

Triodos Bank on post-growth

Position paper

Triodos Bank was founded on the conviction that banking can be a powerful force for good. Our mission is to make money work for positive cultural, environmental and social change. We finance progressive entrepreneurs and influence the banking sector to become more transparent, diverse and sustainable.

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Introduction

Triodos Bank supports the call for a post-growth transition, as post-growth provides a positive vision of a society that enables a high quality of life for all on a thriving planet. This paper discusses why it is relevant for Triodos Bank to have a position on this topic and what post-growth means exactly, summarizes Triodos view on post-growth and explains how Triodos Bank contributes to a post-growth transition.

Why Triodos Bank and post-growth?

Triodos Bank has always been clear about its mission to 'transform' the economy and financial systems towards achieving a more sustainable world. This commitment is echoed in various slogans, statements, and, notably, our articles of association. As a result, our aim has been to fund sustainable initiatives and contribute to positive change, aligning with our [mission](#): "Triodos Bank is in business to help create a society that protects and promotes the quality of life of all its members, and that has human dignity at its core."

However, the outside world that we want to change is evolving rapidly. We find ourselves in a society increasingly grappling with multiple crises, where six out of nine planetary boundaries are being breached, and inequality is on the rise. The fundamental value of human dignity is now under threat. Moreover, since the groundbreaking report of the Club of Rome in 1972, we have understood that the relentless pursuit of economic growth is the primary driver of ecological degradation. Currently, we see that this driver has overstretched how much we can demand from nature. Consequently, we believe it is imperative for Triodos Bank to engage actively in the ongoing discourse surrounding degrowth and post-growth paradigms.

As a financial institution committed to societal transformation, as evidenced by our [focus on transformative impact and five transition themes](#), we actively encourage debate on the suitability of the current economic system and paradigm for the future. Triodos Bank has been financing sustainable initiatives since its establishment in 1980, playing a significant role in the transition towards a more sustainable society.

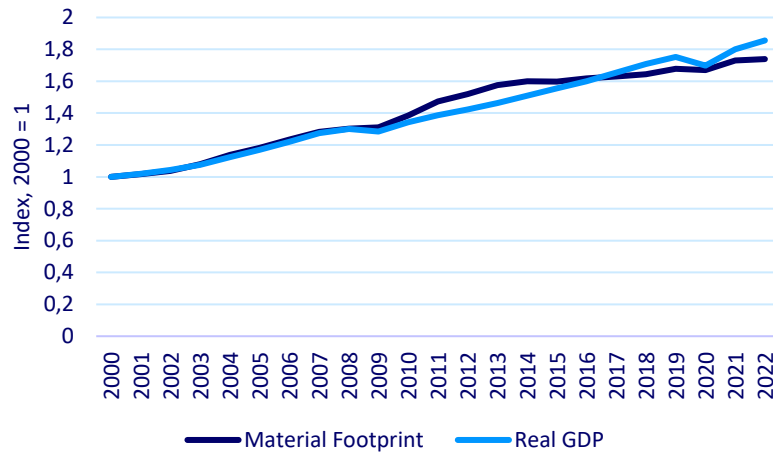
Article 2.2 of Triodos Bank N.V.'s articles of association

"Through the exercising of its banking business the company aims to contribute to social renewal based on the principle that every human being can develop themselves in freedom, that they each have equal rights, and all bear responsibility for the consequences of their actions on other people and the earth."

What do degrowth and post-growth mean?

The fundamental premise of both degrowth and post-growth is that perpetual growth in energy consumption and resource utilization is unattainable within a world constrained by finite supplies of raw materials. This principle is rooted in biophysical reality above all else. Thus far, economic activity, as quantified by Gross Domestic Product (GDP), has exhibited a close correlation with material footprint, as illustrated in Figure 1.

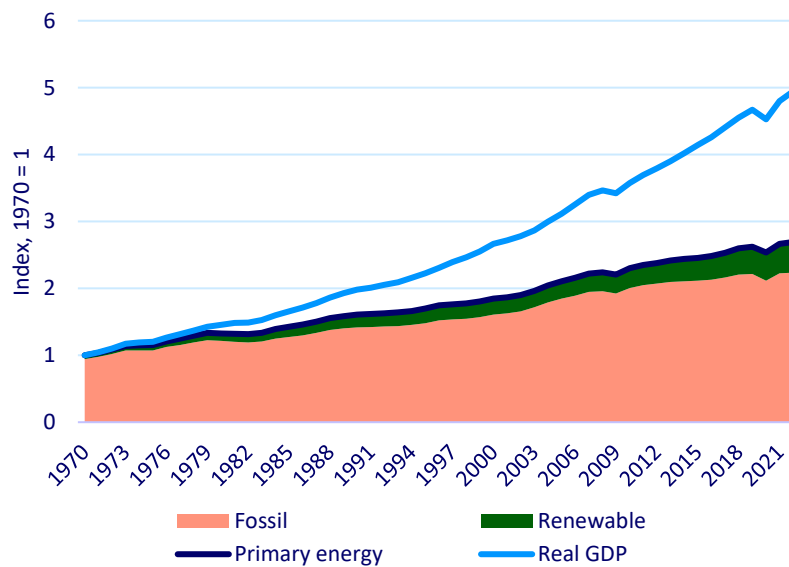
Figure 1: GDP & Material Footprint, world



