Medalls to Print

1. Stability of Social Systems and Jobs

Economic growth creates jobs and guarantees the stability of social systems.

Employment is crucial for the functioning of Germany’s social system: pension contributions, unemployment insurance, and health insurance contributions are linked to employment. This means that every person earning money through a job subject to social insurance contributes a portion of their wages to health, pension, and other social insurance funds. A high number of unemployed people can put the German social system under strain: less money is available for so-called transfer payments. At the same time, unemployment increases the need for financial support (such as unemployment benefits and social welfare). Lower tax revenues also reduce the state's budget flexibility, even though more investments may be needed. When more people are unemployed, the demand for products and services decreases. As a result, companies may reduce their activities, pay fewer taxes, and potentially lay off even more employees. This dynamic is known as a recession spiral. But how does unemployment as a societal phenomenon occur in the first place? One significant reason is that technological progress allows more to be produced per working hour. This is called the "increase in labor productivity." For example, by using machines in a bread factory, many more bread rolls can be produced compared to a small bakery where the rolls are shaped by hand. The result: fewer bakers are needed to meet the demand for bread rolls. Labor productivity increases by an average of about 1% per year. This means that the same amount of bread rolls can be produced in about 1% less time than in the previous year, or that 1% more bread rolls can be produced in the same time. To prevent people from losing their jobs due to productivity increases, economic growth is necessary. Instead of producing the same amount with fewer workers, more must be produced with the same number of workers. If, for example, 1,000 bicycles can be produced in one year and 1,010 the next, those 10 additional bicycles must also be sold to avoid job losses.
In regions of the world where the population is growing, economic growth is even more important to create jobs for everyone, ensuring income and prosperity.

Does Growth Create Jobs?

The reasons for unemployment are diverse and complex. It is not solely caused by the annually increasing labor productivity. However, the connection between growth and jobs is often highlighted in public discourse. As a result, many people believe that without growth, unemployment and the risk of recession will inevitably occur. But other factors, such as seasonal effects or shifts in the economy, also influence unemployment. Currently, jobs are being lost due to digitalization, although new jobs are also being created. Focusing on the relationship between labor productivity, growth, and unemployment prevents a deeper examination of the purpose of production. What are meaningful products, and how (much) do we want to work? Unemployment can be prevented by redistributing work. Even without focusing on growth, many people could still have jobs. The key question is wage compensation to ensure salaries do not decrease. Germany's current tax system encourages wealthy individuals to invest in machines, as wealth, inheritance, and energy are taxed lightly, but labor is expensive. This creates incentives to produce more products in less time with fewer staff, compensating for layoffs through growth. A socio-ecological tax reform could change this by creating incentives to reduce working hours, produce fewer but more meaningful products, and become less dependent on growth. This would also involve raising the value of so-called care work compared to paid employment. Such a tax reform could also support the pay-as-you-go financing of social systems, which are under severe pressure due to demographic change.

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2. Global Social Equality

Economic growth leads to social equality

In a growing economy, everyone benefits from increased wealth. As the pie grows, everyone gets a bigger slice. Those who benefit from economic growth eventually allow their gains to trickle down to the lower layers of society (trickle-down effect). For example, when a large company grows and its stock price rises, employees also receive better compensation. Additionally, the company can invest more, which in turn creates jobs and generates business for other firms. This applies not only to companies but to economies in general. According to the saying "a rising tide lifts all boats," everyone in a country benefits from economic growth. Therefore, global economic growth leads to global social equality. On a global scale, economic growth helps build essential infrastructure and lifts people out of poverty. For example, the number of people living in absolute poverty (i.e., less than $1.25 a day) decreased in the decades leading up to the coronavirus crisis, particularly in countries with high economic growth. Growth in countries like China, Brazil, and India has helped lift millions of people above the poverty line.

