

Challenge: What institutions for a non-growing economy?

“Eco-Socialism“

(e.g. Sarkar/Kern, 2004)

→ More or less strict (central) collective control over means of production.

→ **Compatible with stagnation? Yes** (see Sraffa, 1960), **but... sacrifice of individual liberty? Most probable**, see e.g. Schriefel/Exner/Lauk (2010: 260) on Sarkar’s Eco-Socialism:

“Herein [the control by different institutions on a local, regional or even world-wide level, SW] lies one possible source of contradiction: although strong participation of citizens is intended, (local or national) authorities should be rather powerful at the same time.”

→ Problems

- Maintenance of individual liberty along with necessary micro-steering in any state-socialist system doubtful.
- Centralized system either highly **stagnant or**, if combined with low-scale private enterprise, **inherently unstable**.

“Eco-Capitalism“

→ Private property in means of production, often highly concentrated.

→ **Compatible with stagnation? Yes, but... behavior of capitalist system within externally set physical limits? Most probably undesirable for most.**

→ **Idea** (e.g. Spangenberg, 2010):

- Fix physical throughput (via adjusted taxes or tradable permits).
- Up to thermodynamic efficiency limits (where recycling energetically no longer feasible) resource and energy efficiency may allow for decoupled GDP growth, but afterwards capitalist system “physically bounded”.
- Growth on the aggregate no longer possible, partial growth on micro-level possible, as long as compensated by degrowth elsewhere → competition from positive-sum game (see A. Smith, 1776) back to zero-sum game (only shifting of market shares among companies).

• Consequences

- System as such within ecologic boundaries.
- But: **much fiercer competition with most likely even more intense capital concentration.**
- Fiercer competition sets workers (and small-scale entrepreneurs) under pressure since lay-offs more likely due to more bankruptcies.
- Even with more intense antitrust law enforcement, **more uneven distribution to be expected** since competition loser can no longer be compensated by growth (as currently partially done).

→ **Intermediate conclusion:** Capitalism in principle ecologically sustainable, but **why maintaining such a system if not desirable?**

Alternative?

1. Clearly distinguish: **Market Economy = system of exchange** ≠ **Capitalism = system of property rights in means of production.**
2. Market system compatible with ecological limits and capital dispersion (avoiding concentration of power).
 - Necessary:
 - a) Setting ecological (physical) limits at macro-level
 - b) **Taking pressure to grow from individual firms!** → companies needed which can withstand stagnation or even degrowth
 - Hypothesis: (large scale) stock corporations incompatible with non-growth, but cooperatives and other non-capital intense forms of business are.

→ Conclusion

1. State socialist micro-management not only undesirable, but even unnecessary.
2. Markets are compatible with non-growth **depending on the form of business structure.**
3. Possible form of **setting ecological limits on macro-level: emission/resource permits.**

} **Micro-founded Macro-Model needed!**

→ **Distribution per capita to individuals.**

- Reflects citizens’ property in non-manufactured (natural) goods.
- Dissipates economic power, allows citizen-customers a say in actual resource use.
- Could be (a fluctuating) part of a basic income, which as such alleviates the request for economic growth from wage dependent side of population.