



# *Are Sustainable Consumption and Economic Growth Compatible?*

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"Sustainable Consumption"

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# The Theory

- ③ **Economically, the GDP measures consumption as much as production.**
- ③ **Every increase in consumption implies a growth of the GDP.**
- ③ **Every growth in GDP indicates growing consumption – somewhere, by someone (wealth increases with growth, not distributional justice).**





## **The pursuit of growth**

**Different actors call for growth for different reasons:**

- ② **As a natural characteristic of the economy, sometimes suppressed by state intervention**
- ② **As a means to avoid distributional debates by pointing to trickle-down effects**
- ② **As a means to increase wealth and make distribution easier**
- ② **As the basis of increasing public income and expenditure**
- ② **As a means to create jobs and reduce unemployment**





# **No Growth, no Employment?**

**Just two weeks ago, the European Trade Union Confederation ETUC held a conference here in Brussels, calling for a new macro-economic policy for full employment – and rightly so.**

**However, all the distinguished experts seemed to focus on one factor: politics for growth.**

**BUT: Can politics generate growth? How much? Which kind? AND: is that really the means to overcome the endemic unemployment?**





**Conventional wisdom says that in the race for jobs, a no growth policy is a severe obstacle**





# With Growth, no environment?

- ⊗ Growing transport seems to torpedo the EU efforts to reach the Kyoto target.
- ⊗ Growing infrastructure threatens the EU target of halting the loss of biodiversity by 2010.
- ⊗ Thus environmental NGOs call for an end to the growth paradigm or the growth mania.

**BUT: can politics stop growth in the long run?  
Where are the limits? AND: Would no-growth  
solve the environmental problems?**





# Wanted: new answers to old questions

- ⊙ Not a maximum of growth, but an optimum is desirable (a familiar challenge to economists)
- ⊙ The quantity of such an optimum must be assessed by criteria integrating a wide range of concerns of the society, including quantitative as well as qualitative factors.

**BUT: Is a new growth debate really what produces solutions to our problems?**





# Limits to the Growth Paradigm

*Growth as such* might be a *misguiding* orientation, as

- ② Past growth mainly resulted from the *commercialisation of subsistence work in agriculture and households*.
- ② The hope that conventional economic growth will deliver *full employment, social security and simultaneously be the base for environmental protection is an illusion* in affluent post-industrial societies, as will be shown.
- ② Neoliberal receipts for growth acceleration tend to *undermine what growth was expected to deliver*: employment, social security and a healthy environment.





## Setting objectives

- The EU is committed to sustainable development, with
- ② the Lisbon strategy the short term operational approach, and
  - ② the Gothenburg decisions the long term orientation.
  - ② EU objectives include competitiveness, full employment, social cohesion and a healthy environment.

**Any acceptable pattern of growth should contribute to these objectives. It must create jobs and ease the pressures on the environment.**





# Quantitative criteria in a nutshell: The Inequality of Sustainability

## Reducing Resource Consumption: $d(R) < 0$

Given if resource productivity  $Y/R$  grows faster than the economy  $Y$

$$(1) \quad d(Y/R) > d(Y)$$

## Creating Additional Jobs: $d(L) > 0$

Given if per capita production  $Y/L$  grows slower than the economy  $Y$

$$(2) \quad d(Y/L) < d(Y)$$

combining (1) and (2)

$$(3) \quad d(Y/L) < d(Y) < d(Y/R)$$





# The Policy Challenge

- ② While the growth rate is not a directly accessible policy tool (no politician has managed to produce the growth s/he desired, no environmentalist has been able to stop growth) other factors are more easy to use.
- ② The resource productivity  $d(Y/R)$  is influenced by technology, logistics and process design, with significant room for improvement.
- ② The production per capita increases with the hourly labour productivity and decreases with reduced working hours.

