Two major issues forced their way on to the international political agenda in 2009: economic governance (mainly because of the G20 events in London and Pittsburgh) and the fight against climate change (mainly owing to the Conference of the Parties to the United Nations Framework Convention on Climate Change, in Copenhagen). Weakened though it has been by very uneven levels of ambition, the international community now finds itself having to devise common rules of the game, a level playing field, on both of these fronts. The challenge is to go beyond immediate concerns (regional, national, industrial, etc.) and construct the most ambitious set of common standards possible - which has of course prompted numerous lobbies and established interest groups to do their utmost to disrupt progress, in respect of both climate change and financial regulation.

Be that as it may, it is tempting to welcome this international agenda-setting, which in itself constitutes progress, and to begin mulling over the next step. Within Europe, that next step could be encapsulated in the following question: at a time of burgeoning unemployment, when budget deficits and public debt are such that fiscal restraint is a must in almost all Member States, how can we revive the EU’s fortunes in the medium and long term, and what form will that revival take?

This question was under debate at the very start of 2010. But the budgetary position of Member States being what it is, the debate has immediately come to focus, in a somewhat blinkered manner, on the sole issue of how to boost economic growth while consolidating budgets. On the eve of the European Council of 11 February 2010, for instance, the new President of that body, Herman Van Rompuy, declared: 'We need more structural and sustainable growth to be able to
finance our social model and maintain what I call our “European way of
life” (…). This discourse is broadly in line with that of the European
Commission in its consultative document on the ‘EU2020’ Strategy
and then its final Communication of 3 March 2010. The aim is to
create ‘a knowledge-based, connected, greener and more inclusive
economy’. The goals for 2020, therefore, are a more competitive Union,
enhanced productivity, lower consumption of non-renewable resources
and energy, and greater energy efficiency. All of this ‘will stimulate
growth and help meet our environmental goals’. In other words, more
growth will fuel ambitions in the social and environmental spheres
- taking us straight back to the paradigm of the ‘second life’ of the
Lisbon Strategy (see Foreword and chapter by Ramón Peña-Casas).

It is interesting to note the reactions to the Commission’s consultative
document from stakeholders (governments, regions, social partners,
NGOs, etc.), most of whom were supportive of the priority attached to
growth and employment. Two of these reactions, however, were
symbolic of two diametrically opposed routes out of the crisis: that of
the International Monetary Fund (IMF) and that of some university
circles. The IMF believes that ‘the new Strategy [EU2020] should aim at
creating the best possible environment for markets to support
employment and productivity, focusing on reforming labour markets
and on raising productivity’. Most of the academic contributions, for
their part, argue that ‘Europe’s current growth model is unsustainable,
that the benefits of growth should be shared more fairly and that the
financial system should serve the “real” economy’. Without doubt, the
tension between these two quite distinct points of view reflects the
challenges already confronting us as we recover from the crisis: will the
recovery come from market freedoms, enhanced productivity and
flexicurity, or will it lie in a different model of society, where social and
environmental considerations are given precedence over GDP growth?

4. Ibid.
Concurrent challenges

When reflecting on prospects for the medium and long term it is essential to begin by taking stock of the present, and one of the main points to note is that a number of challenges exist concurrently. Climate disruption is no longer a purely environmental issue: it has become a systemic problem that is testing our model of growth and our entire system of production, transport, distribution and consumption. It is upsetting geopolitical equilibria and alliances, disrupting diplomatic and social relations as well as economic and industrial policies, and so on.

Nor does the financial crisis, for its part, any longer appear to be a mere problem of regulation or supervision: it has proved to be a broader problem of society. The crisis has revealed the delinquency of capitalism, demonstrating the ludicrousness of certain paradigms of standard economic theory (market efficiency, agent rationality), which claims to organise all aspects of society. It has also cast light on an apparent paradox: it is because of this form of capitalism, which purportedly generates so much wealth, that our countries are now set on a course of fiscal restraint and public expenditure cutbacks, but also unemployment, job instability and impoverishment. Social inequality is growing incrementally, its mirror image being capital accumulation. While it is true that the market economy seems to be a powerful machine for wealth creation, the hidden costs of this delinquent capitalism are beginning to appear more burdensome as the days go by.

