UC SANTA BARBARA

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# Slowing Ahead

We've been living in a time of unprecedented global economic growth. Depressions, recessions and other dips in the economy notwithstanding, the last century has been unlike any other before in terms of overall Gross Domestic Product (GDP) per capita growth. It's the result of a potent combination of technology, via the Industrial Revolutions, and economic and political freedom and stability, thanks to the spread of democracy.

But the heady days of rapidly rising prosperity may be coming to an end, according to an interdisciplinary group of scientists at UC Santa Barbara and the University of Colorado Boulder. Developed democracies in particular look to be first in line for a long-run economic slowdown through the 21st century, and that, according to the researchers, should prompt some preparation for the additional fiscal and social stress that it will bring.

"Long-run slowdowns in growth in rich countries are inevitable for a bunch of reasons that we really don't have control over," said Matthew Burgess, the lead author of a paper that appears in the journal Nature Human Behaviour. "Nobody can say for sure exactly what's going to happen, but there's this long-term pattern of declining growth that has been visible since the middle of the last century."

Among the factors that may be implicated in this potential slowdown are aging populations, shifts from goods to services, slowing innovation, and debt. The extended effects of COVID-19 and climate change, the researchers say, could further slow growth.

“Given that future economic costs of human-driven environmental challenges like climate change can be enormous, aggressive action today on effective solutions is crucial to limiting future economic declines,” said Steven Gaines, a co-author of the paper.

The news doesn’t bode well for rich, democratic countries like the United States, which rely on long-term economic growth for many of their social safety net programs, job-creation investments, and to repay debt. The effects would ripple out to individuals as well, as slowing economic growth affects investments and savings that are crucial for education and retirement.

“I don’t think there’s quite enough of a deep appreciation of how much of our society we have built on growth,” Burgess said, adding that the slowdown might persist for decades. While rapid growth has been implicated in many of our ecological woes, often leading to calls from the ecology community to slow down, thus far the position has been politically unrealistic, he said. Now, the question is: regardless of the politics, what if slow growth is inevitable?

**A ‘Guided Civic Revival’**

“We need to start imagining a slow- to no-growth world,” said Burgess, who is careful to point out that in the greater scheme of civilization, the last hundred years of economic growth have been the deviation, rather than the norm.

“We take the kinds of growth we’ve seen in the last hundred years for granted, because so much of our memory and our ways of studying economics arose during this time when we were growing,” he said.

The researchers propose a “guided civic revival,” an approach that combines grass-roots, bottom-up civic forces with government participation to weather the potential long-term economic winter. Its goals would be to decouple social capital and individual well-being from economic growth; reduce inequality; improve opportunities for youth; increase the return on investment in government spending and taxation; and safeguard core institutional elements of democracy so they can withstand stress. The endgame? To promote unity in a storm of fiscal stresses that pose challenges to not just to our pocketbooks but also to society and democracy.

“I think the most important thing to ask ourselves is how do we build social solidarity in a context where things feel zero-sum,” Burgess said. “Secondly, how do we adjust

expectations?” For as long as most of us can remember, growth is assumed — it’s part of the American Dream that over time, children will be better off economically than their parents. Recent statistics show that dream is fading, with at best 50% of people in their 30s today making more than their parents did, Burgess said. Yet many continue to assume that their ship will come in.

“There’s lots of evidence that a gap between expectation and reality can be a catalyst for political unrest, especially among middle- and upper-class youth,” he said.

Other solidarity-building exercises center around building a strong, shared identity while also making room for ethnocultural diversity, and lessening economic inequality by lowering the barriers to public education, and providing job-relevant training.

Meanwhile, increasing the efficiency of public spending and reducing waste are fiscal strategies for the government to implement. The researchers suggest measures including spending on education, research and development, and infrastructure, while closing costly tax loopholes, reducing corruption and reforming the economically inefficient healthcare system. Savings and debt — our mechanisms for investing in the future as well as dealing with the present — may have to undergo a rethink in a stagnant economy, as exponential growth might no longer be relied on to reward us for buying a house, or contributing to education or retirement.

The measures the researchers propose are meant to be starting points from which to consider a slow-growth future, Burgess said. They could also be coupled with a shift in the assessment of well-being from the amount of income and affluence to the more subjective feelings of security, strong connections with family, personal freedoms, health, meaning, purpose and moral satisfaction.

“What does a successful, developed democracy look like amid long-run stagnation?” Burgess said. “In the modern United States, nobody really knows because it hasn’t happened. The main goal of this paper is to start the conversation.”

Research in this paper was conducted also by Amanda R. Carrico, Alessandro Peri and Steve Vanderheiden at the University of Colorado, Boulder.

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## About UC Santa Barbara

The University of California, Santa Barbara is a leading research institution that also provides a comprehensive liberal arts learning experience. Our academic community of faculty, students, and staff is characterized by a culture of interdisciplinary collaboration that is responsive to the needs of our multicultural and global society. All of this takes place within a living and learning environment like no other, as we draw inspiration from the beauty and resources of our extraordinary location at the edge of the Pacific Ocean.