

Living Within Our Means

While at Glastonbury recently I spent a depressing time in the Left Field taking part in the debate on climate change. The panellists did not appear to have had a new idea since 1975. The discussion was framed in terms of slogans such as ‘Fight the Cuts’ and ‘Green Jobs Now’. I admit I am caricaturing, though only slightly.

The chainsaw economics of the coalition makes the parties look different, but a deeper consideration of their approach to the economy makes it clear that what they share is much more significant than what divides them. The debate is entirely within the growth paradigm. The difference between the parties is simple: the Tories believe that if public spending is cut the private sector will, by some mysterious process of market magic, arise to rescue the economy. Labour believes, in good old-fashioned Keynesian style, that only an increase in public spending can save us from recession, aka ‘negative economic growth’.

As greens, our most important role right now is to critique and replace this defunct paradigm based on a shared belief that economic growth is the solution to our economic woes. Any reader of *Green World* who has thought even a little about economics will have realised that we begin by recognising the limits of this planet we share. From there it is a fairly short step to accepting that economic growth cannot continue: the ecological crisis is clear evidence that we are crashing into the limits of the planet in terms of both resources and energy. This brings us head to head with conventional economists, for whom economic growth is such a single-minded obsession that when the economy contracts they refer to it as ‘negative economic growth’.

Herman Daly pointed out that a capitalist economy is like an aeroplane—unless it moves forwards it will fall out of the sky. What we need instead is an economy that moves like a helicopter. Our problem, as Canadian ecological economist Peter Victor wittily retorted, is that we have to transform the one into the other in mid-air!

Once we limit how much economic activity there is, we have to make political decisions about what that activity will achieve. We can have growth in some sectors, but only those sectors that are building the infrastructure for the climate-friendly, low-energy economy that we are in transition towards and only if it is balanced by contraction elsewhere. This is how we can resolve the apparent conflict between our calls for an end to economic growth and our support for the Green New Deal. But we need considerably more detailed thinking here about how we measure what is a green job or a green sector; otherwise we will find that our calls for green investment only result in business as usual with green-tinged products flooding off the capitalist production line.

Maintaining the growth boundary has important implications for our social policies too: in an economy which is in equilibrium with the planet we cannot ask for more than the planet can provide. Therefore the over-consumption of some can be seen as the direct cause of the poverty of others. Issues of distribution can no longer be imagined away by appeal to a higher rate of economic growth. A sustainable economy must be a socially just economy too.

It is the absence of this understanding that makes the debate about social justice and spending cuts so sterile. The Keynesians are right that a policy where all countries simultaneously cut their own spending and compete to export more to each other is an intellectual impossibility. Where they are wrong is in arguing that if we all invested more and traded more we could help each other out of this mess. That is a route that we—and the planet—simply cannot afford to take this time. But we can be reassured many of the public services people value most are relatively energy efficient. So an economy that revolves around money discovers that it cannot afford them; but an economy that considered energy to be our scarcest resource would favour these public services at the expense of the energy-intensive export-driven model of economic salvation.

As Greens, we are not in the realm of negotiating over the spoils of a defunct and decadent economic system but in replacing it with a wholly new one. This paradigm is already coming to life, based on establishing a new relationship with our planet, what Andrew Simms, of the New Economics Foundation has called a dynamic equilibrium with the earth. In spite of the ineptitude of the left, our role is not to take over space they have vacated: we have a much more creative and important job to do. We need to ensure that, when facing down the discredited politicians and their last-century ideas, we have the courage to represent the earth—we can be sure that no other party will do that.