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Beyond Economic Growth: from quantity to quality

Richard Eckersley looks at our options for the critical century ahead and questions an economic rationale that asks people in developed nations to eat another four litre tub of ice cream so that a child in the third world can afford a single cone.

Events of the first five years of the new century bring apocalyptic suspicions to mind. We have confronted a new terrorism and a war against it - grounded in global inequalities and religious differences. AIDS is rampant in southern Africa, and worsening in parts of Asia and the Pacific – linked to poverty and social stress and dislocation. SARS – severe acute respiratory syndrome – exacted a serious human and economic cost, but was also a warning that much worse can be expected. Across the world, droughts, fires, heatwaves, storms, tornadoes and floods – in all probability amplified by global climate change - have caused death and devastation.

A leading American futurist Jim Dator once said that he would like to avoid the twenty-first century and move straight to the twenty-second, for which he saw some hope: a time when, one way or another, by choice or compulsion, humanity would have dealt with all the challenges it faces – population pressures, environmental destruction, economic equity, global governance, technological change. Dator warned that the twenty-first century was not likely to be pleasant for anyone because we would pay the price for ignoring the future.

It is possible, of course, the dangers will dissipate, not deepen. Perhaps terrorism and the war waged against it will soon subside. The AIDS pandemic will be brought under control. And global warming – and other environmental threats – will not bring about the hardships and suffering that some predict. But we would be foolish to bank on these benign outcomes and not to consider what could happen if, instead, geopolitical tensions, economic instability, social upheaval, disease pandemics and ecological disasters coalesce to create a nightmare future for humanity in this century. We would wise to think about what we might do to avert this possibility, reaching far beyond our immediate reactions to each individual issue.

Our situation poses profound questions about how we seek progress in this century. Yet the political perspective continues to equate progress with the pursuit of economic growth. Wealth creation comes first, the argument goes, because it not only increases personal freedom and choice, it also allows us to spend more on meeting broader social objectives such as improved social welfare and environmental care and conservation.

It is striking just how much the political framework of growth is regarded as a 'policy constant' that is beyond scrutiny or debate. Political leaders explicitly state high growth as their prime objective, believing it to be the foundation upon which social progress, including better health and greater wellbeing, is built. Prime Minister John Howard made much of his government's economic record during the last election campaign, claiming repeatedly that a strong, growing economy was critical to Australia's future. In his 'Getting the big things right' speech last July, he said: 'Maintaining a strong dynamic and growing economy is the...overriding responsibility of government' (along with, now, national security and defence).

This view is understandable: strong economy, higher growth, more revenue, bigger budget surpluses, more to spend on new or bigger programs. Finance Minister Nick Minchin said in response to a major 2002 CSIRO report on Australia's options on population, technology, resources and the environment that a successful economy allows governments to spend money on solving environmental problems. 'It's the poor countries of the world that are incapable of dealing with their environmental issues. As a rich country, we can.' The same argument is used for social problems. However, if the processes by which we pursue growth do more damage to the social fabric and the state of the environment than we can repair with the extra wealth, then we are still going backwards (even assuming we can identify and repair the damage). 'Efficiency' in generating wealth may well mean 'inefficiency' in improving overall quality of life.

The fact of the matter is that rich countries, including Australia, are not even dealing with all their own environmental problems, never mind the global ones, to which they continue to contribute a disproportionate share. Australia confronts serious land degradation, loss of biodiversity, depletion and pollution of water resources and destruction of the Great Barrier Reef; it has one of the highest per capita emissions of greenhouse gases in the world. And some social problems have worsened with rising wealth, not diminished, including crime, unemployment, obesity, drug and other addictions, declining social capital and increasing social isolation and alienation. Related to the belief in the primacy of growth is the notion that increased income is better, 'all other things being equal', because it increases our choices, our 'command over goods and services'. Again, this view seems straightforward and compelling. But I don't believe all other things can ever be equal – rather that, to the contrary, the processes of growth inevitably and inherently tend to affect 'all other things'.

