

Enough is Enough

Ideas for a Sustainable Economy in a World of Finite Resources



Summary of the Report



**Economic
Justice
For All**



Summary

This document is a short summary of *Enough is Enough*, the report of the first Steady State Economy Conference, held in Leeds, UK on 19th June 2010. The conference was organised by two non-profit organisations: Economic Justice for All and CASSE (the Center for the Advancement of the Steady State Economy).

The conference had two main aims. The first was to raise awareness about the substantial volume of scientific evidence that shows that economic growth (i.e. continuously increasing production and consumption of goods and services) is (a) not environmentally sustainable, and (b) not improving people's lives in wealthy countries like the UK. The second aim was to identify specific, implementable policies to achieve a *steady state economy* (i.e. an ecologically and socially responsible alternative to economic growth) within the UK. Over 250 economists, scientists, NGO members, business leaders, government employees, and interested citizens attended and contributed.

Keynote speakers at the conference included:

- Peter Victor – Professor in Environmental Studies, York University (Canada)
- Tim Jackson – Professor of Sustainable Development, University of Surrey
- Andrew Simms – Policy Director, **nef** (the new economics foundation)
- Dan O'Neill – European Director, CASSE

The main proposals in this report come from the conference's ten interactive workshops, which explored specific areas where change is needed to achieve a steady state economy. Workshop speakers included Kate Pickett (co-author of *The Spirit Level*), Franny Armstrong (Director of *The Age of Stupid*), Roger Martin (Chair of the Optimum Population Trust), Molly Scott Cato (Economics Speaker for the Green Party), David Fell (Director at Brook Lyndhurst), and many others.

A key theme that came out of the conference, and one that unites many of the ideas in this report, is the concept of *enough*. This report summarises the ideas generated at the conference, and provides insights into the structures and policies that would be needed in an economy where the goal is *enough* instead of *more*. The hope is that these ideas will contribute to the development of a new "macro-economics for sustainability", and help us build a prosperous, non-growing economy in the UK.

The Environmental Limits to Economic Growth

In order to appreciate why an economy based on *enough* is worth striving for, it is useful to examine why an economy that forever chases *more* is destined to fail. In the first place, the economy is a sub-system of the environment. All of the inputs to the economy come from the environment, and all of the wastes produced by it return to the environment. As the economy grows, it requires more resources and discharges more wastes. Since we live on a finite planet with limited resources, it is not possible for the economy to grow forever.

For the vast majority of human history, the size of the economy was small compared to the size of the biosphere. But over the past century or so, the economy has grown massively, and the balance has shifted. Between 1900 and 2005, world economic output increased by a factor of 24, from \$2 trillion to \$47 trillion.

This incredible increase in economic activity has resulted in an equally incredible increase in the use of resources and energy. Humanity now uses eleven times as much energy, and eight times the weight of material resources every year as it did only a century ago. The appropriation of materials, energy, and land for human activity has profoundly impacted ecosystems and reduced the space available for non-human species, leading to species extinctions and biodiversity loss. As the amount of material extracted from the environment has increased, so has the production of wastes. Emissions of one pollutant in particular, carbon dioxide, are now so large that they are destabilising the global climate.

Recent research indicates that humanity has transgressed three of nine “planetary boundaries”. These boundaries define the safe operating space for the planet. By transgressing them we risk causing abrupt and catastrophic environmental change. Other environmental indicators, such as the ecological footprint, suggest we are in a state of “global ecological overshoot”. We are harvesting resources like forests and fish faster than they can be regenerated, and producing wastes like CO₂ faster than they can be absorbed. The result is the steady erosion of the stock of natural resources and the supply of ecosystem services upon which our economies and societies ultimately depend.

The Diminishing Social Returns of Economic Growth

Even if we could find a way to grow the economy without using up resources or negatively impacting the environment, there are strong reasons to believe that further economic growth in wealthy countries would not be a worthwhile pursuit.

While economic output per capita has more than tripled in countries like the UK and U.S. since 1950, data from surveys of life satisfaction reveal that people have not become any happier. When data are compared across multiple countries, an interesting picture emerges. Happiness and life satisfaction increase with income, but only up until a point. Once people’s basic needs are met and they have *enough* goods and services, economic growth fails to improve people’s well-being.