Continuous economic growth is based on exploitation

Growth increases inequality, as wealthier people benefit more from it: In 2022, the richest 10% of the global population earned 52% of the world's income, while the poorest half received only 8.5%. The distribution of wealth is even more unequal: Between 2000 and 2019, an increase in global GDP by $200 led to only $1 being used to combat extreme poverty (below $2.15 per day), while $59.80 went to already wealthy groups. To lift all people above this poverty line, the global economy would need to be more than twice its current size, which is not ecologically sustainable. Moreover, growth is heavily based on the exploitation of workers and ecosystems, particularly in the Global South. In these regions, rural areas crucial for the survival of local (indigenous) populations are often converted into farmland for export products. This destroys livelihoods, increasing poverty and inequality. Economic growth is also frequently accompanied by dynamics of so-called unequal exchange: The wealthiest parts of the global population (in the Global North) appropriate large amounts of raw materials, energy, labor, etc., at the expense of poorer populations in the Global South. At the same time, growth causes greenhouse gas emissions, driving climate change. This disproportionately impacts poor people and exacerbates global inequality, even though poorer populations are the least responsible for climate change. Instead of focusing on economic growth, the emphasis should be on redistribution and higher taxes for wealthy companies and individuals to create social equality.

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3. Concepts of Prosperity

Gross Domestic Product (GDP)
– The Indicator of a Nation's Prosperity

Gross Domestic Product (GDP) represents the value of all goods and services produced within a country's borders through paid labor over the course of a year. The increase in GDP (expressed as a percentage) is what we call economic growth. When the economy grows, people have more income available. Additionally, there is a wider range of products and services for consumers to choose from. Therefore, growing GDP is an indication of increasing prosperity. GDP as a measurement tool was developed in the 1930s and has been used globally ever since. In Germany, the GDP is calculated by the Federal Statistical Office from a wide variety of data and surveys, such as from regional statistical offices, the central bank, the employment office, and the tax office. The United States has the highest GDP in the world, followed by China, Japan, and Germany, with the island nation of Tuvalu ranking last (as of 2022). To better compare the prosperity of different societies, GDP is often expressed as a per capita value, divided by the population. In this regard, Switzerland, Qatar, Singapore, and the USA rank highest, while Burundi has the lowest GDP per capita (as of 2022). GDP remains the most important economic metric used by politics and economics to gauge prosperity.

Concepts of Prosperity, Care Work, and Models Beyond GDP

GDP has long been criticized for inadequately measuring a country's prosperity. For one, it does not only measure goods and services that improve people's quality of life: for example, a car accident can increase GDP because of the expenses for fire departments, police, and repairs. Wars, accidents, and natural disasters raise GDP due to cleanup efforts, while the damage to nature and people is ignored—along with the unequal distribution of wealth. Additionally, GDP only measures work when it is paid: if we repair a computer for free, bake a cake from self-picked apples, or spend time with our children, these activities are not captured by GDP, as no money is involved. Yet, this care work, which is primarily done by FLINTA* (women, lesbians, intersex, non-binary, trans, and agender people), contributes significantly to quality of life. Thus, GDP is outdated and devalues care work. There are alternatives like the Human Development Index (HDI), the Better Life Index, the World Happiness Report, or the Thriving Place Index. These take into account factors such as air quality, access to essential services, a sense of community in neighborhoods, and income inequality, offering a more nuanced view of prosperity. There are also ongoing debates about shifting economies towards a greater focus on "care" (Caring Economy, economy as care, care-centered economy).

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4. Sustainability and Climate Change

Economic growth enables climate protection and can be environmentally sustainable

The global increase in the production of goods and services consumes more and more resources and raises the emission of climate-damaging CO_2. This becomes problematic when environmentally friendly technologies are not used. In Germany, however, CO_2 emissions and resource consumption have been decoupled from economic growth. Relative decoupling means that while there is economic growth, CO_2 emissions increase at a slower rate relative to growth. Absolute decoupling means that there is economic growth, but CO_2 emissions are actually decreasing. In Germany, the latter has been the case for several years. In terms of resource consumption, Germany has achieved relative decoupling: economic growth continues while resource consumption stagnates. In this so-called green growth, investments in green technologies and the energy transition are paying off. This shows that economic growth does not have to be environmentally harmful. Green growth can be promoted through efficient technologies, renewable energy, circular economies, sharing models, digitization, and the expansion of the service sector. Countries in the Global South, which are not yet heavily industrialized, could leapfrog environmentally damaging industries and directly adopt eco-friendly technologies—this is known as "leapfrogging." Therefore, it is essential to promote green growth globally rather than environmentally harmful growth. This way, the economy can continue to grow, new jobs can be created, and the climate can be protected.

