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Analysis: Climate change, scarcity chip away at degrowth taboo

By Federica Urso

and Mark John

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Smoke billows after a wild fire, in Leiria, Portugal July 13, 2022.
REUTERS/Rodrigo Antunes/^\

Summary

- Fifty years since advent of degrowth theory
- Long shunned, receives new attention
- Climate change focuses debate on cutting consumption

Aug 8 (Reuters) - Degrowth - the idea that a finite planet cannot sustain ever-increasing consumption - is about the closest you can get to a heresy in economics, where growth is widely held as the best route to prosperity.

But, as climate change accelerates and supply chain disruptions offer rich-world consumers an unaccustomed taste of scarcity, the theory is becoming less taboo and some have started to ponder what a degrowth world might look like.

After the U.N. climate science agency this year called for cuts in consumer demand - a core degrowth premise - the think tank that runs the Davos forum published a degrowth primer in June and the issue has even begun to crop up in investment notes.

"It is a provocative term," Aniket Shah, Global Head of ESG and Sustainability Strategy at Jefferies said of the New York-based bank's June 13 note on the "Degrowth Opportunity".

"But it's not about going to a low-income country saying 'You can't grow anymore'," he said. "It's saying: We need to look at the entire system and see how do we over time decrease total consumption and production in aggregate."

First coined in its French guise "décroissance" in 1972, the theory gained backers after the "Limits To Growth" report in the same year described a computer simulation by MIT scientists of a world destabilised by growing material consumption.

Controversial from the start, that simulation has been attacked as flawed by some and applauded by others as uncannily prescient in its prediction of accelerating planetary stress.

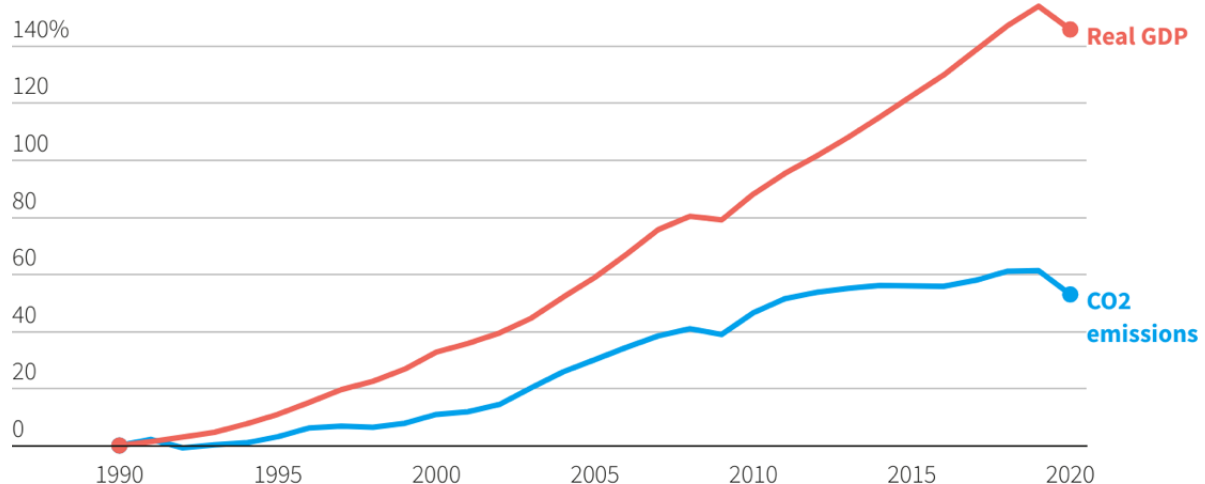
In recent decades, the world's economy has grown faster than the carbon emissions it generates. But this partial decoupling has been nowhere near enough to

halt or reverse those emissions, allowing them to drive global warming further.

In April, the Intergovernmental Panel on Climate Change (IPCC) concluded that outright cuts to consumer demand were needed to reduce carbon emissions, a shift from a previous focus on the promise of sustainable fuel technology.

World GDP and carbon emissions – a partial decoupling

Global CO2 emissions continue to rise even as GDP growth requires less carbon



Sources: Our World in Data, Global Carbon Project, World Bank

The IPCC's biodiversity counterpart IPBES last month included degrowth among a number of alternative economic models with insights that could help to arrest environmental degradation.

"In the plenary, even the word 'degrowth' wasn't challenged. That's very interesting," IPBES report co-chair Unai Pascual told Reuters of conclusions that won approval from 139 member countries, including China, India, Russia and the United States.

The article on degrowth published in June by Davos-organiser the World Economic Forum hinted at degrowth impacts, suggesting "it might mean people in rich countries changing their diets, living in smaller houses and driving and travelling less".