Reassessing the status quo

The concurrence of these two challenges – climate and finance – is undermining the established order and almost everything we took for granted, reviving debate about what would constitute a truly sustainable model of society. 2009 saw a number of theoretical reappraisals of GDP growth as the ultimate policy goal. These reappraisals occurred at a time when long-term surveys and indicators were showing that over recent decades GDP growth had become decoupled from increased well-being in developed societies (see on this point the Index of Sustainable Economic Welfare, ISEW, or the Genuine Progress Indicator, GPI). Beyond a certain threshold of material
comfort there is no longer a correlation between GDP growth and a (subjective) assessment of well-being. Besides, the increase in added value over the past few decades has mainly benefited capital owners, with the portion enjoyed by wage-earners in constant decline. And as if widening inequality between and within countries were not enough, this pattern of growth also poses an unprecedented environmental threat. Under these circumstances, an increasing number of western economists are now wondering, what is the point of striving for quantitative GDP growth that is all-consuming, inegalitarian and even destructive?

It is surprising, to say the least, that the European Commission’s work on ‘GDP and beyond’, published in August 2009, did not find its way into either the preparatory document for the EU2020 Strategy (even though some of the stakeholders in the consultation process did ask for that to happen) or the final document. The main focus of the Commission’s work had been to supplement GDP with other indicators taking into account the impact of growth on social and environmental well-being. In order to accurately gauge economic and social progress in the longer term, and notably the ability of a society to tackle issues such as climate change, resource efficiency or social inclusion, ‘there is a clear case for complementing GDP with statistics covering the other economic, social and environmental issues, on which people’s well-being critically depends’, stated the Commission in the aforementioned document. So why did that work not feed into the definition of Europe’s medium-term strategy?

**Possible scenarios**

If we wish to learn our lessons from recent events, we must address ourselves to a variety of questions about how best to emerge from the crisis. Is it purely and simply a matter of reviving ‘growth’, which it is

---

5. Geoff Mulgan (After capitalism), Tim Jackson (Prosperity without growth), Daniel Cohen (‘We must imagine a world that has not found ... growth’), Joseph Stiglitz, Jean Gadrey, Nicholas Stern, etc.
nowadays politically correct to qualify as ‘sustainable’? There is not an infinite choice of scenarios for sustainable growth, in other words ones respectful of the earth’s physical limits. The first scenario, based on faith in technology, consists of pushing back the environmental limits (in terms of climate change, particularly geo-engineering solutions); the second seeks to decouple growth from its energy requirements and its harmful effects on the environment (green growth, sustainable development, eco-innovation, new technologies, etc.).

So far, geo-engineering projects - such as seeding the oceans with iron sulphate, projecting sulphur into the stratosphere or installing mirrors in space so as to reduce climate change - have been described by the IPCC scientists as largely speculative and risky in terms of their unknown side-effects. Such schemes do nevertheless have some backers owing to their main ‘advantage’: there is no need to alter the current system (carbon capture and geological storage schemes have the same advantage).

As for the scenario of decoupling growth from its energy and raw materials requirements, it is attractive at first sight. Part of the European Sustainable Development Strategy is in fact based on this concept of decoupling, the idea being to invent a kind of growth that is less energy-intensive and consumes fewer raw materials. Yet some studies assert that decoupling is a myth: the trend in fossil energy (oil, coal, natural gas) consumption has broadly kept pace with the worldwide trend in GDP over the past 25 years\(^8\). Moreover, it was demonstrated long ago that an improvement in energy efficiency often leads to a rise in global energy consumption\(^9\). Finally, the question of environmental limits is not confined to energy and the climate but also encompasses issues such as biodiversity, waste, soil degradation, pollution of water and the water table, etc., issues for which decoupling has no convincing solutions.

