

On Growth and Democracy

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This paper examines the impact of economic growth on democracy. It argues that modern democracies and the capitalist economy are not compatible and that this is due to their dependence on growth. Following degrowth theory, it focuses on three dimensions of growth: First, the relationship between ecological damage and democracy is addressed. Second, it examines growth-related inequalities and their impact on democracy. Thirdly, the weakening of the social ties necessary for democratic deliberation due to growth. This will be followed by a fourth title on the critique of degrowth theory. In short, it will be argued that growth causes and/or exacerbates ecological damage and inequalities and weakens social ties. All these three factors have an impact on the deterioration of modern democracy.

Keywords: *growth, degrowth, democracy*

Introduction

On the 1st November 2011, George Papandreou, then prime minister of Greece announced his proposal to put the European bailout program with austerity measures on referendum. European leaders reacted severely to this proposal that “many could scarcely believe their ears”. As a response to Angela Merkel’s “ultimatum”, Papandreou said “Let the people speak” and called the referendum “a supreme act of democracy”. While Nicolas Sarkozy qualified the referendum attempt as an “error”, Greek opposition preferred to call it “absolutely insane” (The Guardian 2011). Consequently, the referendum has not been put into practice and Greek people could not vote on an economic program that directly affected their lives.

Yet, in many countries, including Greece, fiscal issues cannot be put into referendum. But, even after many years, one needs to ask how an act of democracy could become so inconceivable. Would the reactions be the same if the proposed referendum was on another issue, or do the economic and fiscal issues have a particular immunity against democracy? In that case, this experience shows an obvious divergence between the ways of democracy and economic policies. The reactions to Papandreou’s referendum attempt were only an example of confrontations between the needs of capitalism and democracy among many others... One can remember just simultaneous uprisings following the 2008 global financial crisis in Spain, in the US, in Brazil, in Thailand, and in many other countries... People wanted to make their voices heard all around the world, particularly on economic issues. But austerity measures were still implemented. Even though political science taught us that capitalism and democracy are going

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hand in hand; the evidence does not confirm it. The people's opinion is not asked on the economy if it is intended to say "no".

Constitutional obstacles against referendums on some subjects, such as minority rights aim to protect basic rights for everyone. However, this does not explain the immunity of economic policy issues against referendums.

This study aims to find out how and why the ways of democracy and capitalism are not in the same direction and it will argue that the "growth" dependency of capitalism is responsible for this. It is well known that capitalism and modern democracy are both rooted in liberal ideology; therefore, they can be seen as brothers. Before becoming opponents, in the good old days, two brothers were living together in peace in the family house. This house was the writings at the dawn of the liberal ideology.

John Locke puts the basis of both modern liberal democracies and liberal capitalist economies in his work dated back to 1690 (Locke 1690). In his famous metaphor on the state of nature; Locke gives Adam the liberty to realize his potential to obtain prosperity and organizes the political structure in a way that guarantees economic liberty. In the following decades and centuries, on the one hand, a liberal economy was developed by the writings of Adam Smith and David Ricardo, on the other hand, liberal democracy became widespread in the Western world following the age of revolutions. However, in its initial state, modern democracy was far from being inclusive for all. Firstly, Eve was overlooked in Locke's metaphor. She gained her political rights much later, thanks to the feminist movement¹. However, in the beginning, women's right to vote was accorded only with a restriction of wealth threshold. This was an early example of the limitation of modern democracy in favor of a liberal capitalist economy. This oversight was not a coincidence: There was a tie between economic activity and the right to political power in modern liberal democracies from the beginning. Another example was that workers also have been overlooked; they gained their political rights only after the socialist movement's rise in the mid-19th century. Neither, the expansion of the right to vote did remedy the weaknesses of modern democracy. As said Winston Churchill a long time ago, democracy is the worst form of government, except for all the others that have been tried.² Still, there is a huge gap between today's democracies and an ideal democracy.³ Certes, given

¹This does not mean that the feminist movement should be seen as opposed to liberalism. Instead, two of its forerunners were Harriet Taylor Mill and her husband, liberal thinker John Stuart Mill in the 19th century.

²For a similar conclusion, see Papanikos (2022a).

³Papanikos cites five criteria for an ideal democracy in Papanikos (2022b). These five criteria (i.e., isogeria, isonomy, isocracy, isoteleia, and isopoliteia) can be seen as a perfect checklist for measuring the differences between modern democracies and an ideal democracy. In this work, Papanikos's five criteria will be further referred to. Papanikos's list overlaps mostly with the five categories of the Economist's Democracy Index (EDI). EDI's categories are electoral process and pluralism, functioning of government, political participation, political culture, and civil liberties. See *The Economist* (2022, p. 3).