Sources: [Global Material Flows Database](#) and [World Bank](#)

The energy intensity of GDP (the amount of energy that is used per Euro produced) has been coming down since the 1970's – but primary energy consumption is still growing. Figure 2 shows that on a global level all the efforts at installing renewable energy capacity (the green area), have only been absorbed as extra energy demand so far, rather than replacing fossil-based energy consumption. To become sustainable, the light red shaded area needs to disappear (almost) completely, soon.

Figure 2: GDP & Primary energy, world



Sources: [World Bank](#) and [Our World in Data](#)

Degrowth scholars contend that since energy and resource consumption currently surpass sustainable thresholds by a considerable margin, the most expeditious and responsible path towards achieving a sustainable society involves reducing energy and resource usage. They advocate that these ecological boundaries should take precedence as the primary objective of (economic) policymaking, and that the economic system should undergo transformation to facilitate sustainable livelihoods at reduced levels of energy and resource consumption. This includes letting go of economic growth as a policy goal, and instead creating livelihoods that are resilient in the face of lowering economic activity.

Some argue that innovation, such as employing methods that consume less energy and resources per unit of economic output, could address the challenge of reducing energy and resource use. This is called green growth. However, there is barely evidence for this on a macro level. Although there are instances of absolute decoupling observed in the wealthiest nations, where GDP growth is accompanied by a decrease in carbon emissions, the pace of progress is insufficient to meet the targets set forth in the Paris Agreement in all these nations. Moreover, on a global scale, such decoupling between economic growth and carbon emissions is not occurring. Figure 2 sheds light on why this absolute decoupling is not happening globally; while the renewable

share of energy produced in green has been growing steadily, primary energy use has been increasing faster, driven by economic activity. It is highly unlikely that primary energy use and GDP growth will decouple at any point in the future as the amount of useful energy in a country explains a significant part of economic growth until now. ⁱ The picture is even more daunting for resource use: it is not decoupled in an absolute sense (not even on nation-state level) from economic growth.

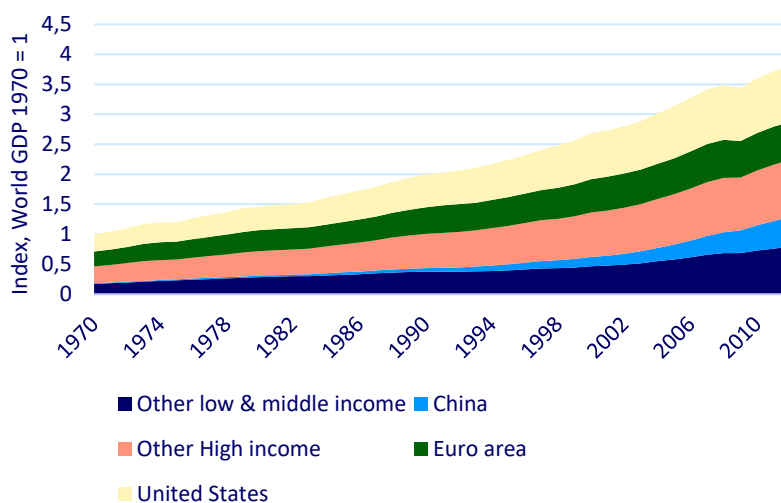
Therefore, post-growth scholars contend that we should delve into discussions surrounding the demand side of the economy: how can we reduce both consumption and production while ensuring a high quality of life for all? This need for reduction is particularly pertinent in the most affluent nations.

Degrowth is a **deliberate decrease in energy and resource consumption to align with planetary boundaries, in a manner that mitigates inequality and enhances human well-being**. Defined more broadly, post-growth envisions a **society not reliant on perpetual economic expansion, wherein economic activity and environmental requirements find equilibrium**. Degrowth and post-growth are sometimes used interchangeably.