---

9. See on this subject the Jevons paradox.
Above and beyond these scenarios, there is now beginning to be talk of prosperity without growth\textsuperscript{10}. This, in our opinion, could become a major topic of political debate in the years ahead, which is why we intend to dwell on it briefly below.

This third scenario consists not just in examining growth itself, but also in reflecting on a new social democratic settlement which would no longer be vitally dependent on growth, given that quantitative GDP growth cannot be perpetuated without an irreversible impact on the environment and climate. But this scenario immediately poses many problems, given that the social democratic settlement of European societies is based specifically on a continuing increase in the wealth of nations. It is fuelled by growth in a way that mitigates or even masks conflicts over distribution and redistribution.

Could an alternative model of society produce a consensus around a better share-out of employment and wealth? Consideration of such a model is still in its infancy and faces many obstacles. Difficulties abound in view of the fears over jobs, over the funding of social protection and over public investments and public services (although it should be noted that the current model of growth is by no means immune to such fears). It would be a matter of moving from a growth model based on continuous productivity gains to a system of sustainability and quality gains - plus a sharing thereof.

Some economists are calling for the establishment of an ‘economic economy’ based on a greater proximity of production and consumption, enhanced product sustainability, a rapid switch to decentralised energy systems, compulsory and systematic recycling of materials, the development of immaterial use-values (social services, social inclusion) and a reduction in mandatory working time\textsuperscript{11}. The economist Jean Gadrey argues that the quality and sustainability of manufactured goods should be improved, and seeks to demonstrate that such improvements would create worthwhile jobs, reduce unemployment and preserve social protection without GDP necessarily growing. He

\textsuperscript{10}. Jackson, op. cit.
\textsuperscript{11}. See for example Réginald Savage, in \textit{La Revue Nouvelle}, March 2009.
aspires to a sustainable, abstemious society with full employment and consequently a considerable decline in inequality\textsuperscript{12}.

Many western countries (the UK, France, Canada, etc.) are witnessing the emergence of groups who favour ‘transition’ (transition towns, transition communities, transition networks, etc.) in the light of peak oil and the fight against climate change; other groups are trying to promote ‘slow food’, ‘soft mobility’ and ‘voluntary simplicity’. These initiatives do not of course constitute a ‘model of society’ in the usual sense of the term, but they do have the merit of showing that individual and collective well-being can be improved in ways other than the ones industrial society has been pursuing for almost two centuries. They prove the point: greater well-being and a better environment can exist without quantitative growth. What is more, such initiatives illustrate the sheer illogicality of rich countries offering discounts to consumers so that industry can dispose of its chronic overproduction\textsuperscript{13}. The scenario of an economic economy is clearly a remote prospect.

Nevertheless, this scenario is in fact in keeping with the underlying trend towards falling growth rates observed in western European countries over the past 50 years\textsuperscript{14}. Hence the need, in a medium- and long-term perspective, citing Daniel Cohen, to think in terms of a model of society that is no longer ‘fleeing headlong’ into perpetual growth. In any event, we should henceforth consider our social model and methods of distribution \textit{before} we contemplate growth, given that greater equality is the driver of ‘prosperity without growth’.

Could it be that a progressive new blueprint for Europe may be the one described by the British economist John Maynard Keynes in his ‘Economic possibilities for our grandchildren’? Keynes states in this essay, dating from 1930, that it would not be at all surprising if ‘a hundred years hence we are all of us, on the average, eight times better off in the economic sense than we are to-day’. He infers from this that


\textsuperscript{13}. For instance the car scrappage schemes adopted by certain European countries.

the needs of human beings will then be so well satisfied that ‘we prefer to devote our further energies to non-economic purposes’ — although he had presumably not envisaged the increased inequality that was to accompany this increased wealth. In 1944, Karl Polanyi pointed out the need to subordinate the economy to society by ‘embedding’ the former in the latter. André Gorz wrote in 1988 that economic activity must be at the service of the loftier purposes which make it useful. ‘Re-embedding’ the economy in a fair, sustainable society by establishing distribution and redistribution methods that are less (or preferably not) growth-intensive: could this be a new scenario for a medium-term EU strategy?