In an earlier work, Papanikos cites four criteria, with the lack of isopoliteia. See Papanikos (2017). Papanikos pursues this subject in Papanikos (2021).

that there is no example of a “perfect” democracy, this gap cannot be measured in quantity. Although, a qualitative evaluation can be made.

Capitalism and modern liberal democracies were not getting on with each other in their early days. As far as the two brothers were grown, they fell out with each other even more. Literally, the main problem between them was “growth”. More accurately, it is the dependency on economic growth that lies at the heart of capitalism. From the very beginning, tangible outcomes of economic growth, if not restricted, were destined to undermine the basic political and social conditions for democracy.

The “degrowth” theories put growth in question with all of its aspects. Degrowth theorists focus their critics of growth on three pillars: Ecological damages of the growth, inequalities that it causes, and its role in weakening social ties (Bonaiuti 2012). All of these three aspects have also a negative impact on today’s democracies. In the following titles, we will examine the sufferings of democracy due to the growth; respectively in its ecological, inequality, and social aspects. A fourth title on the critique of the degrowth theories will follow.

Ecological Damage

On November 26th, 2016, people living near Lake Oahe, US gathered to protest against the Dakota Access Pipeline project which would prevent their access to water. Following a brutal police intervention, many protesters were severely injured, yet the events were represented in media as a “riot” (The Guardian 2016). The company nonetheless decided to implement the project without any change. The decision to seize the natural water source and to make it a commodity was not taken based on democratic deliberation with the participation of local people. However, according to Papanikos one condition of democracy should be *isegoria*; the right to speak for everyone before the political organ and equipped with the right to vote. This criterion is not satisfied here. When the economy needs to grow, it has to find an external resource and to this end, nature often is seen as a free commodity, and *isegoria* is ignored. Maybe, one should not expect all the people to be able to speak in the parliament, but if we consider *isegoria* in broad terms; all these people should have a way to express their will. The fact that they run the risk of being subjected to violence proves that all other ways to make them heard were closed.

Jason Hickel notes that the discovery of the American continent in the 1600s has changed the way of seeing nature, he says “This new worldview allowed capitalists to objectify nature and pull it into circuits of accumulation. But it also did something else. It allowed them to think of nature as ‘external’ to the economy” (Hickel 2021, p. 74). Gold and silver, soil, coal, forests, and oil have been seized for the glory of economic growth, despite the will of local people. In this process, two concepts played a pivotal role: Violence and private property. The former served as a tool particularly in the colonization experiences, beginning from the South American campaign of Spain in search for gold. The latter is used more in Europe, beginning with the Enclosure Act in Britain in 1773. This process

led on the one hand making nature a commodity and depriving people of their daily earnings on the other. Both allowed capital accumulation required for growth.

In some cases, not only the will of local people is ignored but also larger parts of the society. In 2003 the US Senate voted in favor of the second Iraq war, which was seen as related to the oil sources there, despite massive public demonstrations against war all around the world. Public opposition in different countries is from time to time expressed against deforestation in Brazil or overfishing in the South Sea or harmful mining in Africa, even if they are ignored. People's voice is often muted to making decisions in favor of a couple of big company's growth ambitions. They are deprived of *isegoria*, while decision-makers are escaping from democratic deliberation. In case the people were equipped with *isegoria*, which is not impossible with the present state of communication technology, they would not be even in the need to make protestations.

The ecological cost of exploiting the nature becomes more visible each day. Air, sea, and land pollution, decrease in energy supply, and more importantly scarcity of food and water have a larger place in the agenda of the governments. Frequently, economic activities exhume natural sources to such an extent that the cost of externalities overtakes the benefits of this activity. Destructive investments of this kind cannot derive long-run profit neither because of fast exhaustion of its sources.

Inequality

The second focus of the degrowth theory is about the inequalities related to growth. However, as puts Papanikos, *isoteleia* was among the principles of Athenian democracy. This term was a kind of insurance against the influence of economic inequalities on the equalitarian nature of democratic participation. Regarding *isoteleia*, all citizens should contribute to public spending in proportionality to their wealth. Rich should give more, the poor should give less, or even take a subsidy for participating in democratic deliberation. Overaccumulation of the wealth was restricted with a particular tax in the name of *the liturgy*. This reminds one of the graduated rate income tax (or progressive tax) proposals that emerged after the 2008 global financial crisis. This proposal, which is backed by the degrowth theorists among others did not come into effect. Relative (not absolute, of course) equality should be sought including when it comes to bearing the burden of the ecological damage. Multinational corporations and northern countries which are more responsible for ecological damage owe a compensation to the rest of the world. Max Ajl mentions an “adaptation debt” of richer countries related to the impacts of the climate change on developing countries as a part of a broader “debt to Mother Earth” (Ajl 2021, p. 40). This was proposed by the Bolivian parliament in 2010, but not adopted by the international community.