Advocates of post-growth endorse sustainability transitions, such as transitioning from fossil fuels to renewable energy sources. They also champion innovation and rejuvenation supportive to these transitions. However, they highlight the inherent contradiction in simultaneously increasing consumption while reducing raw material extraction. They argue that a sustainable economy cannot simply replicate the growth trajectory in a more sustainable manner; instead, they advocate for a fundamental paradigm shift. For instance, rather than replacing petrol cars with electric SUVs, the emphasis should be on reducing the overall number of cars in favour of promoting public transport and cycling.

Some people express concerns that transitioning to a post-growth model could impede efforts to alleviate poverty. However, such concerns are unfounded. The root of ecological overshoot predominantly lies in the overconsumption by the wealthiest nations and individuals, revealing a profound link between inequality and overshoot. For example, the richest 1% of the global population is responsible for twice as much emissions as the poorest 50%. ⁱⁱ (Oxfam Novib, 2023) Furthermore, the lion's share of economic growth has been accrued by the wealthiest countries, indicating that perpetuating global economic expansion is not an effective strategy for poverty alleviation.

Figure 3: Real GDP per country group over time



Source: [World Bank](#)

Post-growth therefore presents an alternative to our current economic system. It contends that through building a fairer, more inclusive economy rooted in care and solidarity, rather than an overabundance of waste and superfluous products manufactured through unfulfilling jobs, we stand the best chance of securing the future of humanity.

A main challenge for post-growth lies in framing such a radical transformation as a hopeful prospect, rather than interpreting the absence of growth as 'recession'. This entails viewing less production of polluting and unnecessary goods as a positive development, simply because we secure the foundation of our existence: the ecosystem.

For society at large, it necessitates a significant shift in mindset; we are accustomed and conditioned to believe that more is always better. Even without ecological constraints, this collective re-evaluation is worthwhile. The wealthiest Western economies, such

as those where Triodos Bank operates, have already experienced sluggish growth, with little indication of significant change in the foreseeable future. Aging populations and stagnating productivity growth are among the structural factors contributing to this trend. Therefore, there is ample justification to engage in discussions about embracing less as a hopeful perspective for our future.

Important to note is that post-growth does not imply everything must shrink. Some sectors must shrink or even disappear completely, such as fossil fuels, mining, cement, fast fashion and livestock farming. Some economic activity, on the other hand, should grow. Sectors that highly impact wellbeing without driving ecological overshoot will need to grow, such as elderly care or education. Similarly, companies that manage to provide useful products or services with lower ecological impacts than current norms, for example renewable energy or circular manufacturing, need to expand massively.

From a post-growth perspective, financial services are only useful to the extent that they contribute to a good life for all within planetary boundaries. It is still being debated what a post-growth financial sector would look like exactly, but this clearly implies a focus on investing in the real economy. The more speculative and extractive parts of the financial sector therefore seem ill-suited to a post-growth economy.

What does Triodos Bank think of post-growth?

Triodos Bank aims to make money work for positive change. The concepts of degrowth and post-growth fit well our ambition to increase human well-being and respect planetary boundaries, with a changing role of money and financial institutions. This aligns with our overarching goal, where economic growth takes a back seat in importance.

We, Triodos, support the call for a post-growth transition. We envisage an economy that no longer hinges on growth (the post-growth scenario) as the ultimate objective, with degrowth serving as a steppingstone towards this vision.

What exact policy measures and organizations are best suited to such a transition are still being debated. We intend to keep contributing to this debate in a constructively critical manner.

Some people argue that rather than constructing a post-growth system, we should rely on innovation to solve ecological crises. We do not agree. We welcome and encourage all forms of innovation – both technological and social - that can help us live well within planetary boundaries. Our financing activities contribute to such developments. Yet, the pressing reality is that we are already breaching planetary boundaries. Waiting indefinitely for a breakthrough innovation might be likened to jumping out of a plane without a parachute, hoping for a last-minute solution. Even if it could technically happen, the strategy seems irresponsible. We therefore think a post-growth transition is necessary along with innovation.

We also believe the risks associated with a post-growth transition are manageable. Adopting a post-growth paradigm could happen gradually and deliberately, with some potential policies already under study and trial. Measures such as requirements for reuse, the introduction of minimum product guarantees and the implementation of a basic income (an idea tested since the 1970s) are steps in this direction.

Our ultimate aim is to rally everyone around a positive vision of society that enhances the quality of life for all on a flourishing planet, anchored in human dignity. At times, emphasising the positive aspects of such a vision suffices, but at other times, discussing uncomfortable truths is essential to drive progress. This is especially true in the macroeconomic part of our work: we see the way our current economic structure and economic thinking embed the idea of continuous growth, observe that continuous growth is a fundamental driver of ecological crises, and feel the need to address this issue head-on as economists.

