

COMMENTARY

Between Growth-fetishism and Green Recovery

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Abstract: This paper posits that the choices that global economies are faced with for post-pandemic development range between the extremes of growth-fetishism and green recovery. The paper highlights that green recovery and the green transition have different connotations in different parts of the world, leading to a huge divergence in their delineations across the Global North and South. The paper further argues that models of degrowth, which emphasize contraction of economic activities for the cause of nature, cannot be applied in large parts of the developing world. The challenge for a developing nation like India is to understand how and where it can position itself in this gamut of developmental paradigms that range between growth-fetishism and green recovery. The paper proposes that Indian green recovery must be based on the Sustainable Development Goals, hinging on two key elements: a) simultaneous augmentation of health- and education-induced human and physical capital without compromising the sustainability of natural capital; and b) reduced wealth, income, and social inequalities, thereby serving the cause of distributive justice.

Keyword: Growth-Fetishism, Green Recovery, Sustainable Development Goals, Natural Capital, Human Capital, Degrowth, Global North, Global South, India.

1. INTRODUCTION

The insatiable human desire for economic growth in the developing world has led to lopsided development. Such blind pursuit of growth, while treating it as an omnipotent ideal, has prompted inequality on the one hand and the destruction of the natural ecosystem on the other (Hickel 2020). As such, the very idea that growth will automatically lead to an enhancement in various development parameters is myopic. The reduction of a multidimensional phenomenon like development to a numerical measure

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conceals more than what it reveals: it successfully hides the cost of pursuing growth, with scant or almost no acknowledgement of equity and sustainability concerns (Meadows *et al.* 1972; Peet *et al.* 2011; Dong *et al.* 2017). This phenomenon of pursuing a reductionist vision of economic growth without acknowledging or recognizing the costs of growth has been delineated as growth-fetishism in this essay.

The larger cost of pursuing this vision of myopic growth is observed with global warming and climate change. Conservation NGOs, activists, and large components of civil society subscribe to the popular notion that climate change is an environmental problem (Rahman 2013). On the contrary, the truth remains that climate change is a developmental problem emerging from the human penchant for unbridled development, which eventually affects various human development parameters through a feedback loop emerging from the environment–development interface (Munasinghe 2010; Parry 2011). Unfortunately, such costs of growth remain unacknowledged in large parts of the developing world, which continue to be driven by the reductionist neoclassical economic ‘trickle-down impact’ hypothesis. This theory proposes that the trickle-down impacts of growth will further equity and distributive justice on one hand (see Fan *et al.* 2000; Ravallion and Datt 2002), and environmental and conservation goals on the other, as proposed by the Environmental Kuznets Curve hypothesis (Nuroglu and Kunst 2018).

However, post-pandemic development priorities in the developing world have centred on promoting economic growth through large-scale capital expenditures on physical infrastructure. Such a phenomenon was prevalent even before the pandemic and is now being adopted with greater vigour in South Asia, the BRICS (Brazil–Russia–India–China–South Africa) region, and Africa (Laurence *et al.* 2017; Ghosh 2022). For example, the outlay for capital expenditure in India’s union budget was increased by 35.4% in 2022–23. The sharp increases in capex between 2019–20 and 2022–23 is reflected in the fact that the present outlay of capex in India (2.9% of the GDP) is more than 2.2 times the expenditure in 2019–20 (Government of India 2022).

Incidentally, the net-zero climate commitments of many developing economies are contingent upon the energy transition from fossil fuels to renewable energy sources. However, the energy transition alone will not resolve the problems of climate change. In the course of the unbridled penchant for economic growth and urbanization, land-use change from forests, grasslands, and coastal ecosystems continue unabated, especially to create space for physical infrastructure (Winkler *et al.* 2021). While doing so, there is hardly any recognition that such ecosystems are carbon sinks and

have historically played an important role in annual carbon sequestration. When ecosystems are destroyed for the sake of economic growth, urbanization, and physical infrastructure, the stored carbon gets released and critical ecosystem services—such as regulation of carbon sequestration—are severely hampered. While such losses cannot be substituted merely through an energy transition, unrestrained land-use change for infrastructure projects could counteract the positive impacts that would otherwise have accrued from the energy transition.

