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# **What kind of growth is sustainable? Presentation of arguments from a policy perspective**

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# Contents

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1. Why Growth may not continue forever
2. Possible next steps
3. Current initiatives

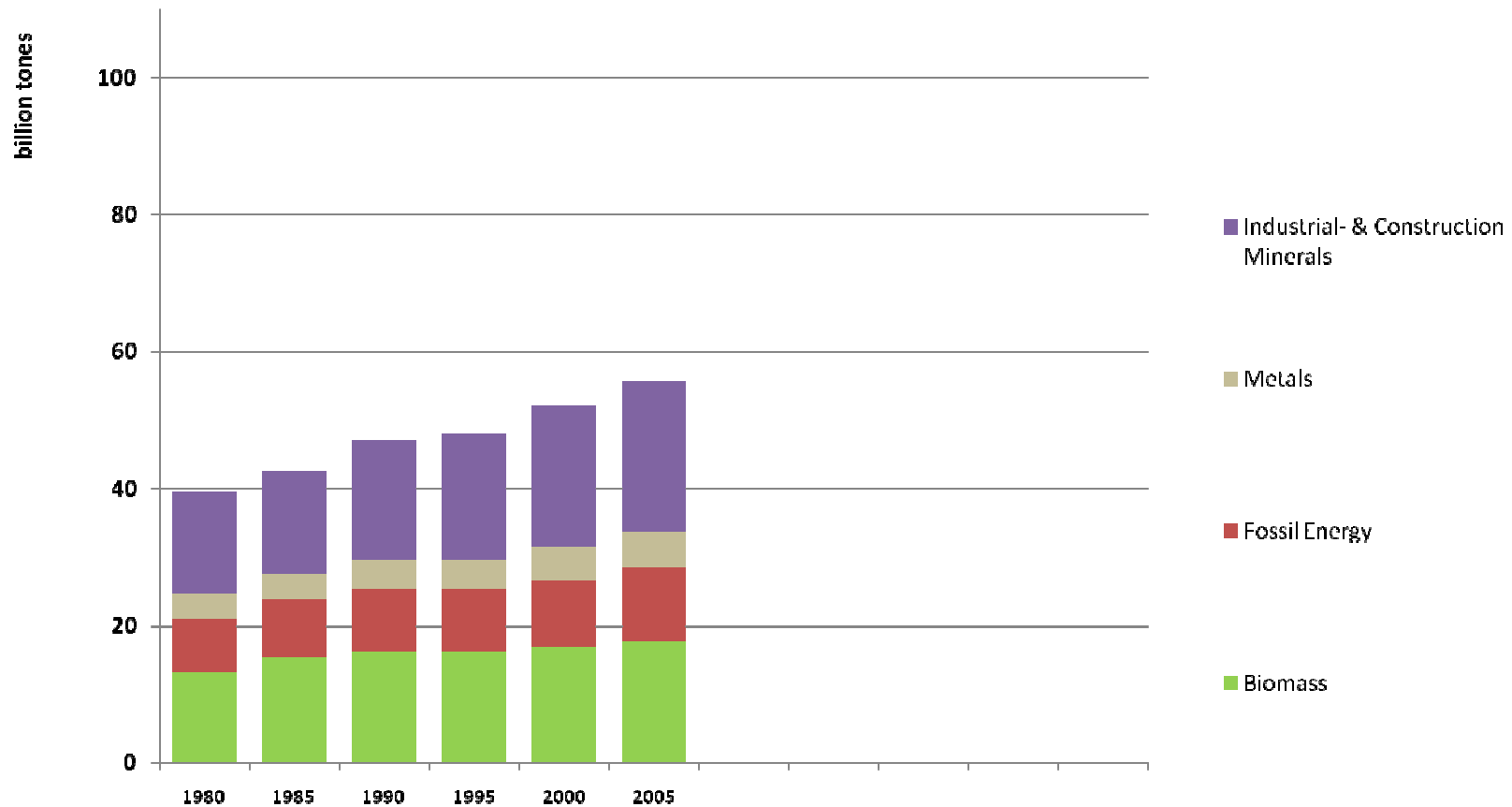


# Why Growth may not continue forever

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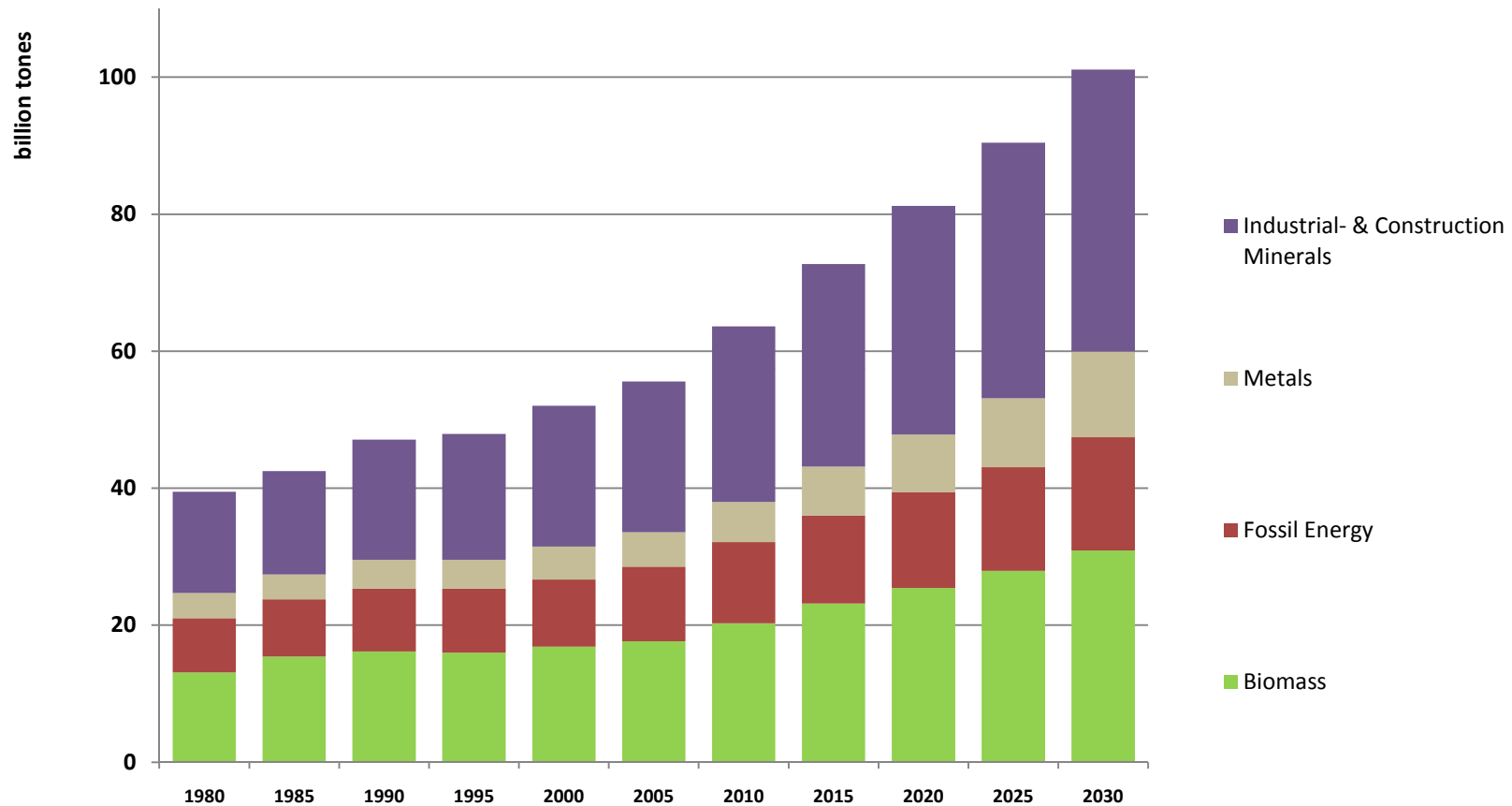
- Natural resources overshoot
- Demographic change
- Consumer restraint
- The Inherent Decline of Growth
- Instability of financial markets

# Global Resource Extraction: 1980-2005



Source: [www.materialflows.net](http://www.materialflows.net)

# Global Resource Extraction: 1980-2030



Source: [www.materialflows.net](http://www.materialflows.net) and Lutz et al. 2009

# The Size of the Global Ecosystem in 1980...

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## ...and in 2030

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## A scenario on growth and resource use\*

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- Scenario until 2050:
  - Proportion of high income doubles from 18% to 36%
  - 45%: 1/2 wealth
  - Remaining 19%: 1/10 wealth
  
- Achievable with 3% GDP p.a.
  - i.e. with a **growth of Factor 4** of world GDP

(with practically no growth in rich world regions!)

