

I shop, therefore I harm

By Tim Jackson

Our model of the successful society is fundamentally flawed. Consumerism can no longer be king – the planet just can't take it any more

Prosperity is about things going well for us: in accordance with (*pro-* in the Latin) our hopes and expectations (*speres*). Ask people what that means in practice and they'll talk spontaneously about family, relationships, friends, security. Having a decent job. Feeling part of a community. Participating meaningfully in society. Flourishing – in some broad sense of the word.

Income often comes surprisingly low on people's list of priorities for the good life. But it is clearly recognised as a means to an end. Higher incomes mean better choices, richer lives, an improved quality of life. That, at least, is the conventional wisdom. But growth has delivered its benefits, at best, unequally. A fifth of the world's population earns just 2 per cent of global income. Inequality is higher in the OECD nations than it was 20 years ago. And while the rich got richer, middle-class incomes in western countries were stagnant in real terms long before the

current recession. Far from raising the living standard for those who most needed it, growth let most people down. Wealth trickled up to the lucky few.

Fairness (or the lack of it) is just one of several reasons to question the conventional formula for achieving prosperity. As the economy expands, so do the resource implications associated with it. These impacts are already unsustainable. In the past half-century the global economy has expanded five times. But an estimated 60 per cent of the world's ecosystems have been degraded. Significant scarcity in key resources – such as oil – may be less than a decade away.

As policymakers prepare for a new round of climate negotiations in Copenhagen, they do so in the knowledge that since 1990 (the Kyoto base year) global carbon emissions have risen faster than business-as-usual predictions. The only thing that has remotely slowed them down is recession.





The language of goods: a faster car makes other aware of your status

The sense of living beyond our means is almost palpable. Commodity prices rise; ice caps melt; financial institutions collapse. A continually expanding subsystem (the economy) on a finite ecological system (the planet) carries within it the seeds of its own destruction. A world in which things simply go on as usual is already inconceivable. But what about a world in 2050 where nine billion people all aspire to the level of affluence achieved in the OECD nations? Such an economy would need to be 15 times the size of this one by 2050 and 40 times bigger by the end of the century. What does such an economy look like? What does it run on? How much more growth can we afford?

Let us acknowledge at the outset that poorer nations stand in urgent need of economic development. Asking China and India to curtail the rise in their living standards is never going to wash. Let's accept too, for the sake of argument, all the good things growth has brought (to some of us) in the past 50 years: improved longevity, better healthcare, wider education, less drudgery, greater mobility, expanding opportunities for creativity, leisure, travel.

Of course, there is evidence, too, of declining trust, failing community, social recession. But the point is: are ever-rising incomes for the already-rich still an appropriate goal for policy in a world constrained by ecological limits? Might it not be time to curtail material demand and place our ambitions on some other, more satisfying, goal?

The model we relied on was always unstable ecologically. It has now proven itself unstable economically. The "age of irresponsibility" – as Gordon Brown called it last year – was not about casual oversight or individual greed. If there was irresponsibility, it was systematic and with one clear aim in mind: the continuation and protection of economic growth.

In recent months, the French president Nicolas Sarkozy has asked world leaders to join a revolution in the measurement of economic progress. Speaking at a conference in Beijing, Sir Nicholas Stern warned that "at some point we would have to think about whether we want future growth", while the former deputy prime minister John Prescott has called the current economic growth model "immoral". As Sarkozy pointed out, the economic crisis "doesn't only make us free to imagine other models, another future, an- ▶

► other world. It obliges us to do so.”

None of this makes the task of reconstruction any easier. The trouble is that doing without growth is also deeply unpalatable for all sorts of reasons. The most pressing is the structural reliance of capitalism on growth. The reasons for this are complex. But the most important dynamic is the high emphasis placed on labour productivity in the modern economy. Continuous improvements in technology mean that more output can be produced for any given input of labour. But crucially, this also means that fewer people are needed to produce the same goods from one year to the next.

As long as the economy expands fast enough to offset labour productivity, there isn't a problem. But if the economy doesn't grow, there is a downward pressure on employment. People lose their jobs. With less money in the economy, output falls, public spending is curtailed and the ability to service public debt is diminished. A spiral of recession looms. Growth is necessary within this system just to prevent collapse.