GUNG-HO ON GROWTH

For Jefferies' Shah, it is such behavioural changes that could inspire a degrowth-aligned investment portfolio.

"Would Zoom for example ever want to be called a degrowth stock? I doubt it. But I can certainly see how a world that uses more web-conferencing ... means less travel, which is a very high-carbon-intensive way of transportation," said Shah.

It is easy to see how other products and services, such as mobility- and fashion-sharing, technologies that allow a transition from fossil fuel to renewable energy, or even

just bicycles, could find a place in a hypothetical degrowth fund.

But how far ESG funds and the companies in which they invest are ready to align with degrowth is open to question given how the theory explicitly prioritises societal, environmental and other non-financial values over profit-making.

"Degrowth is really about true sustainability," Jennifer Wilkins, a researcher on emerging business sustainability issues whose work was featured in the Jefferies note, told Reuters.

"It's about delivering what is needed in terms of meeting human needs, within planetary boundaries. And current ESG investors don't really understand planetary boundaries," she said, adding their focus remained "what impacts the business".

That perhaps is not surprising.

Some countries have tried to measure economic outcomes differently - the tiny Himalayan kingdom of Bhutan famously devised a "gross national happiness" index and Japan is looking into developing a "green GDP" measurement.

But still, economic policy and markets overwhelmingly run on the dual track of increasing consumption and production.

Tim Jackson, an economist who has long critiqued that model, said the current debate on growth was "very, very confused", with different strands of thought vying for supremacy.

He pointed to the UK Conservative Party leadership contest - a race that will decide who replaces Boris Johnson as prime minister - as an example of what he called a "gung-ho" focus on economic growth as an unchallenged priority.

On the other hand, he said, more ecologically-minded politicians across Europe and beyond were receptive in private to arguments around limits to growth but "want to find other ways to talk about it that don't scare the horses".

Jackson, author of the 2009 book "Prosperity Without Growth", said the pandemic lockdowns of 2020 and this year's Western sanctions on Russia had both challenged consumption with other priorities, namely health safety or geopolitical goals.

At the same time, some countries - for a variety of reasons ranging from demographic ageing to trade protectionism or lack of reform - could enter something akin to a "post-growth" state where their economies show little if any expansion.

That is a fate Japan has experienced with its "lost decades" and which some analysts see as a risk for Germany unless it quickly revamps its decades-old export-led economic model and shores up its vulnerability to energy shocks.

"Particularly in the advanced economies we are moving into a situation where to all intents and purposes, we're pretty much not looking at continued growth already," said Jackson.

"If we haven't got an economics that will deal with that .. then we've got very little chance of managing it successfully."

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'Now or never': Only severe emissions cuts will avoid climate extremes -U.N. report

By Gloria Dickie

• Only severe emissions cuts will avoid climate extremes - U.N. report

April 4 (Reuters) - Drastic cuts to fossil fuel use. Growing forests and eating less meat. These are just some of the actions needed in this decade to contain global warming to 1.5 degrees Celsius above preindustrial temperatures, a major report by the U.N. climate science agency said Monday.

Despite climate change warnings issued by the Intergovernmental Panel on Climate Change (IPCC) since 1990, global emissions have continued to rise in the last decade, reaching their highest point in history. [read more](#)

The result: global emissions are on track to blow past the 1.5 degrees C warming limit envisioned in the 2015

Paris Agreement and reach some 3.2 degrees C by century's end.

"We left COP26 in Glasgow with a naive optimism, based on new promises and commitments," U.N. Secretary-General Antonio Guterres said with the report's release. "But current climate pledges would (still) mean a 14% increase in emissions. And most major emitters are not taking the steps needed to fulfill even these inadequate promises."

At this point, only severe emissions cuts in this decade across all sectors, from agriculture and transport to energy and buildings, can turn things around, the report says. Even then, governments would also need to bolster efforts to plant more trees and develop technologies that could remove some of the carbon dioxide already in the atmosphere after more than a century of industrial activity. [read more](#)

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"It's now or never," IPCC report co-chair Jim Skea said in a statement with the report – the last in a three-part series by the IPCC, with the next review cycle not expected for at least another five years.

DRAMA AND DELAY

While other recent IPCC reports addressed the latest findings in climate change science as well as ways for the world to adapt to a warmer world, Monday's tackled ways of curbing emissions – making it one of the more contentious reports of the pack for governments.

Some scientists described the process as "excruciating," and the IPCC was forced to delay the report's public release by six hours on Monday.

Final approval of the report's key summary for policymakers - which requires sign-off from all countries - followed a marathon weekend overtime session as government officials quibbled over the wording.