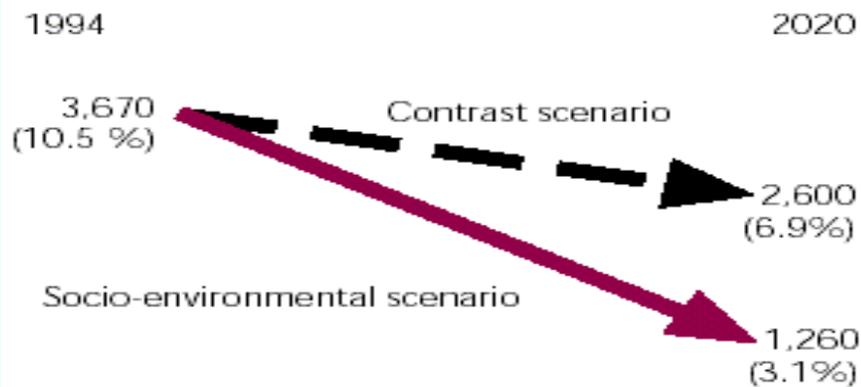




# Implementation

## Registered unemployed

in 1,000 and  
as % of labour pool



## Wages and salaries share

as % of national income



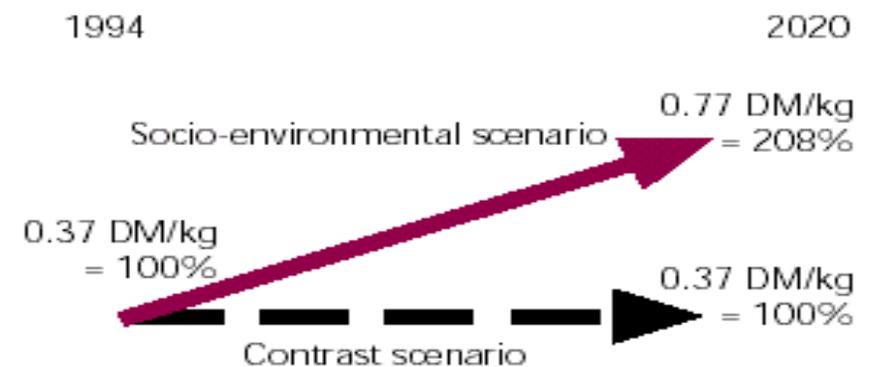
## Real GDP

as % of 1994 and in DM based on 1991 prices



## Resource productivity

absolute in 1991 prices and as % of 1994





# Quality: what should not grow?

- ✓ In a market economy, production is for consumers, directly or indirectly, domestically or abroad.
- ✓ The quality question is the question about sustainable consumption.
- ✓ In the terminology introduced above, consumption clusters with  $d(R) > 0$  should be phased out, and those with  $d(L) > 0$  should be encouraged.
- ✓ Measuring R as energy, material and land use, priorities have been identified.



# Priority fields for action

Consumption clusters	Influence of private households	Environmental relevance
Clothing	X	
Education/ training		X
<b>Food</b>	<b>X</b>	<b>X</b>
Health care		X
<b>Construction/housing</b>	<b>X</b>	<b>X</b>
Hygiene	X	
Cleaning	X	
Recreation	X	
Social life		X
<b>Transport</b>	<b>X</b>	<b>X</b>

**Blue: household priorities. Black: public priorities. Grey: no priorities**



## Unproblematic

- ② **Fashion (carpets dominate textiles)**
- ② **Deep frozen food/ convenience food**
- ② **Leisure, except for the mobility involved**

## Problematic

- ② **Cotton if not grown in organic agriculture**
- ② **Short holidays**
- ② **Single family houses**
- ② **Bigger cars**



