



Report Review: Prosperity without Growth

Posted by [Gail the Actuary](#) on May 23, 2009 - 9:42am

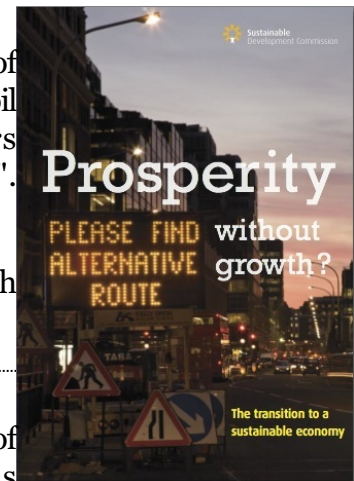
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This is a guest post by Luís Queirós. Luís is a member of ASPO Portugal. Prior to his retirement, Luís led Marktest, a market and opinion research firm he created in 1980.

Two years ago, when I started visiting The Oil Drum, the main subject of posting and discussion was peak oil: why?, when?, how?. Now, peak oil seems to be in the past, and is less an object of discussion. Other factors are becoming more important, including "growth" and "sustainability". We take care to avoid the word "collapse".

The purpose of this post is to introduce a recently published report which is a notable contribution to the subject of growth and sustainability.



Every society clings to a myth by which it lives. Ours is the myth of economic growth. For the last five decades the pursuit of growth has been the single most important policy goal across the world. The global economy is almost five times the size it was half a century ago. If it continues to grow at the same rate the economy will be 80 times that size by the year 2100...

... In short, this report challenges the assumption of continued economic expansion in rich countries and asks: is it possible to achieve prosperity without growth?

"Prosperity without Growth: The transition to a sustainable economy" can be downloaded at this [link](#) (large pdf, 143 pages). The report was published by the Sustainable Development Commission, a British organization that is, according to their own words, "the Government's independent watchdog on sustainable development". The author is Professor Tim Jackson, Economics Commissioner.

Summary: Economic growth is supposed to deliver prosperity. Higher incomes should mean better choices, richer lives, an improved quality of life for us all. That at least is the conventional wisdom. But things haven't always turned out that way.

According to the report, the current economic system, based on continuous growth is unsustainable. This is because the planet has limits. Resources, including energy, are exhaustible

and because of medium-term environmental imbalances caused by growth will make human life more difficult or even impossible.

Therefore, contrary to all that is being advocated in the present crisis, we must find an economic and social system that should is not based on growth. At this time, prosperity is based on “consumption”, and on “property”. But happiness is not necessarily linked to the possession of material goods. The concept of “prosperity” must be reconsidered.

Then the big question arises: Can we build a system that enables prosperity (happiness) of the human being without economic growth?

A simple sentence can almost summarize the thesis of this report: *how can our civilization survive?*

Apparently, we face an insoluble dilemma or “an impossibility theorem for a lasting prosperity”

Growth is unsustainable – at least in its current form.

De-growth is unstable – at least under present conditions. (rising unemployment, falling competitiveness and a spiral of recession.)

The failure to solve this dilemma is the single biggest threat to sustainability that we face.

According to the report, all the measures that are being taken since the emergence of the current crisis point the wrong direction. The main concerns are the employment and avoiding collapse of the institutions and the receipt is always the same: “kick start economic growth again”.

Returning the economy to a condition of continual consumption growth is the default assumption of Keynesianism.

The green new deal (Obama’s and EU’s policies), focused on the challenges of Climate Change and energy security is also discharged as a solution. For the author, the goal of creation and training of a “carbon army” of workers for a vast energy program is to restore economic growth "is a different kind of growth, but growth nonetheless.”

According to the report:

While modernizing production and redesigning goods and services have led to greater resource and energy efficiency in recent decades, the report finds that aspirations for 'decoupling' environmental impacts from economic growth are unrealistic. Even based on a moderate level of growth of 2% per year, meeting 2050 carbon reduction targets would mean achieving a carbon content of no more than 6g CO₂ for each dollar spent - a staggering 130 times lower than the average carbon intensity today.

A new economy, a new man, a new moral

Our society of consumerism seems to have reached a critical point of non-return. We need an alternative system based on a new set of values. It is time to change the concept of prosperity.

