

Levi Kilcher
Political Science 452
Book Review #1
April 2002

Turning Point: The End of the Growth Paradigm
Robert U. Ayres
(Book Review)

I should begin by pointing out that the subtitle of the book is somewhat misleading. Ayres does not believe that there is, nor that there should be, an impending end to growth. In his own words: “I do not advocate ‘no growth’ at this point in time. This is because I am somewhat more optimistic about the potential for technological progress than [Herman] Daly.” Rather, Ayres believes that various aspects of the current mainstream growth paradigm are misleading, incompatible and often false. Throughout the book, Ayres uses historical, logical, social and economic arguments to point out these various fallacies; continued adherence to which could, he believes, cause a very swift collapse of our economic system – especially in the west.

In the preface, Ayres explains that he is an economist whose opinions of economic growth and trade liberalization have shifted away from those of his peers based on “the growing evidence that economic ‘growth’ today is benefiting only a few of those people now alive,” (p. xi). In order to reconcile this Ayres identifies the problems in the interactions between society, state and the market, then focuses on making these interactions sustainable rather than optimal.

In the first two chapters Ayres gives a brief explanation of forecasting (i.e. trend extrapolation) and its short-comings, and then of the forces driving structural change. The three drivers which he states are “(quasi) irreversible” are: demographic (population growth), economic growth, and technological (knowledge accumulation). At the end of

the chapter he points out that, “the importance of energy consumption as a driver of economic growth has been underestimated by received economic theory up to now.” (p. 28) In chapter three Ayres gives a frightening argument for “The Coming Economic Crisis of the West”, and chapter four explores the prospects of, and threats from, other major players in the world: Russia, China, India and Islam. These two chapters give the book its beginning in earnest because they provide the circumstances and motivation for the rest of the book. The next five chapters give an in depth look at the implications of, and especially the problems surrounding, certain issues: technology driven growth, unemployment, GDP and similar indexes as indicators of welfare, social equity and the environment. Throughout these chapters Ayres points to the idea of dematerialization, which he defines as, “a strategy for achieving economic growth by continuously increasing the productivity of natural resources, in contrast to the present strategy of achieving growth by increasing the productivity of labor through the use of material capital and energy” (p. 68), as the solution which will address the shortcomings of all of these issues.

In chapter ten Ayres calls for ‘radical dematerialization’ to become the new economic strategy and writes, “the new strategy must be a gradual but massive reverse substitution of human labor for fossil energy and physical substances extracted from the environment.” (p. 151) In this chapter he points to a primarily service based economy (where firms sell user rights to their products while retaining full ownership of and responsibility for their products) rather than product based economy, as a means to achieve “radical dematerialization’. The idea behind this being that when firms reach full product internalization it will be in their benefit to get the most out of the resources they

own, and therefore less resources will be consumed. In chapter eleven, Ayres outlines ideas for 'The Government Role' in creating an economic structure which will encourage corporations to internalize externalities. The most intriguing of these is the 'exchangeable quota' idea in which people are equally allotted resource consumption and waste creation rights. These quotas could be exchanged on a free market in which people who consumed little could sell their quotas to people or firms who felt the need to consume more. Chapter twelve raises issues of international equity and Ayres extends the idea of consumption quotas to the international level, where essentially "over-consuming countries would have to buy consumption rights from under-consuming countries." He goes on to point out that, "this is already being discussed under the rubric 'joint implementation'." (p. 185)

The final three chapters address inherent problems within 'The Economic Growth Paradigm', 'The Free Trade Paradigm', and 'National Debt and National Wealth' in that order. These chapters are more of a return to problems within the current system, than solutions to those problems. This is unfortunate because Ayres had been building an intriguing case for his solutions to the problems he presents. This case is left largely incomplete because he does not address the feasibility of his solutions. At the beginning of chapter eleven he explicitly states, "I refuse to be inhibited in my proposals by premature considerations of political feasibility. Let's talk about what makes sense first, and then let the professionals figure out how to get there." (p. 164) The point is valid, but it does not preclude addressing the feasibility – and perhaps more importantly the paths to feasibility – once the objectives have been established. A look at the path to political feasibility of his ideas, including examples that are under consideration (i.e. carbon

quotas), could have been a much better end to this book than a return to systemic flaws in economic ideology and society. Unfortunately, Ayres' refusal to address feasibility may doom his ideas to the realm of the impossible in the eyes of policy makers.

Throughout the book, Ayres states his hope that the book is readable to non-economists. While this may be true to the extent that one must not necessarily be an economist to read this book, it is very dense, and would not be easily understood by the average reader. The strengths of this book are its logical base, its insight into ideological flaws and their affect on society, and innovative suggestions on remedying the social and ecological problems discussed.

The primary goal of this book is to refute many of the ideas of the current growth paradigm. In this, Ayres is successful. The secondary goal of this book is to suggest remedies to social problems created and perpetuated by the growth paradigm. In this, Ayres is less successful. Unfortunately, the ordering of these goals appears backwards. It would seem that refuting the current growth paradigm would create a basis for the greater goal of addressing social issues in new terms. Instead, based on the structure of the book, Ayres appears to use alternative methods of addressing social issues to show that the current growth paradigm is misleading. These distinctions may seem trivial except for the unfortunate and recurring situation in modern liberal literature: in the end the reader is left with more problems and hurdles than solutions and reasons for optimism.