

Opinion **Data Points**

The shrinking arguments for degrowth

Economic growth isn't everything for everyone, but it turns out it's pretty close

JOHN BURN-MURDOCH



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John Burn-Murdoch

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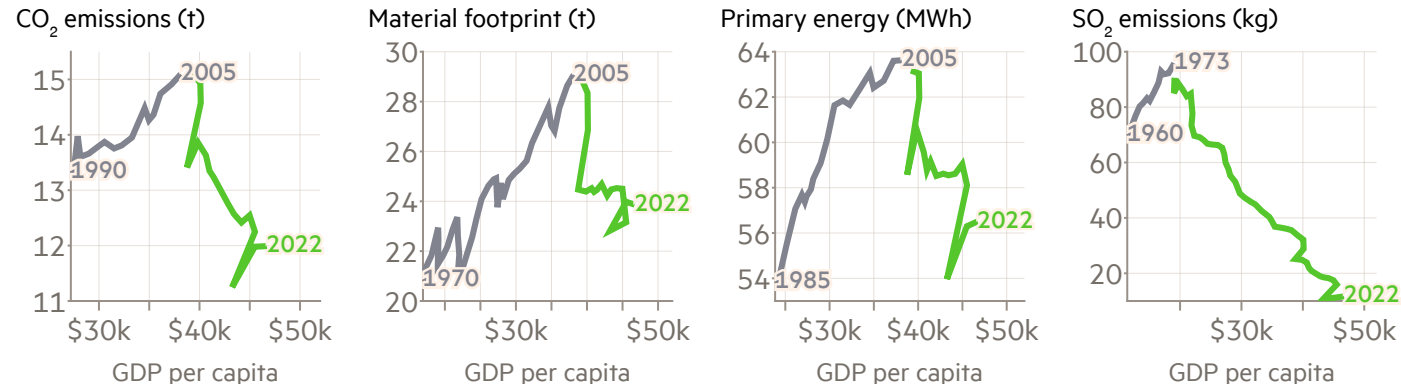
It's been a big moment for the degrowth movement. First, French economist Thomas Piketty and a team of researchers published the [Global Justice Report](#) this month, a proposal for radically reshaping the world economy in the service of social justice and environmental sustainability, including, as a core requirement, cutting annual per capita economic growth in the west to a trickle of 0-0.5 per cent. He was then joined by others including Nobel laureate Joseph Stiglitz arguing that “‘growth’ is a doomed strategy”.

There is much that the report gets right. Very high levels of inequality can be [socially and politically destabilising](#); it is evidently preferable to raise living standards sustainably rather than by exhausting finite resources. But the idea that economic growth is a barrier to achieving better outcomes is at best outdated, in many cases a misreading of the data.

A few decades ago, the theory would have better matched the evidence. [Back then](#), growth in GDP per capita still tended to be accompanied by growth in pollution and larger material footprints. But that link has long since decoupled in a [growing roster of countries](#) and pollution levels are now falling worldwide.

Growth used to come with **increased environmental impact**; now rich countries are **growing while reducing their footprints**

Trajectory of per-capita environmental impact and GDP, high-income countries, 1960-2022



Emissions are adjusted for trade and thus do not reflect offshoring of manufacturing. Source: 'Developed economies are growing while reducing many of their environmental impacts' (Dancer et al, 2026)