People hold a balloon during a demonstration by Israeli startup High Hopes Labs who are developing a balloon that captures carbon directly from the atmosphere at a high altitude, in Petah Tikva, Israel November 3, 2021. REUTERS/Amir Cohen/File Photo

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"Different countries have different interests," IPCC co-author and climate scientist Jan Minx. "Everyone wants to make sure that their concerns are addressed ... but scientists have the last word."

Upon the report's release, EU climate policy chief Frans Timmermans urged European policymakers to redouble efforts to end reliance on Russian coal, gas and oil.

"The war in Ukraine has only increased our sense of urgency because now nobody can find an excuse, in my view, to not speed up the end of the overuse of fossil fuels," Timmermans told the European Parliament. "We cannot continue to import massive amounts of fossil fuels."

CUTTING DEMAND

While past IPCC reports on mitigating carbon emissions tended to focus on the promise of sustainable fuel alternatives, such as solar and wind power, the new report uniquely highlights a need to cut consumer demand.

"Most people assumed that demand reduction could be accomplished through efficiency improvements," said economic anthropologist Jason Hickel at the London School of Economics. "But the evidence we have now suggests that will not be enough in and of itself."

Without shrinking energy demand, the report notes, reducing emissions rapidly by the end of this decade to keep warming below 1.5 degrees C will be almost impossible.

"Accepting a lower consumption lifestyle is almost the only fast-acting policy move we have left to prevent the disastrous impacts of climate change," said Daniel Quiggin, an environmental researcher at the UK policy institute Chatham House.

This "demand-side mitigation," as the report puts it, places the onus on governments to pass policies that incentivize sustainable choices. One example would be investing in bike lanes and public transport while blocking cars from city centres to sway public choice.

Such action may slow economic growth by a few percentage points in the short term, the report said, but those losses would be outweighed by economic benefits from preventing extreme climate change.

A decade ago, demand reduction was "politically unpalatable," Quiggin said. "But now, with both the pandemic and Russia-Ukraine crisis, we're seeing ... the beginning of political willingness. When people truly appreciate the scale of a crisis and the problems it can create, they are willing to reduce consumption."

Reporting by Gloria Dickie; Additional reporting by Kate Abnett; Editing by Katy Daigle and Lisa Shumaker

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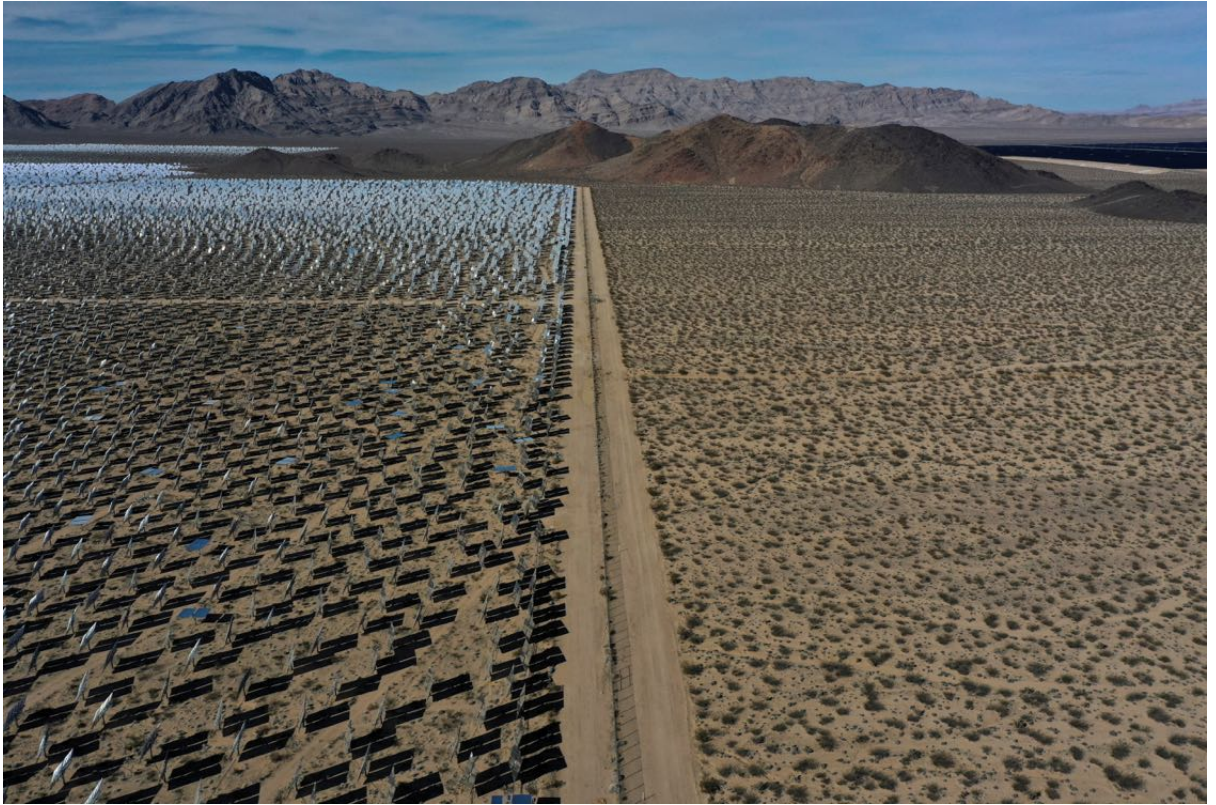
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Factbox: Key takeaways from the IPCC report on climate change mitigation