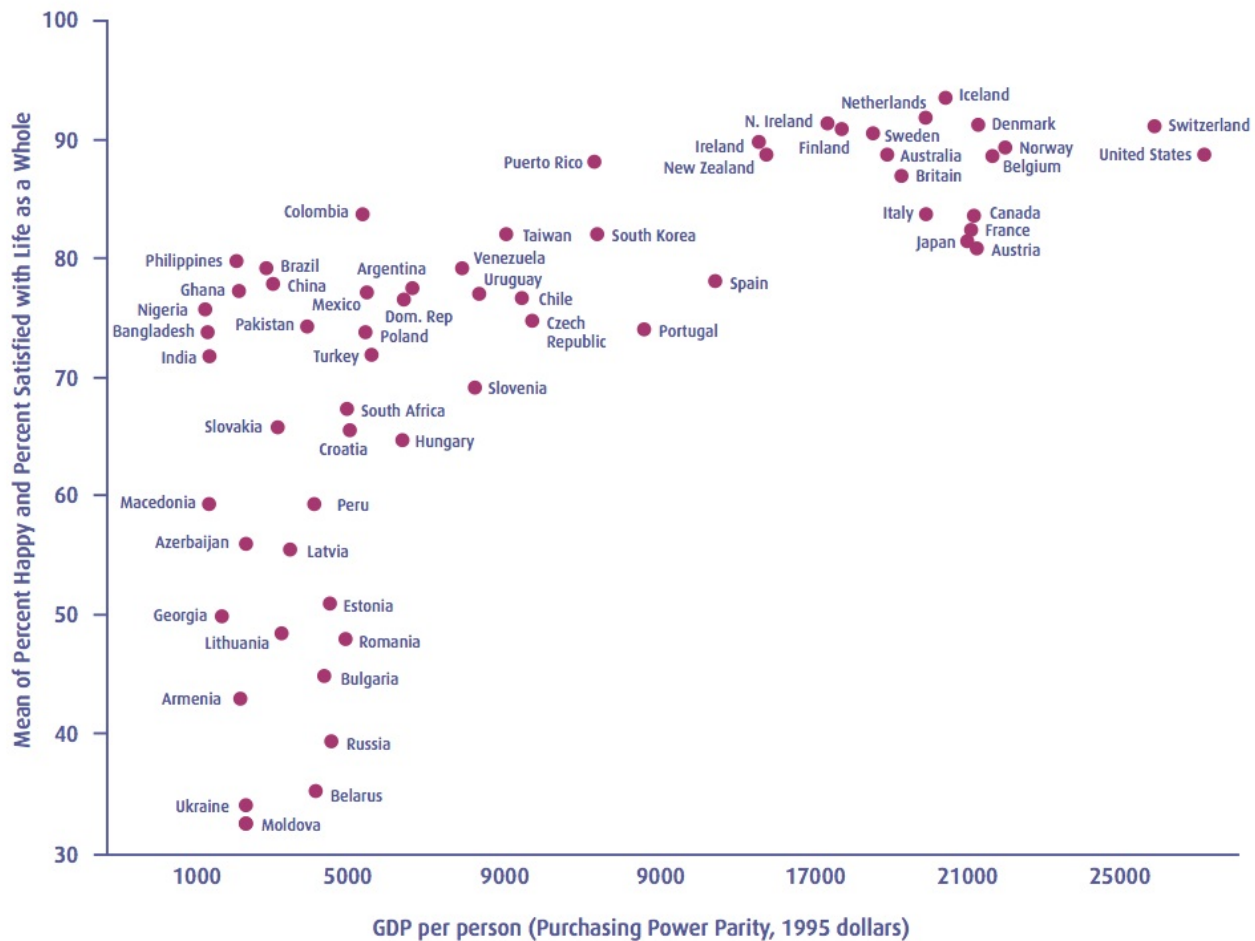
A different way of ensuring stability and maintaining employment is essential.
A different kind of economic structure is needed for an ecologically-constrained world.

So what exactly constitutes productive economic activity in this economy? It isn't immediately clear. Selling 'energy services', certainly, rather than energy supplies, selling mobility rather than cars, recycling, re-using, leasing, maybe. Yoga lessons, perhaps, hairdressing, and gardening: so long as these aren't carried out using buildings, don't involve the latest fashion and you don't need a car to get to them. The humble broom would need to be preferred to the diabolical 'leaf-blower', for instance.

A shift towards alternative hedonism would lead to a more ecologically sustainable life that is also more satisfying and would leave us happier.

The author cites psychologist Tim Kasser to conclude that

materialistic values such as popularity, image and financial success are psychologically opposed to 'intrinsic' values like self-acceptance, affiliation, a sense of belonging in the community.

Figure 6 **Happiness and average annual income**¹⁵

Happiness is Not Necessarily Richness (Click for larger image)

But this is not an easy way: the voluntary choice of a sustainable life style cannot be an individual one. Even strongly motivated, the individual will experience a great of difficulty trying to escape from the consumption web which is carved in modern society. It is difficult to escape the trap of the many advertising messages which, either expressly or subliminal form, promote goods and services and lead toward consumerism. These perverse stimuli need to be dismantled and for that purpose we need to create new structures.