\*Meinhard Miegel (2008): Zukunft und Risiko. Die Folgen des Fortschritts. NZZ Podium, 31/01/2008

## A scenario on growth and resource use\*

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World GDP x 4 (equal to 3% p.a.)  
= Resource use x 4

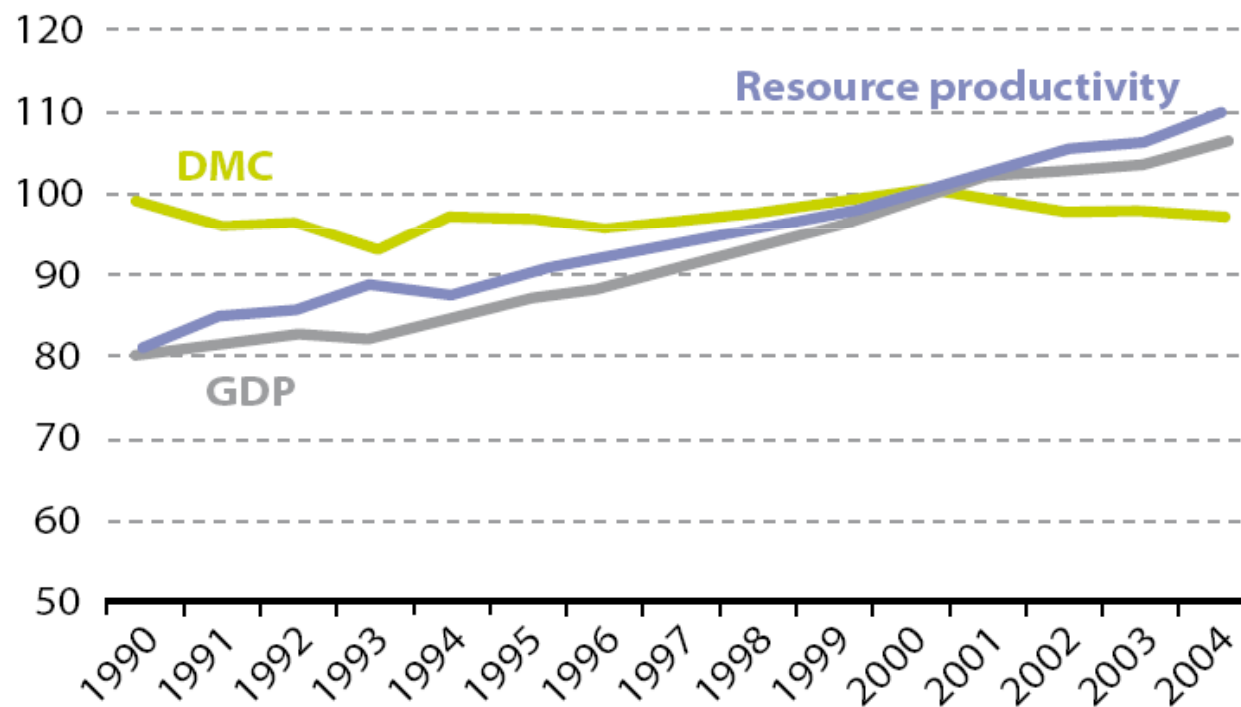
**BUT:**  
**to halve the world's resource use**  
we need  
**an increase of resource productivity by a Factor 8**

This is equal to 6% productivity growth p.a.

(with practically no growth in rich world regions!)

# A scenario on growth and resource use\*

Current growth in resource productivity = 2.5% p.a.



Source: Eurostat.