By Gloria Dickie



Fields of directed heliostat mirrors are seen at the Ivanpah Solar Electric Generating System (left), and photovoltaic solar panels are seen at the Desert Stateline Solar Facility (far right) near Nipton, California U.S., February 27, 2022. REUTERS/Bing Guan/File Photo

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An employee works among solar panels of Bemol Solar plant outside Manaus, Amazonas state, Brazil August 23, 2021. REUTERS/Bruno Kelly/File Photo

LONDON, April 4 (Reuters) - The U.N. climate science panel's report Monday, the last of the current scientific assessment cycle, finds that emissions are still rising with the world at risk for runaway climate change. [read more](#)

Here are some of the report's main conclusions:

EMISSIONS ESCALATING

The world has not yet managed to reduce its emissions output, hitting about 59 gigatonnes in 2019 when changes in land use are taken into account. That's a

12% jump from global 2010 emissions of 52.5 gigatonnes, or an average increase of 1.3% each year during the last decade.

By comparison, global emissions in the previous decade climbed by about 2.1% each year, or nearly twice as fast. While total emissions are still rising, the rate of increase has slowed.

Increases came from all industries, including energy, transportation and agriculture. In the power sector, the expanded use of renewable energy as well as improvements in energy efficiency did not go far enough to counteract emissions from growing industrial activity and population growth worldwide, the report says.

ON TRACK FOR A HOTHOUSE PLANET

Only immediate, ambitious climate action will keep global temperatures from rising 1.5 degrees Celsius beyond the pre-industrial average, the report says. Beyond that threshold, the world would be courting extreme climate change with severe impacts on people, wildlife and ecosystems, scientists say.

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Current emissions trajectories, if unchanged, put the planet on a path to warm by about 3.2 degrees C. If current national climate commitments are enacted, they still would fail to limit warming to 1.5 degrees C, instead putting the world on track for at least 2.2 degrees C if not more, the report says.

Holding warming to within 1.5 degrees C requires cutting emissions of all greenhouse gases roughly in half by the 2030s, and achieving net-zero carbon dioxide emissions in the 2050s.

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That would require using about 95% less coal, 60% less oil, and 45% less gas by 2050. Electricity grids run on renewable energy sources would need to meet much more of the world's energy needs.

Cities would need to improve energy efficiency through better building strategies to reduce urban emissions.

LIMITED ECONOMIC GROWTH

Containing warming to 2 degrees C would require actions that limit global economic growth by 1.3% to 2.7% by 2050, the report says. However, that loss would

likely be outweighed by the overall economic benefit of limiting warming, it says.

Governments also would need to enact policies toward changing people's lifestyles and behaviors, such as encouraging work from home to reduce travel, reducing car use in favor of cycling and walking, or promoting plant-based diets over meat consumption.

These would cost some sectors but boost others while also preventing losses in areas such as public health.

Such "demand-side mitigation" efforts could reduce global greenhouse gas emissions in some sectors by up to 70% by 2050, the report says.

SIGNS OF PROGRESS

A few bright spots are highlighted in the report, including the increasing affordability of climate-friendly technologies.

A unit of solar energy on average now costs 85% less than it did in 2010, while wind power is now 55% cheaper. The cost of lithium-ion batteries, used in electric vehicles, also fell steeply.

In some countries, policies have led to increased renewable energy and electric vehicle use, or have slowed the rate of deforestation.

CHALLENGES REMAIN

The report also weighs in on how market and regulatory tools can help stimulate innovation and technological competition, two strategies for boosting incentives to cut emissions. For example, removing fossil fuel subsidies and introducing carbon pricing would direct more investment toward renewable solutions.

In the agriculture sector, growing crops within forests and managing livestock more sustainably would help improve land productivity and resilience to climate impacts such as heat or drought.

Some climate-friendly options face significant hurdles, such as public resistance to nuclear power or to costly carbon-removal technologies.

Still, global finance for climate technology and solutions is far short of where it needs to be for curbing emissions enough to limit warming to 1.5 degrees C.

Reporting by Gloria Dickie; Editing by Katy Daigle and Lisa Shumaker

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