Being deprived of mechanisms to prevent it, today's societies suffer from enormous economic inequalities.⁴ The yearly income of the richest only one percent of the world population exceeds the budgets of many states, including the richest ones. The CEO's salary of the world's largest fast food chain is 1.200 times more than its workers.

One may expect growth to remedy these inequalities by empowering the middle class. Yet, the growth is far from helping overcome these inequalities. As Schumpeter observed already in 1942, an average of 2.7 percent of yearly growth calculated for 50 years did not have a recovering impact on income inequalities nor purchasing power, neither this can be expected for the next 50 years (Schumpeter 1984). He notes also that the big success of the bourgeoisie lies in obtaining the legal context required to sustain growth and inequalities by influencing political mechanisms (Schumpeter 1984, p. 65). Having seen the years ahead of Schumpeter, we can say that inequalities became much worse.⁵ Economic inequalities affect also political inequalities. The case of China can be given as an example that growth and democracy are not going hand in hand: China's economy saw an outstanding average growth rate of 6.78⁶ percent between 2010-2023, but its average democracy index score for the same period was very weak; only 2,82⁷, and it ranks within authoritarian regimes.

In old times when Locke, Smith, and Ricardo defended the right of free entrance to the market, production was organized on relatively small scales. But in the present day, Locke's Adam could hardly start a new enterprise; due to higher entry costs as a result of growth. Small companies can not enjoy the benefit of the growth anymore. Instead, competing with the big ones became harder. Small ones often go bankrupt or they are bought by others. Growth serves to raise the walls around the bigger companies with an oligopolistic tendency. This tendency was bolstered in the age of colonialism, strengthened under the fordist mode of production, and spread all around the world with globalization and delocalization.

The technology gap is another factor to be added to the oligopolistic tendency. Like the inequality in capitals, the inequality in technological capacities is also hard to overcome for smaller enterprises. Big companies make a profit related to technological innovations and thus they become more capable of investing in newer technologies while others don't. We can conclude that growth is not for *all*, but it is for *some*, and the benefit of some does not always lead to the benefit for all, as in the Smithian logic. Scientists tend to explain the environmental impact of the growth using on the so-called "Environmental Kuznets Curve". This inverted U-shaped curve claims that the environmental impact of growth rises and then falls. Although the first part of the theory is based on evidence, the second half of the curve is based on wishful thinking (Stern 2018).

What wise Athenians knew is that growth-driven inequalities, if not prevented, could not remain limited only within the economic sphere. Multinational

⁴On the relation between inequality and democracy see also Parziale and Vatrella (2019).

⁵For a detailed analysis and data on the increase in inequalities, see Stiglitz (2012).

⁶Calculated based on data from Macro trends (2023).

⁷Calculated based on data from The Economist (2022, p. 16).

business groups have the opportunity to invest in lobbying activities, sometimes with big amounts, to influence political decisions. It is rare to see a political decision taken upon the democratic will of the people which is against the interests of multinational oil, technology, or finance corporations. Even in the case that the decision to be taken needs democratic public support, multinational companies have a big card to play: Media manipulation and advertorials.

Weakening Social Ties

Ivan Illich, one of the forerunners of the degrowth theory argues that an institution needs to grow to the extent that it reaches the point where the benefits falls behind its marginal costs. Major institutions emerged in the nineteenth century, transport, industry and communication among others, already reached this point in the first quarter of the twentieth century. But the need to carry on overwhelmed their *raison d'être* and they began to incite the demand for their goods and services (Illich 2009). The behavior of modern society's consumers is not defined anymore only by their physical needs but by social interaction in the search for meaning. Consumer buys something not because he/she needs it, but because it makes him/her seem richer, smarter, more good-looking, etc. Removing the physical limits of the consumption and replacing them with psychological motivations makes way for both the overconsumption and an unhappy society in a constant search of satisfaction. This way, "needs" are also produced like any other products, not in factories but in the media.