Economic growth has also failed to deliver lasting solutions to unemployment and poverty. Despite our continual pursuit of rising economic output in the UK, the unemployment rate has bounced up and down over the last forty years. Jobless growth has become a common occurrence. And even with the 24-fold increase in the size of the global economy over the past century, more than one billion people in the world still live on less than \$1 per day, and a total of 2.7 billion live on less than \$2 per day. Someone is profiting from global economic growth, but it’s not the world’s poor.

These findings seriously call into question the continued pursuit of economic growth in countries like the UK. Given that global resource use is already at an unsustainable level, further growth in wealthy countries only serves to reduce the

amount of ecological space available to poor countries, where economic growth is still needed to alleviate poverty.

The Desirable Alternative to Economic Growth

The challenge then is to figure out how to sustain economies that already have enough goods and services, without relying on consumption growth.

A *steady state economy* represents a positive alternative to the pursuit of endless economic growth. It is an economy that aims to maintain a stable level of resource consumption and a stable population. It is an economy where energy and resource use are reduced to levels that are within ecological limits, and where the goal of maximising economic output is replaced by the goal of maximising quality of life.

There are four key features of a steady state economy: (1) sustainable scale, (2) fair distribution, (3) efficient allocation, and (4) high quality of life. *Sustainable scale* means that the size of the economy fits within the capacity of ecosystems to provide resources and absorb wastes. *Fair distribution* means that people have equal opportunities to obtain wealth and income, and limits to inequality prevent big gaps between the rich and the poor. *Efficient allocation* means that the power of markets is harnessed appropriately (taking account of where markets work and where they don't) to allocate resources among competing uses. And an emphasis on *high quality of life* means that economic growth takes a backseat to things that really matter to people, like health, well-being, secure employment, leisure time, strong communities, and economic stability.

Proposals for a Steady State Economy

The Steady State Economy Conference used interactive workshops to investigate ten key areas where change is required to achieve a steady state economy. Below we present a summary of the main proposals that were put forward in the workshops. For each proposal we briefly explore why it is necessary, and how it might be implemented. The proposals should not be viewed as the definitive answer for how to achieve a steady state economy, but they provide a good starting point for further debate and action.

1. Limit Resource Use and Waste Production

Why? To achieve a steady state economy, resource use and waste production must be stabilised and brought within ecological limits. Renewable resources, such as fisheries and forests, should be harvested no faster than they can be regenerated. Non-renewable resources, such as fossil fuels, should be used no faster than their waste products (e.g. CO₂) can be absorbed.

How? Caps should be set on the use of specific resources, based on the best scientific evidence available about ecological limits. These caps should be set from the top down, starting at the global level and filtering through international regions, nations, and local communities. The power to manage resources within the caps should reside at the local level, however, with individuals and grassroots organisations.

Any new resource use policy must ensure that all members of society receive a fair share of the limited supply of resources. A detailed system will be required to measure not only the material throughput of the economy, but also the social and environmental consequences of that throughput.

2. Stabilise Population

Why? All else being equal, the total resource use of a country will increase when either the number of people living in the country increases, or the amount that each of these people consumes increases. To achieve a steady state economy, it is therefore necessary to stabilise — not just per capita resource use — but also population numbers. We need smaller footprints, but we also need fewer feet.

How? To stabilise population in the UK, the government should develop, adopt, and implement a *non-coercive* population stabilisation policy. This policy should aim to balance immigration and emigration, and promote incentives to limit family size to two or fewer children. Moreover, population issues should be added to the job description of an inter-departmental minister, to assess the effects of population growth and recommend other potential stabilisation measures.

To stabilise population globally, the UK should support policies that provide education, access to birth control, and equal rights for women everywhere. There are roughly 80 million unplanned pregnancies per year worldwide — a number that is almost equal to annual global population growth. If access to family planning could be provided to all women worldwide, this single step would go a long way towards stabilising global population.

3. Limit Inequality

Why? Economic growth is often supplied as an excuse to avoid dealing with poverty and inequality. The conventional wisdom is that “a rising tide lifts all boats”, but this trickle-down approach has not worked. The gap between the richest and poorest people in the UK has widened considerably over the past thirty years. The richest tenth now earns 14 times more than the poorest tenth. Such high levels of income inequality are associated with a variety of health and social problems, including decreased trust, increased mental illness, and higher crime rates. Policies that directly address inequality are required to alleviate these problems, especially in a non-growing economy.