The Treasurer Peter Costello, disappointed by John Howard's decision in 2003 to remain as Prime Minister, pointed out that the key to the government's success had been its economic management, which was 'the foundation for everything else'. He also dismissed surveys showing most voters would prefer more money to be spent in areas such as education and health than handed back to them in tax cuts. At the same time, in keeping with his stated intention to speak out more

on social issues, he has lamented the loss of community connection and trust in charities and the church; worried about the drug problem, family breakdown and retrenched middle-aged workers; and, spoken of the need to restore traditional community values. Costello's pronouncements reflect the compartmentalisation that is pervasive in government, a failure to see the links between a political philosophy based on material self-interest and the problems he identifies.

It is true that a lack of growth – the economic contraction experienced in recessions and depressions - causes hardship, especially through increased unemployment, and governments usually justify the pursuit of growth in terms of job creation. However, the association between growth and jobs does not negate the need to examine more broadly and carefully the social effects of growth. Also, we need to bear in mind that the strength of this association is a characteristic of our current economy; we cannot judge possible alternatives by the rules – the internal logic – of the existing system. Given the evidence of the diminishing benefits and rising costs of growth, it is not good enough to justify or defend growth on the grounds that its absence also causes problems.

We need to think less in terms of a 'wealth producing economy' and more about a 'health producing society', where health is defined as total wellbeing – physical, mental, social and spiritual. We need to pay attention to the content of growth - and the values and priorities it reflects and serves – not just its rate. At present, government policies give priority to the rate, but leave the content largely to the market and consumer choice.

Most economic growth is derived from increased personal consumption, despite the evidence of its personal, social and environmental costs. We need, individually and collectively, to be more discerning about what economic activities we encourage or discourage. While such suggestions are often dismissed as 'social engineering', this criticism ignores the extent to which our lifestyle is already being 'engineered' through marketing, advertising and the mass media.

Economic activity can be directed towards increasing personal wealth and consumption, and it can be directed towards restoring and protecting the environment and strengthening social relations. There is a case for devising a strategy to reduce the proportion of GDP derived from *consumption* undertaken for short-term, personal gratification, and to increase that involving *investment* directed towards broader and longer-term social and environmental goals.

To be *against* current patterns of growth is not the same as being *for* failed socialist, centralised, command economies. This common confusion leads to the claim that whatever its faults, capitalism or neo-liberalism is the best system we have and we should stick to it until someone invents a better one. This claim confuses means and ends, function and meaning, systems and worldviews - how we do something rather than why we do it. Nor should my arguments be interpreted, more broadly, as an attack on economic and technological

development as such, but rather as a critique of the ends towards which it is being directed, and the manner in which it is being pursued. Rather than casting the core question in terms of being pro-growth or anti-growth, we need to see that growth itself is not the main game.

In the face of an immediate terrorist threat, we have not hesitated to direct wealth (and so economic activity) into strengthening defence and national security. The Boxing Day tsunami also saw a large reallocation of resources to help victims. Confronted with the magnitude of twenty-first century challenges, it is lunacy to continue to regard these as something that can be dealt with by fiddling at the margins of the economy, the main purpose of which remains to serve, and promote, our increasingly extravagant consumer lifestyle.

It is becoming ever clearer that we are being force-fed, like *pate de foie gras* geese, by a vast media-marketing complex to meet the demands of the economy. We could choose to redirect economic activity into creating a fairer, cleaner, healthier, safer world. We don't have to keep consuming more in order to generate the wealth to try to fix the problems that consumption gives rise to. We in the rich world don't have to eat another four-litre tub of ice-cream so that a child in a poor country can afford a single cone.

Economics does not forbid such a choice; most economists simply assume it won't be made because it goes against human nature – or so they think. But it is in our nature to cooperate as well as compete, to show compassion and generosity as well as ruthlessness and selfishness. And human nature isn't fixed, hard-wired; it is influenced by culture. In any case, as I've shown, these choices can be framed in terms of self-interest, as well as altruism. It all depends on how we perceive our interests.

It's not the government's role 'to start lecturing people about their lifestyles', Nick Minchin said. Some might think it is the government's role to *educate* people about their lifestyles. And it is clearly time more people began educating governments about the consequences of the lifestyles their policies promote.

This is an edited extract from 'Well & Good: morality, meaning and happiness', the second edition of which was published by Text Publishing in February. RRP \$24. Richard Eckersley is a fellow at the National Centre for Epidemiology and Population Health at the Australian National University.