The consumption society is deprived of traditional human interactions and from old style "meaning". But it is rich in fake news, advertorials, and messages. Meaning is something that can be formed only within social relations with others, it cannot be produced in a ready-to-use form like a t-shirt. Yet, today's consumers do not have the patience to show their own "new images", because the new kind of social network asks them to catch the day. The advertorial sector (the first sector that degrowth supporters want to be abolished) requires and produces a more individualist society with fewer face-to-face interactions.⁸ However, these traditional social ties are needed for the construction of a common political sphere in which democratic debate can occur. Moreover, media and advertorials are easy to be directed according to the expectations of big multinational corporations rather than the general benefit of society. Big media groups have tight relations with big capital groups (Marchetti 2020).

This is not a new phenomenon either; Papanikos argues that fake news existed also in ancient Athens and refers to Theophrastus's character spreading them. That reminds the old Greek term *δημαγωγός* (demagogue) which consists of *δῆμος* (people) and *ἄγωγός* (leading, guiding).

To summarize; the need for growth urged the industry to incite its own demand and this led to a new kind of society based on consumption but unable to produce genuine democratic deliberation. As Serge Latouche another forerunner

⁸On the relation between individualism and democracy, see also Coulter and Herman (2020).

of degrowth theory notes: “Consumer democracies are dependent on growth, for without the prospect of mass consumption, the inequalities would be unbearable” (Latouche 2006).

Can Degrowth Offer a Solution?

If degrowth theory can identify “growth” as the main factor underlying the weaknesses of today’s ecological, economic, and political problems, what is its proposal to solve them? Can we simply reverse the growth in the opposite direction?

Giorgos Kallis defines degrowth as “an ecological–economic perspective as a socially sustainable and equitable reduction (and eventually stabilisation) of society’s throughput” and he warns that it is not simply the opposite of the growth: “Sustainable degrowth is not equivalent to negative GDP growth in a growth economy. This has its own name: recession, or if prolonged, depression” (Kallis 2011, p. 874).

Degrowth requires the downsizing of economic activities on an economic and geographical scale, and therefore “relocalization”. Relocalization in social and political spheres shall accompany also this economic relocalization. At first instance, relocalization sounds fit for empowering democracy. But at this point, an important question emerges: In the presence of strong “center(s)” in terms of economic and political gathering spots of power and capacity, how will the localization begin? Will the states, multinational corporations, and international organizations begin to give up their power? How a change to this extent can be realized without the leading role of a supreme political power, clearly that of the state? How the states will be willing to shift into degrowth societies in a context where they are surrounded by many actors whose interests lie in growth? Will a “glorious” revolution urge them to build a new “modest” world, which sounds already paradoxical?

Degrowth requires also social change, as argues Latouche (2020). Once again, could a shift towards a decentralized and small lifestyle be possible without the leading role of a strong center? In the absence of the state or the multinational corporations, it would have a chance. But struggling against “grown” (or overgrown) social, economic, and political bodies without similar power does not seem to have one. Latouche emphasizes the role of the imaginary, the only card that we have.

Even the fairer political decision-making system in the imaginary of the degrowth theory is hard to reach at the local level. In the Middle Ages, the feudal lordships were small in terms of scale and their economies were fit for them; but they were far from being democratic. In a degrowth society, can be democracy ensured at least at the local level, or will we face a group of small tyrannies?

Growth is not the only one responsible for the present state of the democracy, not its change can offer the solution on its own. Today’s Western democracies suffer already democracy fatigue (Appadurai 2017). Participation rates in elections reach barely fifty percent in Western countries and there is also a decline in extra-

parliamentary political activity (Carrera 2022, Fruncillo 2017, Reid 2019). Moreover, in many countries, electors tend to support authoritarian figures such as Le Pen, Orban, Erdogan, Modi, Meloni, Strache, and many others. The evidence shows that concerns about preserving wealth overcomes a democratic attitude, not only for multinational corporations but also for ordinary people.

Conclusion

This work argues that there is a strong connection between the negative outcomes of the growth and the shortcomings of modern democracy. This relation has ecological, economic, and social aspects. As puts the degrowth theory, growth causes and/or amplifies ecological damage, and inequalities and weakens social ties. All of these three factors have an impact on the deterioration of the modern democracy.

Although degrowth theory identifies the ways that growth damages democracy, it fails to propose a holistic solution. Some measures named in this work such as graduated rate income tax, abolishing the advisory sector, reducing economic output, and relocalization are remedies for the symptoms, not for the illness itself. It becomes hard to keep a realistic view when we try to go further toward a systemic change saving democracy. Maybe one of the best solutions could be embarking into a time machine and going back to 5th century BC Athens.

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