How? To achieve greater equality, efforts should be made to democratise the institutions where inequalities originate, in particular the places where people work. Policies that promote employee ownership, co-operatives, and other models of democratic control should be pursued to reduce inequality over the long term. Such models allow people to determine wages and salary differentials for themselves, and thus move towards a steady state democracy.

Progressive taxation and generous social programmes may also help to reduce inequality and eliminate poverty, particularly in the short term. A *citizen's income* would fight poverty by providing an unconditional, automatic payment to every individual as a right of citizenship. A *maximum pay differential* would reduce

inequality by limiting the income of the highest paid employee in an organisation to a certain multiple of the lowest paid employee.

4. Reform the Monetary System

Why? Almost all of the money in circulation in the UK is created by private banks in the form of interest-bearing loans. Banks are able to create money because they can issue loans far in excess of their deposits. This debt-based monetary system drives four things: (1) *economic growth*, as the need to pay back an increasing amount of debt requires an increasing amount of economic activity, (2) *inflation*, as the money supply tends to increase faster than the volume of goods and services produced, (3) *instability*, because if the banks stop lending, the economic system collapses, and (4) *inequality between countries*, as the currencies of a small number of nations have become the dominant “reserve currencies” around the world. If the economy is to be stabilised, then the money supply must be as well.

How? Private banks should be prohibited from creating money out of thin air, and control of the money supply — a public resource — should be transferred to a public authority such as the Bank of England. This public authority should decide the amount of money necessary to facilitate exchange in the economy, create it debt-free, and transfer it to the government to spend into existence. To prevent inflation, government taxation and expenditure should be linked to the system of money creation. At the same time, communities should be encouraged to create their own currencies to support local economic activity, and the UK should promote and participate in a global negotiation to create a neutral international currency to replace the reserve currencies in use today.

5. Change the Way We Measure Progress

Why? The main economic indicator in use today is gross domestic product (GDP). GDP is a good measure of economic activity — of money changing hands — but a poor measure of progress or well-being. It lumps desirable expenditures (e.g. spending on food, entertainment, or investment in education) with undesirable expenditures (e.g. the costs of war, crime, pollution, and family breakdown). New indicators that do a better job of tracking what we truly care about are required to supplement or even replace GDP.

How? A new system of indicators should be created that separates *ends* (i.e. goals) from *means* (i.e. the way to achieve these goals). The key goal to strive towards in a steady state economy would be *sustainable and equitable human well-being*, instead of GDP growth (which is only one means towards this end).

The set of indicators should include three groups: the environment, the economic system, and human well-being. Each group should include one headline indicator and a number of detailed sub-indicators. Potential headline indicators for each group include:

Indicator Group	Potential Headline Indicator	Description of Potential Headline Indicator
Environment	Ecological Footprint	Biologically productive area necessary to generate the resources consumed by a nation, and absorb the wastes produced.
Economic System	Income Inequality	Size of the gap between society's richest and poorest citizens.
Human Well-being	Happy Life Years	Combination of life expectancy (an objective measure) and life satisfaction (a subjective measure).

6. Secure Full Employment

Why? In the current economic system, economic growth (i.e. increasing production and consumption) is relied upon to maintain or increase job opportunities. In a steady state economy, it would not be possible to increase production and consumption if this resulted in an increase in resource use and waste emissions. All else being equal, with less production, there would be less work to be done in the economy, which would result in rising unemployment unless new policies were adopted to prevent this from happening.

How? Instead of using technological progress to produce more goods and services (as we tend to do today) we should use it to increase leisure time by gradually shortening the paid working day, week, year, and career. Individuals should be given the freedom to adjust their working patterns to their preferences, while support and incentives should be offered to encourage an overall reduction in working time. The gradual reduction of working time would help keep unemployment low by distributing available work more equally.

If unemployment were still a concern in the transition to a steady state economy, the government could act as “employer of last resort”, and guarantee jobs in the same way that it guarantees primary education and medical care. A guaranteed jobs policy would provide incomes to those unable to find employment, allow useful public works to be completed at relatively low cost, and relieve the social and psychological problems that arise when people want to work but are unable to find a job.

7. Rethink Business and Production

Why? Conventional businesses strive to increase financial profits by reducing costs and competing for market share. The pursuit of ever-increasing profits drives firms to boost production, which increases resource use. Investors tend to put their money into expanding sectors of the economy, encouraging even more growth. This business-as-usual approach cannot continue. Firms, with the support of government, must adapt in order to operate within ecological limits.

