

# AXIS Newsflash

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## **Jackson, Tim (2009) Prosperity Without Growth: Economics for a Finite Planet. London, England: Earthscan.**

By the time you finish this book, you'll think the American Dream is a nightmare. Jackson chips away at our smug assumptions about our way of life, showing for example, how liberal market economies like the US have been built on debt. Graphs in the book chart our personal debt crossing over 100% of GDP around 2005. Many of you no doubt will have seen the chart of happiness versus GDP per person, showing that while the US is at the far end of income (over \$25000 in 1995 dollars), our happiness is no better than Puerto Rico (around \$10000) and New Zealand (around \$15000). We're barely happier than Colombia at about \$5000 GDP.

But you may say that happiness is an ethereal measure. So have you seen the charts showing life expectancy at birth vs. GDP per person? We're basically in line with Cuba, Costa Rica, and Chile. New Zealand, Japan and Ireland exceed the US on lower incomes. And what about infant mortality? In 2005 dollars, the US is approximately \$42K per person but has no better infant mortality rates than Cuba at about \$6000 and Chile at around \$12000. Same goes for education, where after a certain point, education levels are not correlated with income. One chart shows the correlation between health and social problems versus income inequality (the more unequal the income, the higher the social problems), and the US is literally off the chart!

Jackson challenges the prevailing wisdom that we can grow our way out of this problem. Efforts to decouple our economy from environmental impacts have made strides in per-person terms but not in absolute terms. While energy and carbon intensity has dropped, CO2 emissions from fossil fuels are 80 percent higher since 1970 and almost 40 percent higher than 1990, the Kyoto base year.

Jackson explains how our economy works in plain language, showing how a focus on labor productivity improvements causes more unemployment unless production is increased. Jackson also explores the psychological dynamics driving consumers. It's more about fitting in and relative wealth.

Jackson presents some public policy solutions. To fund the recovery, he suggests green bonds and perhaps having the government take an equity stake in energy-related assets.

What he calls the Cinderella Economy (small service businesses with low impacts like massage therapists, yoga instructors, etc.) should be given due respect. Improving 'efficiency' in these professions does not improve quality (ie doing your massage in 15 minutes instead of 60) so from a traditional standpoint, appear to be stagnant; but they employ people in meaningful work and enhance the livability of those who employ them.

Then we need to reduce working hours, sharing employment more equally across the population. This would both reduce income difference (assuaging status-driven buying) and

also would reduce money in people's pockets (reducing consumption over all.)

It's interesting that reducing hours is a core recommendation. When the crash happened, I wrote that the whole world should step back to a 4-day work week (4 eights, not 4 ten's) which would have kept everyone employed but would have removed 20% of production.

Since this would increase leisure time, it's important to note that up to 25% of your carbon footprint can be attributable to what you do in that leisure time.

Jackson references work by Peter Victor, a Canadian ecological economist, who modeled a low-growth scenario that slowly increased GDP per person but radically reduced poverty, unemployment and debt.

Policy recommendations being considered in the EU is the basic/citizen's wage. Some are pushing for a higher saving rate, which can then be invested, in renewable energy and other resource efficiency improvements.

Jackson educates the reader on different forms of capitalism. In the end, Jackson gives us a vision for how the US version of capitalism will need to change over time to be more sustainable. This is an important work, well worth reading.