

## Chapter 18

# Steady-state Economy

### The Shift from Perpetual Economic Growth to a Steady-state Economy (from Youthful Industrialism to a Mature Planetary Practice)

Perhaps the greatest flaw of our industrial economies is the manner in which economic thought and action has focused upon the growth of industrial processes rather than on the well-being of the total human population as well as the well-being of the soils and microbes, the plant and animal populations, and all else within which human life can be sustained.

Industrial growth is still being paraded as the key solution to most of our economic problems. Constantly we hear it reiterated that “growing the economy will lift all boats,” that “overall wealth accumulation will trickle down to everyone,” that “we must get our economy growing again.” We also hear that “growth will take care of our national debts, create jobs, and make everybody prosperous.” It has been beneficial to humanity for some aspects of our economy to grow. In the early days of industrialization, the growth of technological tools and free-market entrepreneurship did result in an overall increase in social wealth. But these early decades of industrialization did not consider ecological limits. We also took for granted the boost we were getting from cheap oil. We must now consider what will happen to growth as oil becomes increasingly scarce and increasingly expensive.

Furthermore, industrial growth has seldom if ever benefited all members of society in an equitable fashion. It often happens that an increase in overall social wealth benefits only a few while many others find their lives merely rearranged into different hardships such as slums, meaningless work, dangerous work, or even no work at all that produces income in a dependable fashion.

In addition, the concept of “growth” is often narrowly applied. “Growth” may mean the growth of one business at the expense of other businesses. “Growth” may mean the growth of one national economy at the expense of other national economies. When growth is used as an international measure, it often means the growth of profits made by huge international businesses at the expense of national economies – especially their laboring forces and natural environments. When economic “growth” is bought at the expense of cheaper and cheaper labor and more and more ecological diminishment, “growth” ceases to be a positive word. Almost never is the term “growth” applied to the sustaining capabilities of the planet as a whole or to the well-being of all citizens. Inclusive planetary growth is not measured by an upward swing in the stock markets. Such a swing may not even mean that there is an increase in productive activity. Stock market booms can simply indicate that there is some excess wealth looking for profitable investments.

Growth can even mean the rate at which our economy is making the rich richer, the poor poorer and the Earth devastated. In any case “growth,” as commonly used does not mean the improvement in the well-being of the natural planet or the prosperity of humanity as a whole.

### The Objective Facts

It is important to note that much of the overall growth in the richest nations has been made possible by cheap oil and other cheap resources imported from relatively powerless, poor, non-industrialized regions. As we move past the peak of cheap oil and find it more and more difficult to extract and thus more and more expensive, our trust in inevitable growth will be severely challenged. As the poorer sections of the world become more modernized and more effective in demanding a fairer share of the Earth’s capacities, the industrialized sectors will confront another challenge to their easy “growth.” Furthermore, the overall biomass, life diversity, and sustaining power of the planet is already in decline not growth. The increase in ecological

deterioration is already providing stern limits to many aspects of industrial growth. In the light of all these factors, some of the wiser interpreters of our times are claiming that no further overall growth of human economic systems is sustainable. Parts of the economy can grow, but overall growth is coasting to a stop. According to this view, not only the term “growth” but also the term “sustainable growth” is a concept that is embedded in delusions.

### **The Spirit Challenge**

Understandably, it is difficult for economic thinkers, as well as ordinary citizens, to change their minds on something so axiomatic as “economic growth.” The assumption that the overall stock-market will always grow over time is like a “law of nature” in the minds of most stock advisors. Nevertheless, the actual unfolding of history is challenging us to think differently about the future of economic practice. So what can “economic progress” mean as we enter a situation in which the overall economic systems of humanity can no longer grow. Does it mean that our own nation or our own economic class will continue to insist on growth at the expense of everyone else? That scenario is not only uncharitable, but it produces planet-wide conflicts that place even the wealthy in a permanent state of terror.

We must not underestimate the trauma that dying to the “growth delusion” will entail for many people – for corporation managers, for our business schools, for our media pundits, for our stock advisors, for ordinary investors, for labor leaders, for job seekers, for almost everyone. But unless we undergo this death, we cannot even begin to think clearly about the creation of viable planet-wide economic patterns that will be appropriate for the coming centuries.

### **The Needed Consensus**

Many forward-looking economic thinkers have already begun to think about what they call the “steady-state economy.” This term points to the idea that an economy does not have to perpetually grow in its production capacities. An economic system can be vastly improved without increasing the overall put-through of materials and energy. Prosperity can be developed for every citizen without increasing the overall “footprint” of the society upon the natural planet. But this requires some fresh imagination. It means getting more and more from less and less. Let the history of computer sizes be our metaphor. It also means wasting less and less – recycling and reusing almost everything. It means putting a premium on production processes that save energy and materials rather than on those that make fast money by moving more and more inputs faster and faster to larger and larger waste outputs.

Bringing into being this economy will require firm opposition to powerful, well-organized groups of people who are in position to vastly increase their fortunes in a rapidly growing economy. We must teach rich and poor alike that uncontrolled economic growth does not lift all boats; it digs a big hole in the Earth into which the poor fall first and the rich fall slightly later.

A steady-state economy is a more extensively managed economy than our current anarchy of deregulated corporations. But the vision of a steady-state economy does not imply that we must do away with the creativity of free-enterprise, free-market systems. Rather, a steady-state economy entails new rules for the ongoing competition among viable options. Also, a steady-state economy implies a more extensively responsible democratic citizenry who fully participate in setting the parameters of the overall economic operation. It implies an increased emphasis on promoting technological innovation, especially those innovations that do more with less energy and material put-through. Obviously, the details of such a new approach in economic planning will take decades to work out, but the general direction is clear enough for any high school math student to understand. We cannot have infinite growth in a finite box. At some point an adult animal stops growing in overall size. How can we even dream that the human social economy on this finite planet could be an exception to this natural rule?