

# For the Love of Growth

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*Degrowth is a destructive slogan. To overcome the major problems European societies face today, we need more economic growth, not less.*

An opinion piece published last week in The Guardian by Olivier De Schutter, Joseph Stiglitz, Jayati Gosh, Thomas Piketty, Kate Raworth, and Jason Hickel argued that **growth is a doomed strategy** and that there is a better way. The authors propose a roadmap with public policy proposals on how to **end poverty and inequality without focusing on growth**. This report is supported, at the time of writing, by 900 signatories, including several public intellectuals. The authors of this opinion piece begin by arguing that roughly one-tenth of the world's population still lives in extreme destitution. They seem to forget that 25 years ago, more than 30% of the population lived in extreme poverty—something that could rightly be called an **economic growth miracle**.

One preliminary remark before diving into the substance of the degrowth narrative: The aforementioned authors open their piece with the sentence, "we economists have done the math: '**growth**' is a **doomed strategy**." To put it bluntly: **this claim is utter nonsense**. Of course, mathematics can be most helpful for economic analysis. It brings rigor and discipline to arguments, but its limitations should also be recognized. All mathematical models are built on assumptions. Opinions on assumptions can and do vary. Different assumptions lead to different conclusions. Even more so, mathematical models can never fully grasp the next breakthroughs in technological innovation—neither their timing and frequency nor their destination. In our ever more complex world, **the limitations of mathematical models should be recognized more than ever**. Hence our claim that the opinion that because we did the math "we know" what comes next is basically nonsense.

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## Why Economic Growth?

The degrowth edifice is built on two pillars: **economic growth destroys the planet** and it leads to **ever-rising inequality**. One of us (JVO) dealt with both these degrowth claims in his book, *The Icarus Curse* (2024). First, the **exhaustion pillar**.

All the doomsday adherents walk in the footsteps of Thomas Malthus (1766-1834), the British economist, demographer, and cleric who predicted at the end of the 18th century that all hope for human betterment was in vain. The reason for Malthus's outspoken pessimism was quite simple. Human reproduction tends to follow a geometric series like 1, 2, 4, 8, 16, ... whereas food production tends to evolve along a more arithmetic series like 1, 2, 3, 4, 5, ... Hence, an increase in the number of human beings is forever stopped by limitations in the food supply. Humanity is caught, as the saying goes, in the "**Malthusian trap**." Thomas Malthus gave a superb description of how humanity had evolved, but only up to his own lifetime. Then things changed dramatically.

The driver of that **dramatic change** was the **dawn of the industrial era**, first in England and then in the rest of the Western world. Propelled by **major institutional reforms**, **knowledge** and **human ingenuity exploded**, giving us steam power, trains, steamships, fertilizers, and, in a later phase, electricity, the internal combustion engine, indoor plumbing, computers, bio-engineering, digitalization, AI, and many more welfare-improving innovations. This progress came, initially, to a substantial degree at the **expense of the planet**. It led to **massive resource depletion**, all kinds of pollution, species extinction, bloody colonization, slavery, and child labor. Over time, **corrections occurred**. Extensive social legislation, decolonization, the ban on pesticides, the curing of the hole in the ozone layer, and much more environmental legislation and regulation

are examples of such corrections. This process of correction was far from smooth and often incomplete, but it did nevertheless occur.

The **historic betterment in the human condition** over the last two centuries was made possible by **human creativity** within the context of a **competition-driven free market economy**, where **prices serve as determining signals for investments and innovation efforts**, and where governments foster an incentivizing regulatory and tax environment. If the price of a product, say crude oil, goes up, basically two things happen. First, users of oil products will be motivated to reduce consumption, and second, efforts to develop new sources (e.g., new oil wells or better exploitation techniques) or alternatives to oil (e.g., gas, nuclear, or renewables) will intensify.