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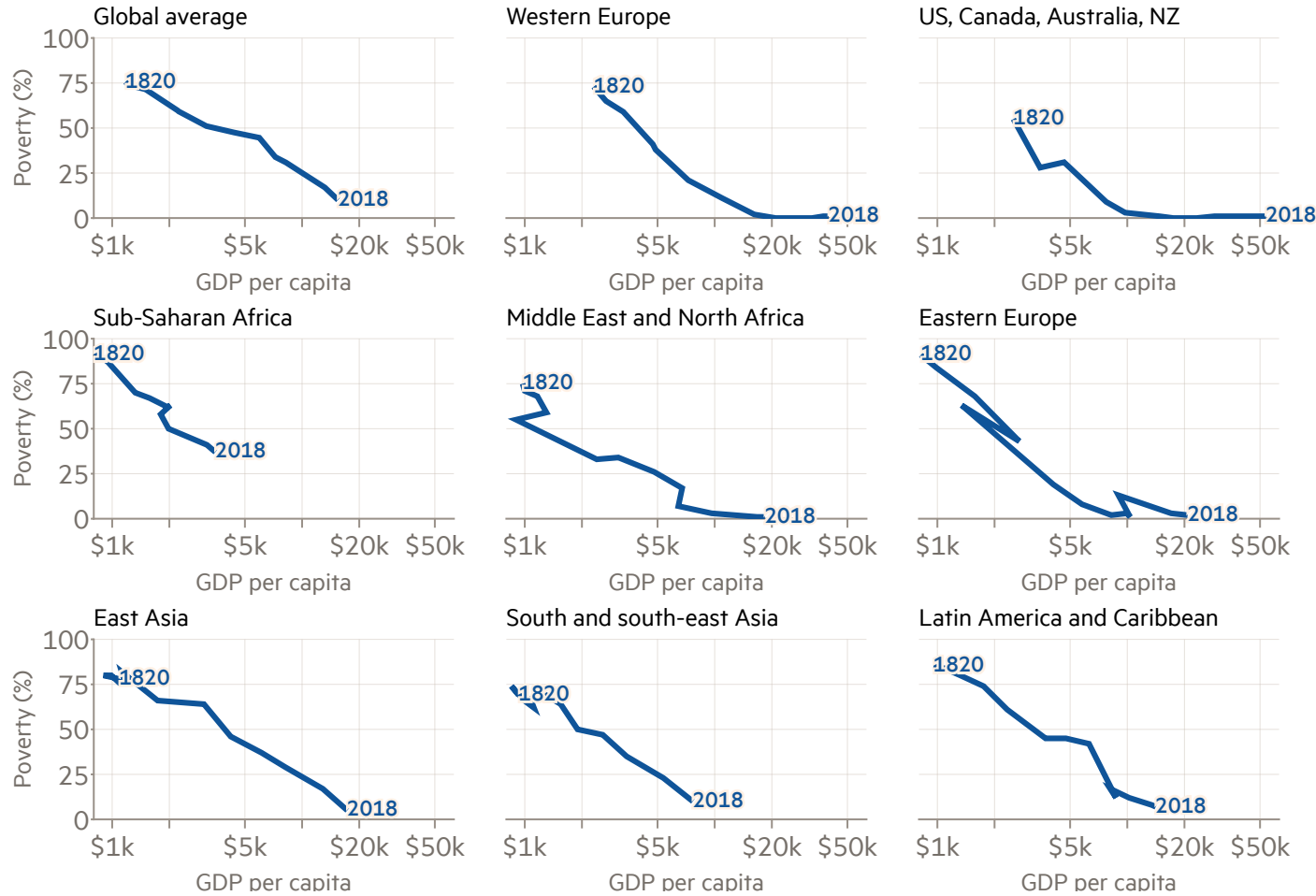
In many cases economic growth now *reduces* each person's environmental impact. Much of this results from hard-won regulation, hand-in-hand with growth. The solar and batteries revolution — central to decoupling energy from emissions — is now powering millions in poor countries and has also [made fortunes](#) in richer ones: a case of growth and wealth creation alongside huge positive externalities for people and planet.

Other assertions are more straightforwardly flawed, namely that growth is no longer accompanied by reductions in poverty, that it has not led to shared prosperity, and that wages have stagnated despite national incomes expanding.

The tight link between growth in GDP per capita and reduction in poverty is one of the most remarkable findings in economic research — and [it has held firm](#) across every global region for more than two centuries.

GDP growth and poverty reduction have gone hand in hand

Trajectories of GDP per capita (2011 USD PPP) and extreme poverty (inability to afford basic needs) by region, 1820-2018