This evidence leads to an uncomfortable and deep-seated dilemma: growth may be unsustainable, but “de-growth” appears to be unstable. The conventional response to this dilemma is to call for “decoupling”: continued economic growth with continually declining material throughput. Since efficiency is one of the things modern capitalist economies are supposed to be good at, decoupling has a familiar logic and a clear appeal as a solution to the dilemma of growth.

Evidence for a certain kind of efficiency improvement can be found. The energy to produce each dollar of economic output has declined globally by a third in the past 30 years. Global carbon dioxide intensity fell from around one kilo per dollar of economic activity to just under 770 grams per dollar between 1980-2008. This kind of (relative) decoupling is supported by the profit motive. Reducing raw material inputs reduces production costs and increases profitability.

The trouble is that relative benefits (per dollar of output, say) don't necessarily translate into absolute declines in resource use or emissions. It all depends on whether efficiency can outrun scale. And the evidence for this is virtually absent. The reductions in carbon intensity noted above were more than offset by increases

in the scale of economic activity over the same period. Global carbon emissions have increased by 40 per cent since 1990.

There are also rising global trends in a number of other resources. The efficiency with which we are converting some structural materials (iron ore, bauxite, cement, for example) into economic output has been declining globally since 2000, as the emerging economies build up physical infrastructures. In short, far from reducing the material intensity of economic growth, we are facing accelerating resource throughput at the global level.

To make matters worse, the scale of improvement required in the future is daunting. In a world of nine billion people, all aspiring to a level of income commensurate with 2 per cent growth on the average EU income today, carbon intensity (for example) would have to fall on average by over 11 per cent a year to sta-

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bilise the climate, 16 times faster than it has done since 1990.

And then, of course, if growth is to continue beyond 2050, carbon intensity will have to decline still further. In fact, in some stabilisation scenarios it would have to be negative – we would need an economy that could consistently take carbon out of the atmosphere, not add relentlessly to it. But where are its technologies? What kind of life does it leave us with? There isn't a politician anywhere who can answer these questions.

The reality is that there is as yet no credible, socially just, ecologically sustainable scenario of continually growing incomes for a world of nine billion people. And in these circumstances, simplistic assumptions that capitalism's propensity for efficiency will allow us to stabilise the climate and protect against resource scarcity are nothing short of delusional.

If we look at the two interrelated features of modern economic life that together drive the growth dynamic, we see first that the profit motive stimulates a continual search by producers for newer, better or cheaper products and services. This process of “creative destruction”, according to the economist Joseph Schumpeter, is what drives economic growth forwards. At the level of the economy as a whole the effects can be dramatic. The age

of steel gives way to the age of oil, the age of the automobile and mass production, the age of information and communication. Each stage of capitalism brings with it not only different modes of production but new forms of social organisation and structures of governance.

Within each stage, conditions are harsh. For the individual firm, the ability to adapt and to innovate – to design, produce and market not just cheaper but newer and more exciting products – is vital. Firms who fail in this risk their own survival.

Needless to say, the continual production of novelty would be of little value to firms if there were no market for its consumption, which leads to the second feature of modern economic life.

Recognising the existence, and understanding the nature, of this demand is essential. It is intimately linked to the symbolic role material goods play in our lives. The “language of goods” allows us to communicate with each other – most obviously about social status, but also about identity, social affiliation, and even – through giving and receiving gifts, for example – about our feelings for each other.

Novelty plays an absolutely central role here for a variety of reasons. It has always carried vital information about status. Having a faster car makes others aware of our place in the world. Having the latest iPod or plasma-screen TV conveys the message that we are abreast of the moment. But novelty also lets us explore our wider aspirations for ourselves and our family.

Among those to whom we signal these important messages, of course, we must count ourselves. Confidence in our place in the social world hangs or falls on how we play the consumer game. Nowhere is this more evident than in the peer pressures to which teenagers are today increasingly exposed. Perhaps the most telling point of all is the rather too perfect fit between the continual production of novelty by firms and the insatiable appetite for novelty in households. The restless desire of the consumer is the perfect complement for the restless innovation of the entrepreneur. Together, these two self-reinforcing processes are exactly what is needed to drive growth forwards.

Despite this fit, or perhaps because of it, the relentless pursuit of novelty creates an anxiety that can undermine social well-

being: individuals are at the mercy of social comparison; firms must innovate or die; institutions are skewed towards the pursuit of a materialistic consumerism; the economy itself is dependent on consumption growth for its very survival. The “iron cage of consumerism” is a system in which no one is free.