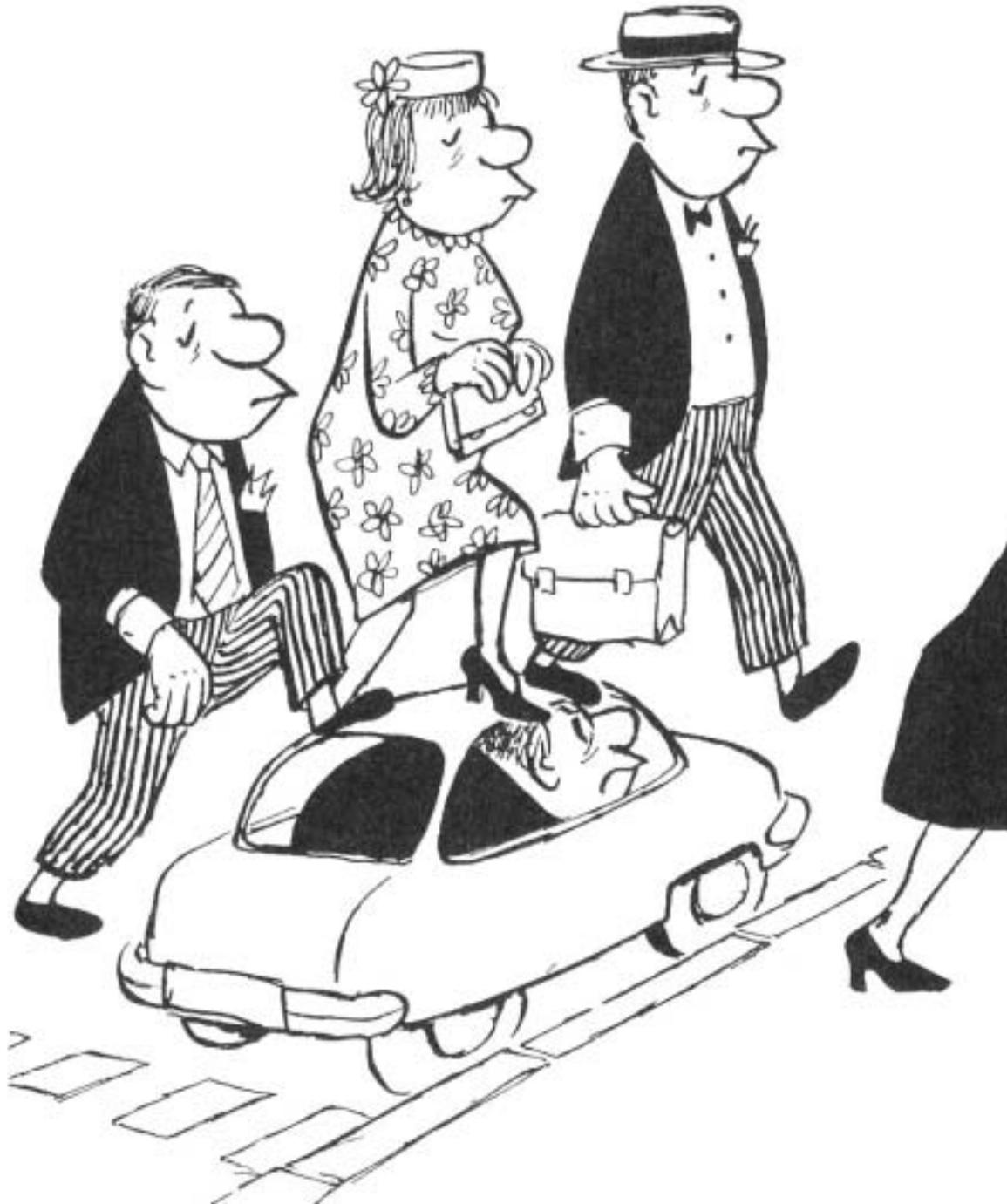
## Prospects

- ④ **To a certain degree, middle class consumers are imitating the “rich and beautiful”. Other use consumption to compensate for suffering in their professional career.**
- ④ **This leads to a vicious circle of hunting for status products, not necessarily increasing the quality of life. Sustainable consumption can improve this.**
- ④ **Today, too many people use money they don't have to buy things they don't need to impress people they don't like.**





**If sustainable consumption became the norm, some status symbols would lose their significance, leaving their formerly proud owners rather dissatisfied.**





