

# ***Prosperity Without Growth: Economics for a Finite Planet***

**Tim Jackson**

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## **Reviewed by Leland Beaumont**

We are already at or near the ecological limits to growth of our magnificent planet. At the same time the economies of affluent nations, as presently conceived, require continuous growth to avoid collapse into recession and high unemployment. Tim Jackson's book *Prosperity without Growth*, examines this paradox in detail and presents a path toward its resolution.

A first step is to examine our definitions of prosperity. A shift away from prosperity pursued as *opulence* — constantly acquiring new material satisfactions — and toward prosperity enjoyed as *flourishing* — deep and enduring satisfaction and well-being — allows us to consume less while we enjoy life more. A graph of happiness as a function of average annual income reaches a plateau as essential material needs are met. A graph of life expectancy as a function of GDP per capita reaches a similar plateau. This insight helps us recognize that paths toward increased happiness do not require more material goods.

In the economies of affluent nations, competition stimulates technology improvements that increase labor productivity to reduce costs. As labor becomes more productive, fewer people are required to produce the same goods. This would lead to unemployment unless demand grows at the same rate as labor becomes more productive. If growth stops, unemployment increases, household income drops, demand drops and the system collapses toward recession.

This presents the *dilemma of growth*:

- Growth in its present form is unsustainable — unbounded resource consumption is exceeding environmental capacity, and
- De-growth under present conditions is unstable — reduced consumer demand leads to increased unemployment and the spiral of recession.

A solution to this dilemma is essential for future prosperity.

We can begin to see a solution in the “Green new deal”. People need jobs and the world needs to manage a transition to sustainable energy. These two goals can be met simultaneously by directing investments away from opulent consumer goods and toward low-carbon systems that reduce climate change and increase energy security. In addition investments in natural infrastructure including sustainable agriculture and ecosystem protection provide long-term benefits. The engine of growth becomes creation and operation of non-polluting energy sources and selling non-material services. In addition, delivering the benefits of

labor productivity to the workers would allow them more leisure and less stress as they enjoy a shorter work week. The book describes quantitative models to demonstrate the feasibility of this approach.

The many elements of such a transformation are described, including:

Establishing limits:

- Establishing resource extraction and emissions caps, including reduction targets,
- Reforming financial systems to support sustainability, and
- Supporting ecological transitions in developing countries.

Fixing the economic model:

- Developing a new macro-economic model based on ecological constraints,
- Investing in jobs, assets and infrastructures,
- Increasing financial and fiscal prudence,
- Revising the national accounts such as GDP to include the value of ecological services and the costs of pollution and destructive activities.

Changing the social logic:

- Adjusting working time policy to allow shorter or longer work weeks to suit the preferences of the workers and share the work to be done,
- Reducing systemic inequalities,
- Measuring capabilities and well-being,
- Strengthening social capital, and
- Dismantling the culture of consumerism.

This is an immensely difficult transformation; however it is essential for a lasting prosperity.