Government itself is conflicted here. On one hand, it has a role in “securing the future” – protecting long-term social and ecological goods. On the other, it holds a key responsibility for macroeconomic stability; and as long as that depends on economic growth, government will have an incentive to support social structures that undermine commitment and reinforce materialistic, novelty-seeking individualism.

Conversely, freeing the macroeconomy from a structural requirement for growth will simultaneously free government to play its proper role in delivering social and ecological goals and protecting long-term interests. The narrow pursuit of growth represents a distortion of the common good and of underlying human values. It also undermines the proper role of government. The state is society’s commitment device, the principal agent in protecting our shared prosperity. A vision of governance embracing this role is now needed.

A return to business as usual does not compute. It’s time to face reality

As world leaders flit between Davos and Copenhagen, they seem devoid of inspiration, caught between the mantra of growth and the need to curb climate change, all the while clinging to the illusion that the two are compatible. The best they have to offer is a negotiated settlement on carbon emissions under a return to “business as usual” economics. But business as usual “does not compute”. Business as usual got us into this mess. It’s time to face reality.

The starting point for that endeavour has to be an economics fit for purpose. Key is a massive uplift in “ecological” investment: renewable energy, energy efficiency, local infrastructure, low-carbon transport, climate adaptation, ecological protection. At the heart of the vision lies a new concept of “ecological enterprise” – resource-efficient, community-based economic activities that offer meaningful employment and deliver low-carbon goods and services.

Fixing the economy is only part of the battle. We also have to confront the con-

voluted social logic of consumerism. That is going to need much stronger restraints on unbridled materialism. It calls for the protection of public spaces and demands a renewed vision of social goods. It requires investment in the capabilities for people to participate in society in less materialistic ways. And it demands a real commitment by the richer nations to low-carbon development in the poorer nations.

There is a unique opportunity in Copenhagen for advanced nations both to demonstrate economic leadership and to champion international action on sustainability. This process must start by developing financial and ecological prudence at home. It must also begin to redress the perverse incentives and social logic that lock us into unproductive status competition.

The clearest message from the financial crisis of 2008 is that our current model of economic success is fundamentally flawed. For the advanced economies of the western world, prosperity without growth is no longer a utopian dream. It is a financial and ecological necessity. ●

The Sustainable Development Commission report “Prosperity Without Growth – Economics for a Finite Planet”, by Tim Jackson, is to be published by Earthscan on 2 November

How to green your power supply – and forget the extra rinse

Blowing in the wind

The Energy Saving Trust has estimated that around 40 per cent of all the wind that could be harnessed as energy in Europe blows over the British Isles. Small-scale wind generation could power as many as 800,000 homes across the country, following the example of communities such as Westmill in south Oxfordshire, where the wind farm is 100 per cent community owned and powers 2,500 homes.

Sea change

Wave power is also a potential supplier of green energy in the UK. Current designs for the generators resemble long snakes of metal tubes, hinged in four

sections. These face on-coming waves and generate electricity as the tubes flex with the motion. One generator in good Atlantic conditions could produce around 300kW on average, and a wave farm of 30 such devices could supply enough energy for 15,000 homes.

Mucking out

In the developing world, manure from livestock can be recycled through low cost



Off-shore electricity generator

biodigesters to produce gas for cooking. The remaining waste provides nutrient-rich fertiliser, benefitting both small-scale farmers and the environment.

Computer says no

Smart grid systems, already in use in Italy and the USA, collect information from houses and automatically switch on certain appliances when electricity is cheaper.

Economist Jeremy Rifkin, who has advised several EU governments, has plans for a continent-wide system of small-scale power generation. “Software connected to sensors connected to every appliance in your home: thermostat, washing machine, toaster,

everything. At any one time the system will know what every washing machine is doing in Europe. If you have peak demand, not enough supply, software can say to two million washing machines ‘forget the extra rinse.’”

Get plugged in

Green transport should see rises in efficiency, while intelligent traffic systems will help reduce congestion and ease traffic flow by providing real-time feedback to drivers about road conditions. Electrical vehicles should also be able to plug into the national (smart) grid, which will charge up your car for a few hours at night when electricity prices are lowest. ●