... that provide the means for people to flourish, and particularly to participate fully in the life of society, in less materialistic ways. And the chances of extending this behavior across society are negligible without changes in the social structure.

In summary, we are faced with an unavoidable challenge. A limited form of flourishing through material success has kept our economies going for half a century or more. But it is completely unsustainable and is now undermining the conditions for a shared prosperity. This materialistic vision of prosperity has to be dismantled.

At the end there will be the rewards:

The rewards from these changes are likely to be significant. A less materialistic society will be a happier one. A more equal society will be a less anxious one. Greater attention to community and to participation in the life of society will reduce the loneliness and anomie that has undermined wellbeing in the modern economy. Enhanced investment in public goods will provide lasting returns to the nation's prosperity.

How to govern the new economy?

Of course, such a vision requires a democratic mandate...Governance for prosperity must engage actively with citizens both in establishing the mandate and delivering the change.

In summary, it emerges that governments must now engage urgently in several interrelated tasks:

- 1) Develop and apply a robust macro-economics for sustainability
- 2) Redress the damaging and unsustainable social logic of consumerism
- 3) Establish and impose meaningful resource and environmental limits on economic activity.

The precise policy directions implied by these goals must ultimately be a matter for public discourse and it lies beyond the scope of this study to address them in detail. But in the final chapter, some potential policy directions are suggested under each of these themes.

At the end of the report, 12 steps towards a sustainable economy are presented:

Building a Sustainable Macro-Economy

1. Developing macro-economic capability
2. Investing in public assets and infrastructures
3. Increasing financial and fiscal prudence
4. Reforming macro-economic accounting

Protecting Capabilities for Flourishing

5. Sharing the available work and improving the work-life balance
6. Tackling systemic inequality
7. Measuring capabilities and flourishing
8. Strengthening human and social capital
9. Reversing the culture of consumerism

Respecting Ecological Limits

10. Imposing clearly defined resource/emissions caps

11. Implementing fiscal reform for sustainability
12. Promoting technology transfer and international ecosystem protection

A critical overview

This report gives a very comprehensive and objective analysis of the problems we face: it identifies the causes and concludes that continuing in search of growth is a path that can only lead to disaster.

Growth cannot continue but, at the same time, it must go on to maintain employment. This is the great dilemma. The option of investment in fighting against global warming and promoting alternative energy sources (“Green New Deal”) is praised but does not appear to be sustainable, because at the end of the day, it is also based on growth.

We need a new economy but first we need a new mindset. The society of consumption based on materialism needs to lead to another more altruistic society based on solidarity. The concepts of having and being (tenere and essere) must be questioned.

So it becomes obvious that this new approach requires new ethics. To be massive and successfully implemented, the new system would need to be almost a kind of new religion--a religion which we can imagine in the same role that Christianity had at the end of the Roman Empire: defending equality, brotherhood, the end of slavery and the end of exploitation of men by men.

The author says that democracy, as the prevalent political system, should be maintained in the new economy. But at the same time, he argues that the state must have a more intervening role. One could say that we must walk a narrow road, which is at the same time the path for hope.

The consequences of the end of consumerism age

Between the summer of 2007 and now, we have seen financial assets evaporate. Vanishing of financial market assets may also occur with the deepening of the crisis. This will have a big impact on many economic marketing related fields which currently employ a legion of workers such as:

1. The advertising industry, market research, publishing, creativity
2. Distribution, promotion, merchandising, fashion
3. The media

In developed economies the consumer is at the center of everything: the consumer is the “King” as marketers used to say. Big investments have been made to create brands and to establish their image. Brands are important assets of the manufactures: “a brand is worth more than a factory”.

But in reality brands are representations in the mind of the consumer. To achieve its objectives brands fight to gain space and to establish favorable links and associations in the minds of consumers. To this end brands compete with the religious, social and political representations. Myths, archetypes, symbols associated to the gods and heroes in the past are now being replaced by representations of brands. Young generations are more easily influenced by these changes.

This suggests the idea that one of the consequences of the end of the consumerism age will be the creation of a vacuum in the mind of consumers that will need to be completed. This may cause a tremendous psychological depression for some people.

In his vision of the future by 2034, Alan S. Drake's words seem to be, in these turbulent times, a prophecy even more accurate:

Much has been lost in the last quarter century, but few regret the loss of every greater extremes of consumer excess. The use of the word “consumer” is now considered a pejorative and an insult to one’s values. “Citizen” is a title of pride again, with an implied understanding of duties and obligations that go with that title.



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