How? Instead of attempting to maximise and continually grow profits, firms should aim to achieve “right-size profits”. A firm’s total revenue should be large enough to allow it to be financially viable (i.e. to meet capital costs), but not so large as to

cause environmental damage. An individual firm would require two new pieces of information to determine whether it was achieving right-size profits: (1) a measure of its *total ecological impact*, and (2) an *ecological allowance* to compare this impact to. This information would help businesses rescale their level of economic activity to be sustainable.

A steady state economy will also require a shift towards alternative forms of business organisation such as co-operatives, foundations, and community interest companies. These organisational forms are not pre-occupied by growth in the same way as profit-maximising shareholder corporations. The primary goal of community interest companies, for example, is to achieve a socially beneficial aim; financial profit is a secondary motive. Policy makers should encourage these alternative forms of business by (1) making it simpler to set up (or change to) these forms, and (2) by taxing away excess profits in shareholder corporations.

8. Improve Global Co-operation

Why? Global resource use is already at an unsustainably high level. Yet many nations need to increase their consumption of resources to alleviate poverty and allow people to meet their basic needs. These nations stand in stark contrast to wealthy countries like the UK where the benefits of growth have already been realised. The UK and other wealthy countries must stabilise, if not *degrow*, their economies in order to provide the ecological space needed for poorer nations to grow.

Problems could arise if some nations make the transition to a steady state economy, while others are still pursuing growth. Wealthy, non-growing economies and developing, expanding economies must therefore work together on the specific mechanisms that will allow them to co-exist and co-develop in a mutually supportive, fair, and flourishing manner.

How? International organisations such as the United Nations, World Bank, International Monetary Fund, and World Trade Organisation should be democratised so that they represent the interests of the majority of people on the planet. Wealthy nations should promote technology transfers to developing nations, to eliminate the harmful dependency of the South on the North.

Where practical, goods and services should be produced locally. Tariffs should be used to protect industries in steady state economies from competition with industries in countries where environmental and social costs are not being internalised. The revenue from these tariffs could be used for international aid to developing countries, in particular to help them develop in less materially intensive ways. Capital controls, and minimum residency times for foreign investment, could be used to prevent capital flight if this were a problem.

9. Change Consumer Behaviour

Why? The social norm of consumerism, which values “consuming” over “doing”, “being”, or “producing”, dominates society. This dominance is problematic for several reasons: (1) consumerism requires that people forever consume *more*, which

is not possible on a finite planet; (2) happiness derived from consumption is transitory; no matter how much individuals consume, they never achieve fulfilment; and (3) consumerism creates and reinforces systemic inequalities. The challenge for a steady state economy is to create a new social norm in which the vast majority of citizens routinely choose *enough* instead of *more*.

How? The shift towards a “mass behaviour of enoughness” will require the rapid diffusion of new values through the multiple networks that make up society. Some actions that could help change behaviours include: recruiting influential individuals as agents of change, supporting organisations with objectives that challenge or contradict consumerism, promoting the benefits of non-materialistic lifestyles, creating the infrastructure to allow new forms of corporate and civic entities to emerge, and overcoming resistance from large corporations and the state.

There is an implied acceptance across most of society that the self-seeking, individualistic values that form the backdrop to consumerism are reasonable and necessary. This acceptance needs to be reversed. Ordinary people can set a positive example by living values that reject consumerism. Motivation is also key to achieving behavioural change. Consumerism only appeals to some of the core human motivations (i.e. hedonism, status, and achievement). Love, connectedness, friendship, spirituality, and creativity are also powerful sources of motivation, and it is crucial to tap into these.

10. Engage Politicians and the Media

Why? Substantial academic research indicates that economic growth cannot and should not remain the policy goal of wealthy nations, and yet politicians and the media rarely discuss this viewpoint or the potential of the steady state alternative. In order to build an inspiring movement aimed at achieving a steady state economy, politicians and the media must end their silence on the alternative to perpetual economic growth.

How? New forums should be identified (or created) to engage decision makers and opinion influencers in an active debate about the problems of growth and potential economic solutions. There are many places where limits to growth are already recognised or discussed in policy (e.g. green belts, rejection of “predict and provide” road policy, carbon budgets, etc.). Expanding the dialogue in these forums could help bring steady state economics into the mainstream.

There is also a need for more rigorous modelling and elaboration of how a steady state economy would work in practice, and how ecological limits can be reflected and respected in policy. Agreement should be sought among leading business schools and economics departments to include compulsory coverage, within degree courses, of the different views concerning sustainability and the limits to growth.

