germany's Federal Agency for Civic Education to be used as a teaching text. And in 2011, the German government established a commission of inquiry into the matter. Named "Growth, Prosperity and Quality of Life - Towards Sustainable Economies and Social Progress in the Market Economy," it is something Mr. Jackson is particularly enthusiastic about: "Just the fact that there was a commission at all was extraordinary at the time, it gave a real sense of momentum to the debate."

In 2013 Germany's finance minister, Wolfgang Schäuble, went so far as to suggest that Western countries should "espouse limiting economic growth" at home.

So this week, Mr. Jackson was in Berlin to present a new and revised version of his book. But eight years is a long time in a globalized world. Is Germany still as welcoming to post-growth advocates? Has the country come further along that once-radical path?

The idea of a post-growth society remains far from the consensus in Germany, concedes Andre Reichel, a professor in sustainability management at the Karlshochschule University in Baden-Württemberg. "But it's no longer an exotic topic either," he says. "There is a lot more agreement than there was eight or nine years ago, that we need to consider other factors besides growth, such as the environment and well-being."

"Prosperity without Growth" resulted from Mr. Jackson's stint as economics commissioner on the UK government's Sustainable Development Commission between 2004 and 2011. On a superficial level, it's all about reassessing what we value. Think craftsmanship, community, less consumerism, fewer hours at work. But, on a deeper level, we're talking a paradigm shift - a change that could encompass everything from smaller populations, a redistribution of wealth, non-monetary transactions, and the reorganization of communities and consumer culture.

Mr. Jackson himself believes the change in attitude toward the post-growth movement is partially circumstantial. "Since the book was first published at the height of the financial crisis, what we have seen in Europe has been absolutely staggering," he argues. "There had been this sense that market liberalization and the process of globalization would bring benefits to all. But it was just that the privatization of benefits and socialization of costs - that have become a defining feature of the capitalist model - had been invisible up until the 2008 crisis. That's why in the last two or three years there's been a whole new discussion about an economy that actually works - and that has been taken up right across the political spectrum."

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Many public figures - from Germany's Chancellor Angela Merkel and Nobel Prize-winning economist Joseph Stiglitz to IMF head Christine Lagarde and World Bank economist Herman Daly - have since joined that discussion.

Another factor has also had an impact: Since the financial crisis, developed economies are no longer growing as much as once expected.

Post-growth ideas never really caught on in the US the way they did in Europe. But in a controversial 2013 speech at an International Monetary Fund conference, US economist Larry Summers, a former top official in the both the Obama and Clinton administrations, put forward his ideas on the subject. He described the general slowdown of the global economy since around 2001 as "secular stagnation," a condition featuring insufficient demand, low interest rates, and low inflation.

Over the past few years, Germany's own average growth rate has consistently been lower than much of the rest of Europe's. Perhaps this is why, as Mr. Reichel says, German businesses are far more interested in the topic than politicians: They understand things have changed. "As a business owner, you need to understand the risk posed by lower growth and to be prepared it," Mr. Reichel explains. "In general, all companies will have to deal with an economic environment that combines low overall economic growth with pressures to become more CO2- and energy-efficient."

Not everyone is quite as optimistic. While the conversation in Germany may have moved on, politics have gone in the other direction, says Uwe Schneidewind, head of the Wuppertal Institute, a sustainability research organization in North Rhine-Westphalia.

Germany may have been at the forefront of the discussion around 2010 but in terms of politics, the country is now lagging behind. Most of the real action today comes from a kind of DIY sub-sector within Germany's post-growth scene, featuring the likes of well-known economist and growth critic, Niko Paech. He and others say Germans should forget about the government's interest returning and just get on with it themselves - especially in "transition towns," or with the "maker movement" and "repair cafes."

Nobody dares say anything against growth, it is just too politically dangerous, Mr. Schneidewind says. According to him, the German government's focus on post-growth ended

Growth Around the World

Forecast changes in GDP 2016 – 2017, in percent

Libya	+13.7 %
Yemen	+12.6 %
India	+7.6 %
China	+6.2 %
Latvia	+3.4 %
Malta	+3.4 %
Slovakia	+3.3 %
Ireland	+3.2 %
Luxembourg	+3.1 %
Lithuania	+3.0 %
Greece	+2.8 %
Australia	+2.7 %
Estonia	+2.5 %
Mexico	+2.3 %
United States	+2.2 %
Cyprus	+2.2 %
Spain	+2.2 %
Canada	+1.9 %
Slovenia	+1.8 %
Netherlands	+1.6 %
Germany	+1.4 %
Belgium	+1.4 %
France	+1.3 %
Austria	+1.2 %
Russia	+1.1 %
Finland	+1.1 %
Portugal	+1.1 %
Italy	+0.9 %
Japan	+0.6 %
Brazil	+0.5 %
Venezuela	-4.5 %

HANDELSBLATT Source: IMF

in 2013, with the dissolution of the aforementioned cross-party special commission. The 1,000-page final report was meant to come up with "alternative indicators of prosperity to complement gross domestic product," but it never came to any palatable consensus.

In an election year it is hard to imagine Ms. Merkel or Mr. Schäuble not describing growth as anything but good. Anyone proposing to limit growth is up against economic orthodoxy - and it will take a major cultural shift to change that, as Mr. Jackson readily admits.

"The more I observed the political responses, the more it became clear to me that it was irrational," he concludes. "People have what amounts to religious affiliations to growth. You must pay homage to it, in your planning, your political statements and in your ideology."

Which means that despite all the talk and the fanfare with which the second edition of Mr. Jackson's once landmark book was greeted in Berlin this week, it's clear that the Germans have not lost their religion quite yet.

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