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A large part of humanity's most impressive advancements in the last two centuries can be attributed to that **innovative process driven by relative prices, scarcity, and the hunt for profit**. Has it led to a perfect world? No, far from it. Inequality, poverty, and ecological issues remain pressing problems. But **wealth, health, education, and freedom have increased beyond what anyone on Earth thought possible** at, say, the end of the 19th century. That conclusion is all too often conveniently ignored today.

One cannot blame Thomas Malthus for not foreseeing such an earth-shattering change in human and economic organization. Certainly, the degrowth adherents of the 2020s should really know better. Why? Because, to put it bluntly, the **exhaustion of natural resources has recently even gone in reverse** in major parts of the world. There is now undeniably a **dematerialization taking place in the Western world**. This means that the **use of energy resources and raw materials has recently not only decoupled from the trajectory of economic growth but has even gone into reverse**. We use quantitatively fewer energy resources and raw materials while our economies continue

to grow. Andrew McAfee, co-founder and co-director of the MIT Initiative on the Digital Economy, has documented this dematerialization process extensively for the United States. McAfee concluded that "**America is post-peak in its exploitation of the earth**" and aptly titled his book *More From Less*.

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The **innovative resilience of market economies** has been a steadfast characteristic of Western democracies for the past two centuries. **Human ingenuity**, or what Abraham Lincoln famously described as "**the fire of genius**," if given free rein, is an unending stream of discovery and innovation. The **innovative resilience of the Western growth model** has repeatedly confounded die-hard doomsayers. The exhaustion of energy resources and raw materials is nowhere on the horizon. We use less, develop new alternatives, and become increasingly adept at recycling. We are not exhausting the planet; on the contrary, we continue to grow. The **dematerialization process** results from relentless technological progress, which, in turn, stems from the burning "**fire of genius**" within humankind—a fire that a competition-driven market economy continuously fuels.

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Eliminating fossil fuels to reduce CO<sub>2</sub> emissions and manage climate change is the next challenge confronting the **powerful innovation machine of market economies**. Those who reject the possibility that **innovation**, however unpredictable its trajectory, will contribute decisively to CO<sub>2</sub> reduction efforts deny two centuries of human development and advancement. Moreover, **economic growth is essential to achieve**

**the energy transition** because, as The Economist succinctly noted, "**it is economic growth that will make possible the building of new transmission lines, gigawatt-scale renewable power installations and indeed, the mines from which the minerals these things need are sourced. To demonize it, as some environmentalists do, is to expose the world to more climate change, not less.**" In conclusion, the first pillar of the degrowth argument crumbles under the weight of recent trends in energy and resource utilization within Western democracies and massive historical evidence.

## **Block, Block, Block**

If the first pillar supporting the degrowth narrative does not hold, what about the second—that **growth leads to increasing inequality and social disharmony and undermines democracy?**

Before delving into the heart of the matter, three preliminary remarks are necessary. First, in a historical overview of what **economic growth** means not so much for material well-being but for other, more intangible aspects of general welfare, Harvard economist Benjamin Friedman reached stark conclusions in his book, *The Moral Consequences of Economic Growth* (2006). His major findings are that **economic growth tends to foster greater opportunity, more tolerance for diversity, greater social mobility, more dedication to democratic values, and a stronger commitment to fairness.** This already sounds like a ringing endorsement in the discussion on economic growth, but there is much more than just Benjamin Friedman's conclusions.

Second, **historical evidence unequivocally demonstrates that geopolitical power and economic growth go hand-in-hand.** The West, and more specifically the United States, achieved considerable geopolitical power during the 19th and 20th centuries on the strength of a strongly growing economy. The Soviet Union disappeared from the geopolitical arena mainly because its economy was a disaster. The rise of China in the past few decades is also clear evidence of how economic growth translates into geopolitical influence. Therefore, **no more growth means the loss of geopolitical power and influence,** especially if not all countries and regions of the world subscribe to the degrowth narrative. The possibility of a negative unintended consequence or

boomerang effect is very real: if countries A and B choose degrowth policies, it might inspire countries C and D not to follow the same path, allowing them to seize the opportunity to increase their geopolitical clout. As a corollary, such developments in the world's geopolitical configuration will lead to emigration among those unhappy with the degrowth option. Those with high mobility, such as the rich, the highly skilled, and the entrepreneurial, will be the first to leave degrowth countries, further impoverishing the nations they abandon. The only way for a degrowth country to prevent this emigration is the "**Berlin Wall option**"—making it hard or even impossible for people to leave. It seems fair (and understated) to argue that not many people are looking forward to this option.