Finally, steady state economics needs a more public and accessible image, as well as a new name that resonates with the public. The production of an independent film that takes people on an emotional journey could be a powerful way to break into the public consciousness.

Creating an Economy Built to Last

This report brings together the ideas of the more than 250 people who attended the Steady State Economy Conference in Leeds. Some of the ideas will no doubt seem radical, and we do not expect readers to agree with every suggestion. Even we, as the authors, have differences of opinion on specific issues. But the general direction that change must take is becoming increasingly clear — from *more* to *enough*, from *growth* to *stability*.

The ideas presented in this report form the beginning of a blueprint for a sustainable, fair, and efficient economy. This blueprint includes a solid foundation (i.e. the features of the economy we want), a sturdy support structure (i.e. policies designed to achieve this economy), and a roof that is held up by this support structure (the goal of sustainable and equitable human well-being).

We must build a new, more resilient economy based on this blueprint, but we cannot start from scratch. We are saddled with the current economic system, which is in need of extensive repairs. The repair work will require us to re-envision fundamental economic concepts such as investment, productivity, and ownership:

Economic Concept	How it's Viewed in the Current Economic System	How it Would be Viewed in a Steady State Economy
Investment	Investment is primarily a way to generate financial returns. It's about using money to make money.	Investment is also a way to generate social and environmental returns. It entails forgoing present-day consumption and using the resources saved to build a better future.
Productivity	Maximising productivity (i.e. producing more and more output per each hour of work) is in the best interests of society.	Optimising productivity, instead of maximising it, is in the best interests of society. Productivity gains should be used to reduce unpleasant work, but they should not be used to displace the work that brings joy and meaning to people's lives.
Ownership	Ownership of the means of production falls into one of two categories: public and private.	Ownership is not a black-and-white choice between public and private. There is a whole spectrum of other innovative ownership models in between.

Boldness Moving Forward

We hope that this report generates debate, because debate is needed. But this report is more than a collection of ideas to be debated. It is also a call to move boldly from ideas to action. We must begin the transition to a steady state economy without delay if we are to achieve well-being for all people within ecological limits. To move forward we must:

- **Publicise the downsides of growth and the upsides of a steady state economy:** The political movement to transition to a steady state economy needs a home and an inspiring name. The concepts need to be vetted and rigorously

discussed in public. Politicians and other influential individuals need to drive publicity for the transition.

- **Build credibility:** People want to know how a non-growing economy would work in practice, and what it would mean for them on a day-to-day basis. Researchers need to provide answers that satisfy people's concerns in order to build strong credibility for the steady state alternative.
- **Start implementing the policies:** The policies proposed and discussed at the conference and detailed in this report are positive responses to a system that isn't working. They are mutually supportive, but their implementation will require society to overcome entrenched ways of doing things. The most politically feasible policies should be implemented first (taking advantage of opportunities), to open the door for more difficult changes.
- **Encourage behavioural change:** The economy is a human construct. Economic "laws" are not like the law of gravity. They can be altered. But at the end of the day, if we want to change the economy, then people must also change their behaviours. This may sound like an intimidating task, but it's not impossible. All we need to do is look at the inspiring ways in which culture and behavioural norms have shifted over time. In today's hyper-connected world, changes can happen faster than at any point in history.

But to achieve a steady state economy we must begin the transition now — for time is the ultimate limit that we face, and it's the one commodity that we can never have enough of.

Please read the full report, which is available online at:

www.steadystate.org/enough-is-enough/

Videos of the keynote presentations are also available at:

www.steadystate.org/leeds2010/videos/

Economic Justice For All



Economic Justice for All is a discussion forum based in Leeds, UK whose aims and objectives are to:

- broaden and deepen the debate on economic justice for all within the context of environmental sustainability;
- encourage participation in economic debate on a local, national and international level;
- share information and resources to help activists, educators and campaigners;
- enable campaigners, activists, and individuals to engage more confidently in economic debate.



CASSE is an international organisation whose mission is to advance the steady state economy, with stabilised population and consumption, as a policy goal with widespread public support. We pursue this mission by:

- educating citizens, organisations, and policy makers on the conflict between economic growth and (1) environmental protection, (2) ecological and economic sustainability, and (3) national security and international stability;
- promoting the steady state economy as a desirable alternative to economic growth;
- studying the means to establish a steady state economy.

www.steadystate.org