2. PROBLEMS WITH THE DELINEATION OF GREEN RECOVERY

The green recovery model hinges upon environmental, regulatory, and fiscal interventions to recover prosperity. Therefore, the idea suggests that pre-pandemic levels of prosperity should be attained through interventions in global and national macro-economies that combat climate change through a green transition and sustainable corporate and financial practices. The green transition, in many parts of the developing world, has a reductionist definition: the transition from fossil fuel sources to renewable sources (see WEF 2021; Mutikani 2021). As such, unchecked land-use changes for infrastructure and connectivity projects will not only counteract the positive impacts of the energy transition but also disrupt the flow of ecosystem services that provide livelihoods for the poor in large parts of the Global South (Sukhdev 2009).

This brings forth the contention that this reductionist delineation of the green transition or green recovery—or green growth, for that matter—is an oxymoron. The very proposition of green growth decouples natural resource destruction from growth and hypothesizes that greenness can be achieved through other means without any consideration of the ecosystem and ambient environment. Is this possible at all? Human progress is inextricably linked with the use of one of the most fundamental forms of capital—natural capital. Green recovery is also largely contingent upon the energy transition without any concern for land-use change.

Ward *et al.* (2016), based on an analytical macro-model, infer that

growth in GDP ultimately cannot plausibly be decoupled from growth in material and energy use, demonstrating categorically that GDP growth cannot be sustained indefinitely. It is therefore misleading to develop growth-oriented policy around the expectation that decoupling is possible. However, we also note that GDP has been shown to be a poor proxy for societal wellbeing,

something it was never designed to measure, and GDP growth is therefore a questionable long-term societal goal in any case. The mounting costs of “uneconomic growth” suggest that the pursuit of decoupling—if it were possible—in order to sustain GDP growth would be a misguided effort. (Ward 2016).

3. DEGROWTH: A PANACEA OR PLACEBO?

Given the implausibility of green growth in the Global South through a mere energy transition when land-use change continues unabated, the question posed to humanity is this: is degrowth the solution? The degrowth thesis encourages deceleration rather than growth to sustain nature, the fundamental basis of life. In that sense, degrowth entails a retraction from present ways of living through the contraction of economic activities in the Global North and emancipation from the dominant reductionist occidental paradigm of development (seen through the economic growth lens). Interestingly, degrowth—while discussing the extensive damage that growth has and will cause to the ecosystem—restates the decoupling of human well-being and GDP per capita. For example, richer economies like the United States have worse distribution systems than nations that have lower incomes per capita like Spain, while the latter have better healthcare systems. Prevailing levels of well-being can be maintained in Finland even with 10% of their current GDP, with only better equity principles and practices entailing redistribution (Hickel 2020). At this layer of reading, it seems as if degrowth—in its attempt to challenge ‘brown growth’ (or the outcome of growth-fetishism)—is not only akin to the Convivialist Manifesto (see Adloff 2014), but a restatement of socialism.

In other words, this can be construed as an attempt to re-establish socialism, at least in a new discourse-based avatar if not in practice! There is no harm in re-delineating and reestablishing socialism. In an article written around the outbreak of the pandemic and the lockdowns, Sen (2020) contended: “A better society can emerge from the lockdowns.” Sen emphasized the need for equity and better distribution in development by quoting the example of how life expectancy at birth in England and Wales increased during the war decades. “The positive lessons from pursuing equity and paying greater attention to the disadvantaged helped in the emergence of what came to be known as the welfare state” (Sen 2020). Quite evidently, the need for an emphasis on equity and distribution in the development paradigm becomes prominent, especially during crises—economic or otherwise. In large parts of the Global South, where social security is largely lacking, it is organic market forces that have provided a

much-needed cushion for the survival of large populaces, thereby creating a large informal sector (Ghosh 2020). However, an economic lockdown (like the ones during the initial phases of the pandemic) completely locks market forces as well. Therefore, a system that is geared towards markets to take care of the concerns of the underprivileged through an organic process has to conduct a course correction: it now becomes the onus of the government to take care of the various distributional needs of society.