A third preliminary remark relates to the **precarious debt situation in which most Western democracies find themselves**. It would take a miracle to avoid triggering, almost overnight, the explosive capacities that enormous debt burdens possess in a degrowth scenario. As a matter of fact, if structural zero or negative growth were defined as the new policy norm, **debt defaults would become rampant**. Markets would immediately realize that debts would not be honored, igniting fire sales of debt paper. Relationships within countries and between countries would become highly stressed. But there is much more than this debt default-induced commotion and destabilization that would rock societies and communities to their core. To understand this, it is necessary, in the spirit of the work done by philosopher and economist Brian Kogelmann of West Virginia University, to try to answer the fundamental question of what needs to be done to achieve degrowth in a structural way. The basic answer to this question is simple: **eliminate at their roots the forces that produce economic growth**. So, what are these forces?

Let us examine the different, though certainly not always mutually exclusive, explanations for the growth process. A first account of **growth drivers** is the **institutional one**, often identified with the work done by economists such as Douglas North, Daron Acemoglu, and James Robinson. **Growth-enhancing institutions** "secure **private property**, an unbiased system of **rule of law**, and a provision of **public services** that provides a **level playing field** in which people can exchange and contract; it also must permit **entry of new businesses** and allow people to choose their careers."

Hindering growth means doing away with, or at least seriously adjusting, these institutional characteristics. Private property? Rule of law? A level playing field? Free exchange? Personal freedom? I dare conclude that an approach that, de facto, leads to negative answers to those questions does not (again, understatedly) look attractive for a societal majority.

A second strand within economic growth literature focuses on the **growing stock of knowledge and human capital** that produces steady **scientific and technological progress**. Knowledge and human capital fuel creativity, which produces a constant stream of new ideas, productivity increases, and economic growth. Major contributors to this line of argument are Joel Mokyr, Robert Lucas, and Paul Romer. Knowledge and human capital will accumulate as long as **free inquiry, creative research, and the development of human capital are stimulated**. Mokyr emphasizes the argument that growth in the Western world began accelerating when the **scientific method of inquiry**, the origin of systematic knowledge accumulation, gained more general acceptance during the Enlightenment. Suppressing economic growth, then, requires limits on and strict control of inquiry and the development of human capital. Some, if not most, new ideas will have to be eliminated at the source to safeguard the degrowth agenda. This is not possible unless rigid control of research activity and personal liberties is installed—a situation (again) most people are unlikely to favor.

A third explanation of past economic growth combines insights found in the work of historian and economist Deirdre McCloskey, historian Paul Johnson, and economist Edmund Phelps. "**The double standard of liberty and dignity ... mattered as causes of the Great Enrichment more than any fresh material incentives, real or fancied,**" McCloskey argues. During the Enlightenment, society's appreciation of commerce and entrepreneurship changed fundamentally. No longer were those engaged in these activities regarded with contempt. What McCloskey describes as the bourgeoisie were finally treated with dignity. Consequently, talented people were increasingly attracted to commerce and entrepreneurship, initiating and sustaining the economic growth process. Paul Johnson paints a vivid picture of how this entrepreneurial spirit took center stage. Together with scientists and artists, entrepreneurs were integral to the birth of a modern life characterized by curiosity, a desire to learn and advance, and the

courage to fail and rise again. Edmund Phelps, the 2006 Nobel laureate in economics, further develops these ideas as the basic drivers of modern growth through "**mass flourishing**" and broad-based "**dynamism**" characterized by "**going one's own way, seizing one's opportunities, and, as Dickens conveyed, taking control of one's life ...**" This new outlook on life spread through much of the West in the 19th century ... and it, more than anything else, brought about a transformation of the economy."