# Shared responsibilities

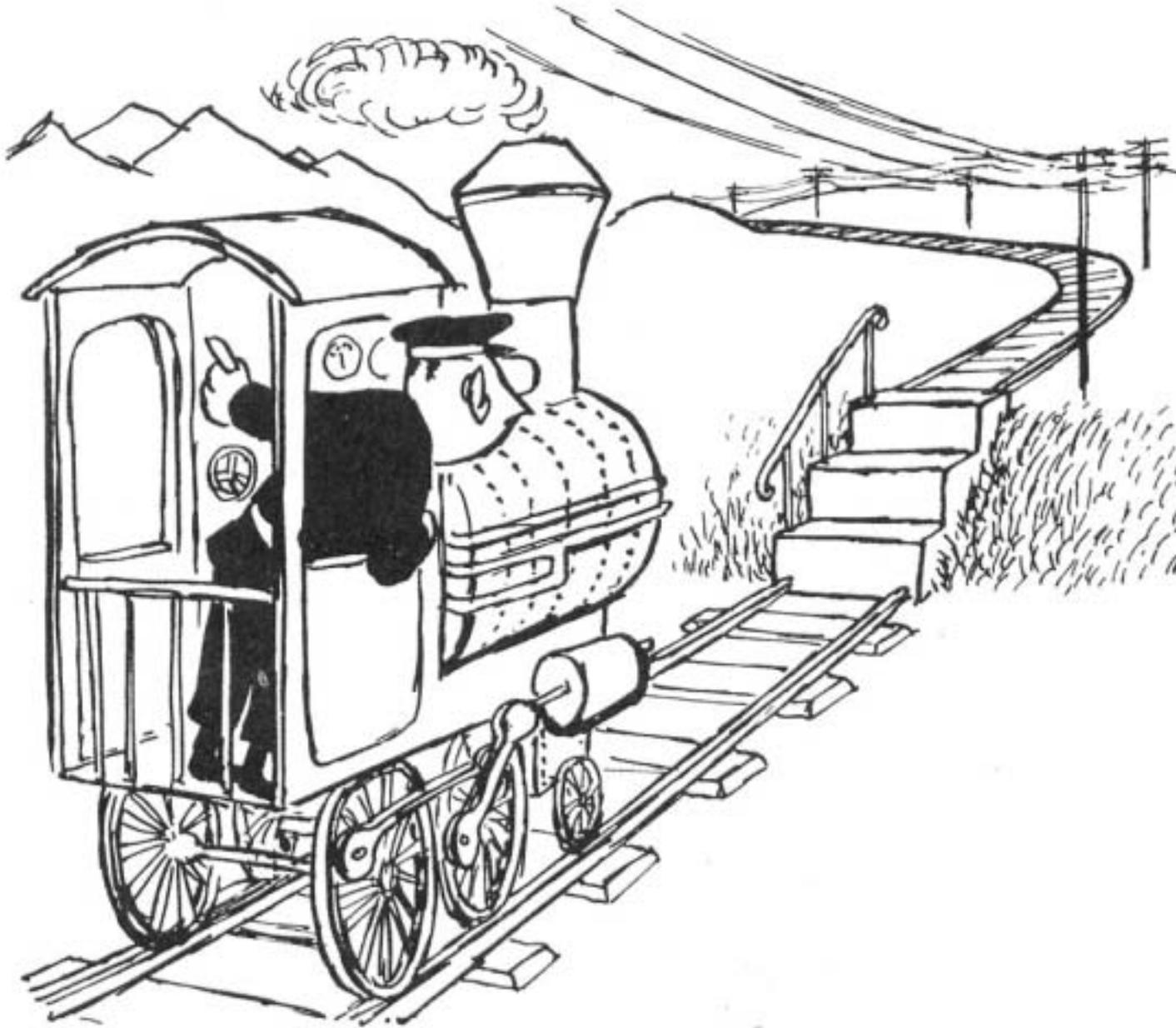
e.g. the „Actors’ Matrix“ mobility	Private households	Leisure mobility	Local authorities	Politics	Industry	Service providers	Employers
Shopping/recreation transport distances	+	+	+	+	0	+	0
Transport for vocational purposes	+	0	+	+	0	+	+
Transport for shopping/recreation purpose	++	+	+	+	0	+	0
Number of passenger cars	+	0	+	+	+	+	0
Average energy consumption	+	0	0	+	+	+	0
Holiday flights	++	+	0	+	0	0	0



## Conclusion

- ② **Growth is expected to be the key relief for employment, social security, public investment, consumer satisfaction and environment protection. This is the growth illusion.**
- ② **Neoliberal growth policies require to sacrifice social security, job security and environmental standards for economic growth. This is the growth defection.**
- ② **So stop talking about growth. It is no end in itself, and no reliable means towards other ends. Instead have disputes about the most desirable and adequate policy targets. If they are achieved, it does not matter how growth was (although most often it will have been increased).**





**The route  
towards a  
sustainable  
society is  
rather  
obvious,  
but not  
free of  
unforeseen  
obstacles**



***Thank you for your attention.***

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