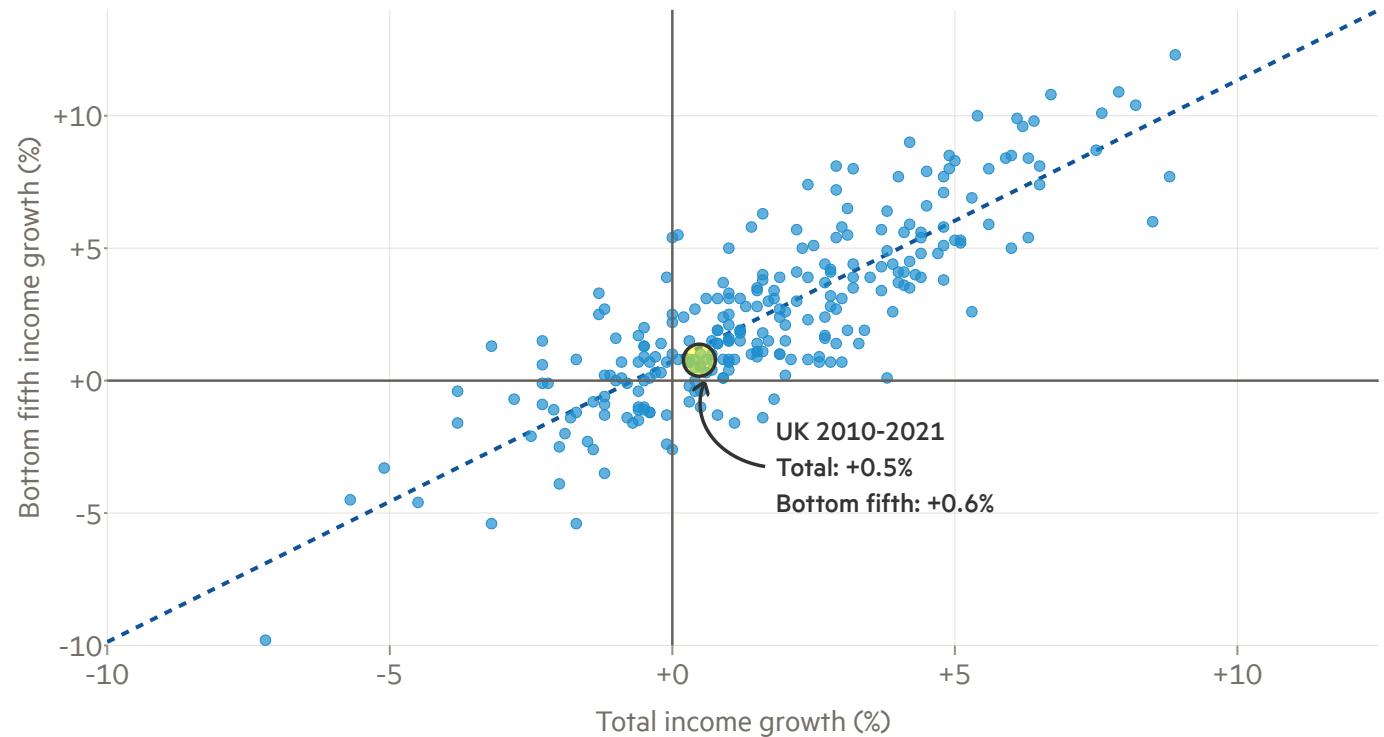


Sources: Michail Moatsos (extreme poverty); Bolt and van Zanden (GDP per capita); OECD; Our World in Data
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Researchers have [long interrogated](#) whether total national income growth is matched by growth in incomes for the poorest, [consistently finding](#) that it is, across a range of countries, time periods and policy environments. When I updated these analyses to include the past 15 years, I found that this link between aggregate and bottom-fifth outcomes has become even stronger. Where incomes for the poorest have stagnated, it is generally because the economy didn't grow (see the UK of late), not because growth was shared unequally.

Incomes for the poorest tend to rise at the same rate as overall incomes

Average annual growth in total vs bottom-fifth incomes over various time spans between 1995 and 2024 in different countries



Sources: 'Growth still is good for the poor' (Dollar et al, 2016); World Bank; Luxembourg Income Study
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The argument that stagnant wages in rich countries have decoupled from soaring economic output also often rests on shaky analysis. On [both sides](#) of the Atlantic, [comparing like with like](#), workers' output and compensation have kept moving in virtual lockstep.

And earlier this year [new research pushed back on](#) the argument that once a country becomes rich enough, further economic growth doesn't boost wellbeing. After adjusting for the way people change their frame of reference over time, focusing instead on whether they say they are doing better than in the past, the research found [life satisfaction continued to climb alongside GDP per capita](#) even in countries as rich as the US.

Moving away from individual material wellbeing to broader societal measures, [research](#) finds that [economic growth fosters trust in government](#) and prosperity [boosts social cohesion](#). Indeed, the past decade of political turmoil in Britain has coincided [not with rising inequality](#) (it has been falling) but with anaemic growth.

To be clear, the current system is far from perfect and there are new challenges to shared prosperity on the horizon, not least the risk that AI delivers outsized returns to capital over labour and rich over poor. But where growth slows — whether through [demographic decline](#), policy missteps or explicit degrowth agendas — living standards will stagnate (including for the poorest), [reducing public support for altruism](#) and pushing us towards a [zero-sum world](#) with [increased inter-group tensions](#) and more hoarding of scarce resources.

Economic growth isn't everything for everyone, but it turns out it's [pretty close](#). It has delivered remarkable progress on exactly the benchmarks that its critics prioritise — recently even on environmental impact. The problem facing rich and poor alike today is that we don't have enough of it, not that we've had too much.

john.burn-murdoch@ft.com, [@jburnmurdoch](#)

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