How does Triodos try to stimulate post-growth?

Post-growth harmonises with our current impact strategy in multiple ways. Firstly, post-growth entails scaling back harmful activities, such as reliance on fossil fuels and the proliferation of 'fast fashion'. Through our Minimum Standards, we already refrain from financing many of the ventures that would need to be phased out in such a transition. In addition, we only finance and invest in the real economy. This commitment stems from our mission to make money work for social renewal and means that Triodos Bank is not involved in many of the more speculative and complex parts of finance. We believe this focus on the real economy aligns with post-growth principles. In terms of positive selection, in a post-growth transition sectors may expand if they contribute positively to societal well-being and / or supplant polluting practices. Innovation is indispensable in our journey towards such a post-growth society, encompassing clean technologies and social innovation. This type of transformative impact is precisely what we aim to foster through our five transition themes. We therefore think that our impact strategy – both in exclusions and positive selection criteria – aligns closely with post-growth principles. In the future, we will aim to measure for every transition how we want it to develop for society, confront it with how we can best leverage our impact by financing and change finance, and then also measure our contribution to accelerating the transitions.

Triodos Bank wants to change the financial sector specifically and the economy in general 'from within'. We will continue to strive towards supporting a prosperous life for people on a thriving planet, making our societal voice heard to get there.

Frequently Asked Questions

Why is it not possible, in the future, to find innovations that will combine growth with less resource and energy use?

Innovation continues. Also innovation with regard to sustainability. For example, some believe that nuclear fusion will in the near future solve our dependence on fossil fuels. Others expect that geo-engineering, material and resource science as well as bioscience and Artificial intelligence can solve all our problems. And innovation will definitely continue to solve a lot of problems. However, history up till now has proven that decoupling macroeconomic growth from resource and energy use did not happen, despite all the innovation that has already happened. There is also no (academic) proof that this will happen in the near or medium term future. Therefore, thinking about what we can do on the demand side of the economy to reduce resource and energy use seems like a reasonable application of a precautionary principle to us.

Why does Triodos engage with post-growth, given the sometimes negative association with 'less', instead of sticking to positive impact and constructive proposals?

We see the assumption that growth can and should continue indefinitely, which is especially embedded in (macro)economic models and policy, as a fundamental driver of continuing ecological overshoot. We consider it part of pursuing our mission to address this, in our view, harmful assumption head-on. Of course, creating positive impact via financing is our core business and we try to support constructive proposals through much of our advocacy work. Yet, ignoring the growth-dependency of our economy as a topic and thereby allowing it to persist, risks undermining our mission altogether. We therefore feel the need to speak out on post-growth in addition to our work on financing change and changing finance.

How does Triodos concretely contribute to reducing energy and resource use?

We contribute to reducing energy and resource use most concretely through our financing activities. In terms of energy use, we provide a financial incentive for home-owners to increase the energy efficiency of their homes by lowering interest rates for homes with higher energy efficiency. The focus on energy saving is part of our view on the energy transition. In the food transition, we similarly embrace post-growth principles by focusing on producing sufficient food with low environmental impacts, meaning organic agriculture with lower animal-protein consumption compared to the average diet in the countries where we have a retail bank. In terms of reducing resource use, our work in the resource transition is focused exactly on this task. We finance organizations that contribute to reduced resource extraction, largely through financing entrepreneurs that use circular manufacturing practices to compete with linear manufacturing practices. In addition to our financing activities, reducing energy and resource use are a part of our advocacy and research activities.

Does this post-growth position mean that Triodos supports all (policy) ideas that are discussed in post-growth or degrowth communities?

No. Post-growth is a new paradigm that is taking shape through both academic and societal debate. Naturally, many ideas circulate and are being shaped in such discussions. We do not automatically embrace or support every single idea in these discussions.

We do support the need for a post-growth transition as defined in the position statement. We also try to contribute actively to the debate shaping post-growth thinking and invite everyone who wants to create a prosperous life for people on a thriving planet to join us.

ⁱ Santos, J., Domingos, T., Sousa, T., & Aubyn, M. S. (2018). Useful exergy is key in obtaining plausible aggregate production functions and recognizing the role of energy in economic growth: Portugal 1960–2009. *Ecological Economics*, 148, 103-120.

ⁱⁱ Oxfam Novib (2023). Climate Equality, A Planet for the 99%. [Climate Equality: A planet for the 99% | Oxfam International](#)