Growth and sustainability/ climate protection are incompatible

Green growth aims to solve ecological problems by decoupling economic growth from greenhouse gas emissions and resource consumption. Globally, there is relative decoupling of growth from CO2 emissions, but no decoupling from resource consumption. However, what is needed is absolute decoupling in both areas. There are many reasons why this doesn’t work:

1. Technological progress is far too slow to address the urgency of the problems.
2. Efficiency gains are often partially nullified by so-called rebound effects: for example, we produce more fuel-efficient cars, but then drive more because the savings make it possible.
3. Statistics can be misleading: many environmentally harmful production processes have been outsourced from countries like Germany to the Global South. Products now produced elsewhere but consumed in Germany are counted in the production country’s statistics.
4. Finally, the resource consumption of renewable energies and digitization is often underestimated (the myth of climate neutrality).

Regarding green growth, we might ask, as Bayo Akomolafe suggests: "What if the way we respond to our problems is part of the problem?" Instead of relying solely on decoupling, we should focus more on socio-cultural questions. This means: How can we create a good life for all on a lower material basis? What paths can we find to move away from dependence on growth.

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5. Quality of Life & Happiness

Economic growth increases people's quality of life and happiness

The goal of the economy is to meet human needs and enable a high quality of life. This is achieved through continuous economic growth, which leads to two key factors of happiness: higher incomes and more available products and services. An example is Germany after World War II. Thanks to the Marshall Plan from the USA, the economy recovered quickly, leading to the so-called "economic miracle." Due to growth, there was full employment, incomes rose, and consumer goods such as washing machines or cars became affordable for more people. In the 1950s and 1960s, life satisfaction in Germany increased alongside economic growth. While in 1960 it took over 350 hours of work to afford a television, by 2022 it only required about 18 hours. Studies show that wealthier people are often happier than poorer ones, and richer countries tend to have higher levels of happiness. Countries with sustainable economic growth often see an increase in happiness levels. This demonstrates that income and life satisfaction are often linked. Therefore, economic growth is an important condition for increasing prosperity and quality of life.

Does growth always make us happier?

Many studies now show that having more doesn’t automatically mean living better. Satisfaction depends not only on income but also on other factors such as social relationships, health, job security, and a healthy environment. According to the Easterlin Paradox, there is a relationship between income and well-being, but only up to a certain point. Beyond this income threshold, while one can afford more, it does not necessarily lead to greater happiness. This is because people often compare themselves to others, and this comparison is more important for subjective well-being than absolute income, as long as basic needs are met. Additionally, people quickly become accustomed to higher incomes, which does not increase long-term satisfaction. Therefore, for better quality of life, the distribution of wealth is more important than economic growth. Economic growth leads to problems such as climate change, with extreme weather events and the displacement of people. Climate change triggers various fears and psychological stress, which also negatively affect quality of life. Additionally, when measuring growth, negative events such as wars and accidents are included, which do not improve life. For example, coal mining in India increases GDP, but causes deforestation, air pollution, and health damage, reducing the quality of life for many people. Instead of continuously increasing GDP, we should ask ourselves: What do we really need for a good, happy life?

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6. Progress

Progress is growth

Progress is growth. The word "progress" is derived from the Latin "progressio," which means "increase, growth, and advancement." Progress is about expanding human freedom: through technological development and economic growth, greater independence from natural constraints is achieved. The numbers speak for themselves: since the 18th century, the average life expectancy in Europe has steadily increased, and globally, it has risen significantly since 1960. Literacy rates have increased dramatically worldwide since the beginning of modernity, and child mortality rates have decreased. Global economic output is at an all-time high, even though people are working less than before. As a result, more goods and services are available to more people, allowing them to expand their freedom and develop according to their desires.

**Progress as growth:
a cause of global crises**

The link between progress, growth, control over nature, and technological innovation is rarely questioned, despite ample reasons to do so. The dominant idea that human freedom increases through this particular notion of progress emerged at the beginning of modernity, shaped that era, and then spread to many parts of the world. Progress is often portrayed as a peaceful story of superiority that benefits everyone. However, the origin and spread of this concept are closely tied to colonial history, racist prejudices, and the notion of a mechanical nature that humans can control and manipulate at will. A small portion of the global population has benefited disproportionately from this idea of progress—at the expense of massive environmental destruction and structurally discriminated groups worldwide. To this day, little room is given to alternative worldviews, societal relationships with nature, and goals beyond the progress ideas of the Global North. This is not to dismiss the achievements of modern progress, but in light of escalating global crises, the search for alternative concepts of progress is urgently needed. These alternatives should focus on how to create a good life for all on a limited planet. How can people thrive without restricting the opportunities of others, while maintaining a healthy relationship with non-human life?

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