In this line of argument, stopping economic growth quite simply means revoking dignity, optimism, experimentation, the pleasure of taking initiative, and the courage to stand up again after failure; in short, one would have to stop dynamism and "mass flourishing." It seems unlikely that this is the kind of direction that a large majority in our societies would greet with enthusiasm. This is particularly so because, for example, the revocation of dignity could easily be extended to all those not complying with the degrowth agenda.

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## **Civil War**

The conclusion of this brief overview of growth drivers is obvious. To stop economic growth in a structural way, **democracy, personal freedom, and the very concept of individual and societal progress would have to be sacrificed on the degrowth altar.** Degrowth would require rigorous central economic planning and strict limitations on democratic and personal liberties. The price mechanism, a major determinant of resource allocation and so fundamental to the benevolent working of a market economy, would have to be eliminated in a degrowth scenario. The allocation mechanism of a degrowth society inevitably necessitates extreme centralization.

In other words, degrowth as the new policy norm simply requires the **restoration of a Soviet-style model of highly centralized economic and social control.** Undeniably,

some individuals and groups within Western democracies dream about such a scenario. These dreams often neglect the **dictatorship, massive suffering, poverty, inequality, ecological degradation — in short, the sheer inhumanity — that a Soviet-type order inevitably causes**. History teaches us unequivocally that highly centralized, rigidly controlled systems tend to empower not kind, democratically-inspired individuals, but rather tyrannical busybodies always ready for another round of authoritarian crackdowns.

The tragedy linked to the **degrowth narrative** goes even further than just described. With no more economic growth, and certainly if we have to relinquish what past growth has achieved, redistribution within society and between countries can only take place by taking away from some and giving to others. The "**take-to-give**" inevitability is pure mathematics. Social conflicts on a national and international level will escalate since, as noted by French economist Daniel Cohen, "**economic growth ... is the elixir that eases the pain of social conflict**." Former French socialist prime minister Michel Rocard does not mince his words: "**Degrowth**," he argues, "**will intensify inequalities and bring upon us something like a civil war. I totally exclude it for reasons of public order**." **Degrowth** will indeed unleash "**the war of all against all**" that 17th-century political philosopher Thomas Hobbes warned about.

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But, a counterargument to the above might run, what if **human nature changes**? What if the conditions that have been enhancing economic growth over, say, the past two centuries remain operational, but human beings start to react differently to these impulses? Put simply: what if **humans step away from the principle of wanting more goods and services and just want more leisure**? Such a dramatic change in overall attitude cannot be excluded but would be enormously surprising. Many people work, do research, or invest in human capital because they like it, because that activity as such gives them satisfaction and even happiness. This reality also occupies a central role in the argument made by Edmund Phelps on the importance of dynamism for economic growth and overall societal happiness or "**mass flourishing**." Degrowth advocates often

refer to examples of ecovillages, where apparently such a shift in human attitude took place. True, but it is striking that these are all **small communities bringing together ideologically homogeneous people**. I couldn't find evidence of large ecovillages or similar communities. The simple reason is, of course, that most people do not share that ideological homogeneity.

Ultimately, **degrowth can only be considered the latest in a long line of harsh critiques of capitalism and the free-market economy**. Degrowth activist Nishikant Sheorey is unequivocal when he claims that **degrowth is "a normal and logical extension of leftist principles ... (and) ...a natural, inevitable outgrowth of an anti-capitalist perspective and generally aligns quite well with historical socialist theory."** So, to Andrew McAfee's claim that **"degrowth is the worst idea on the planet,"** can be added that it is also, as the Dutch proverb goes, **"old wine in new bags."** **Degrowth is the latest of what Italian political scientist Francesco Boldizzoni labeled as the "intellectual misadventures" that since Karl Marx have been relentlessly sounding the death knell over capitalism.**