Therefore, the popular thinking that degrowth is an ideal that emanates from nations that have already grown or from activists of the Global North, in reality, is a notion originating from a more equitable world. In all these nations, social security and distributive justice are highly prevalent and established, resulting in a much lower reliance on market forces. However, such occidental principles might be difficult to adopt in the context of developing nations and might even prove to be counter-productive. A prime example is Sri Lanka, which is undergoing a food crisis as a result of its revolutionary transformation to organic farming, which halved food production without creating adequate preparatory conditions for such a large-scale structural change in its food sector (Verma 2022; Bhowmick 2022). This decrease in food production was not accompanied by a counter-balancing change in consumption patterns. The situation was further aggravated by a decline in the country's forex reserves, which slipped below US\$ 50 million in May 2022, thereby inhibiting food imports (Basak 2022; Wignaraja 2022). As such, the initial conditions that need to be met for the adoption of degrowth principles are missing in large parts of the developing world.

4. CONCLUDING REMARKS: INDIAN PRIORITIES

There is no doubt that India needs to grow, though not in the business-as-usual way that ignores the costs of growth discussed in this essay. India does not fall in the category of the Global North in terms of its development indicators and nor has its equity concerns been met to date. Decoupling growth and resource use under these circumstances will inhibit the causes of equity and distributive justice. With a per capita GDP as low as US\$ 1,901 and an HDI rank of 131 (out of 189 nations), such an absolute decoupling will lead to stiff competition with limited fiscal resources between increasing the rate of technological efficiency¹ and the

¹ Technical or technological efficiency entails a condition when the output cannot be increased without any increase in the factors of production. This also entails the speed at which the natural resources are transformed into services and goods with minimum wastage

economic growth rate. The climate and green transition questions cannot be addressed with the degrowth model here.

Further, the concerns of India, and the underdeveloped components of developing nations, should not be considered only through the reductionist lens of net zero that has emerged mostly as an occidental construct for and from the Global North. The impacts of human interventions on ecosystem services—through land-use change and climate change—do not figure in any form in global negotiations. Climate negotiations remain largely temperature-centric, without taking into consideration this critical element that should have been the foremost concern of the Global South.

The challenge, therefore, for a developing nation like India is to understand how and where it can position itself in this gamut of developmental paradigms that range between growth-fetishism and green recovery. There is no doubt that India needs to create its own developmental paradigm. One way to do this is to holistically embrace the four forces of capital—namely, physical, social, human, and natural—which are embedded in the SDGs. The SDGs entail not only a holistic approach to development governance, but as shown by Ghosh *et al.* (2019), they also help promote business competitiveness in an economy. Incidentally, UNEP (2018) argues in its *Inclusive Wealth 2018* report that between 1990 and 2014, India's physical capital has grown but at the cost of its natural capital. This raises questions about the sustainability of the growth process not only for India but also for large parts of the Global South.

Therefore, Indian green recovery must be based on two key elements: a) the simultaneous augmentation of health- and education-induced human and physical capital without compromising the sustainability of natural capital; and b) reduced wealth, income, and social inequalities that can hinder India's long-term growth prospects, serving the cause of distributive justice (as argued by Ghosh 2021). While better-targeted or universal transfer mechanisms and large-scale employment generation—especially in green sectors—can enable the second vision, the first requires a well-thought-out strategy beyond the energy transition. Large-scale infrastructure projects need to consider losses to ecosystem services, including losses in regulating services like carbon sinks and sequestration, additional carbon emissions, and other social costs (e.g., rehabilitation costs, human-day losses, livelihoods losses, etc.) in the holistic benefit–cost matrix and the integrated impact assessment mechanisms associated with them. Acknowledging these

costs can either result in efforts to mitigate such costs or can make the planners realize the injustice of such projects. In other words, green recovery requires an overhaul in the development paradigm from the business-as-usual myopic and reductionist economic growth archetype to a more holistic and integrated paradigm that talks of reconciliation between contending goals. Pitted against one another are economic efficiency, equity through distributive justice, and environmental sustainability through legal statutes, norms, and institutional reforms and practices. This reconciliation, acknowledged in the framework of the SDGs, has emerged as the biggest challenge in development governance for the Global South.

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