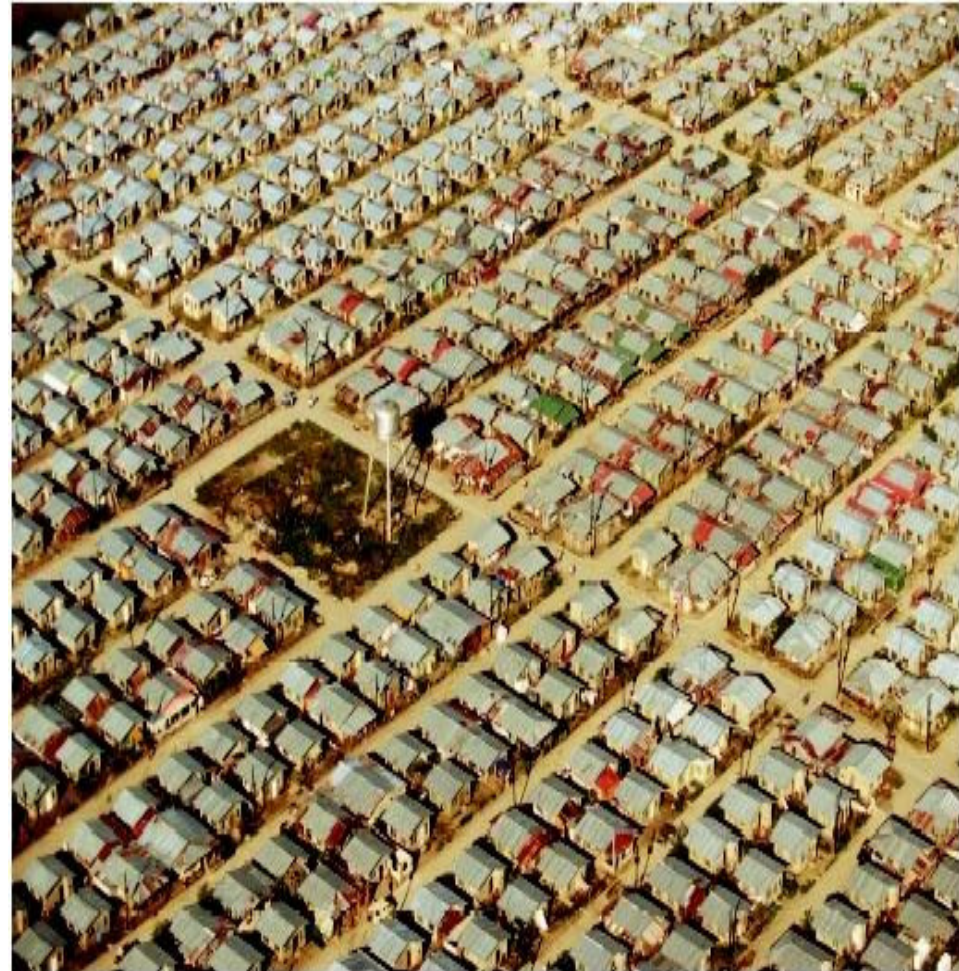
# Demographic change

**Increase in economic growth is strongly correlated with the increase in world population**

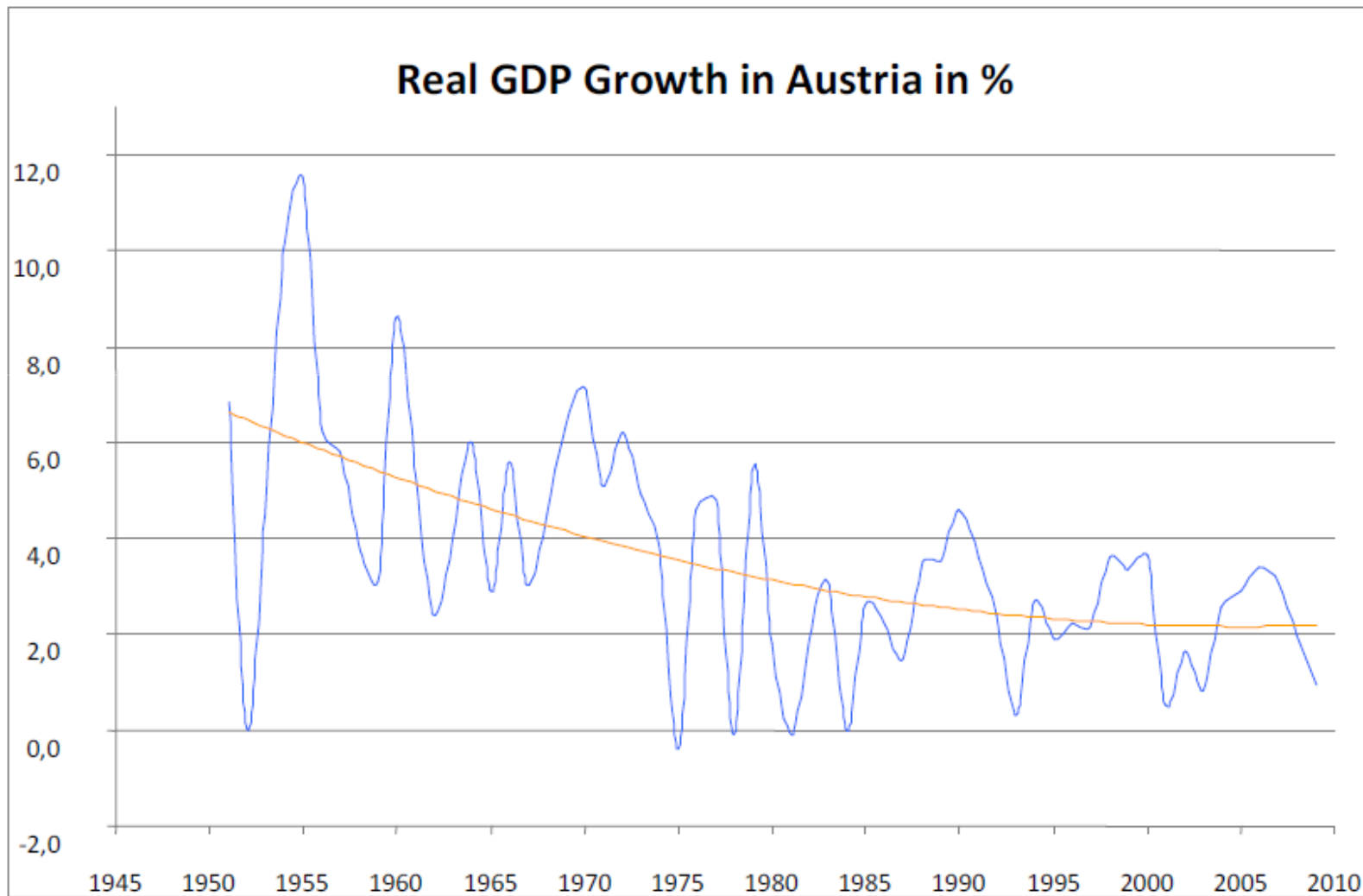
- By 2050 9 billion people (UN)

**Ageing population**

- Financing old-age pensions becomes problematic



# The Inherent Decline of Growth



# Consumer restraint

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- Consumption is a main pillar of economic growth
- In Austria and Germany growth in consumption is below average. Why?
  - Saving money out of fear
  - Stagnation of net real incomes
  - High saturation level of society

# Instability of financial markets



*„The current financial crisis can be understood as the failing effort to fight against decreasing growth rates.“*

(Andreas Breitenfellner, Oesterreichische Nationalbank, April 2009)

## The good news

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- People practically do not perceive an increase in their life satisfaction above a per capita income of 10-20.000 Euro
- Many people would forgo income in order to work less
- Growth rates are continuously declining in rich countries



## The bad news

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- We don't know how to deal with a shrinking economy
- As not only the economy but also political systems of western societies are built on economic growth, decision makers avoid any discussion about limits to growth
- Economic growth has turned from an economic into a sociopolitical goal

## Possible next steps

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- Accepting low (or zero-)Growth as (possible) normal case and rebuild framework conditions accordingly
- e.g.
  - Absolute reduction of resource consumption as policy objective
  - Redistribution of work
  - New ways of measuring progress
  - Promoting sufficiency

## Current initiatives (1) – Measurement

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- Communication from the Commission 20 August 2009: GDP and beyond - Measuring progress in a changing world
- GDP should be complemented by a comprehensive environmental index (beyond CO<sub>2</sub>) and the measurement of quality of life and wellbeing!

### Beyond **GDP**

Measuring progress, true wealth, and the well-being of nations

International Conference and Initiative

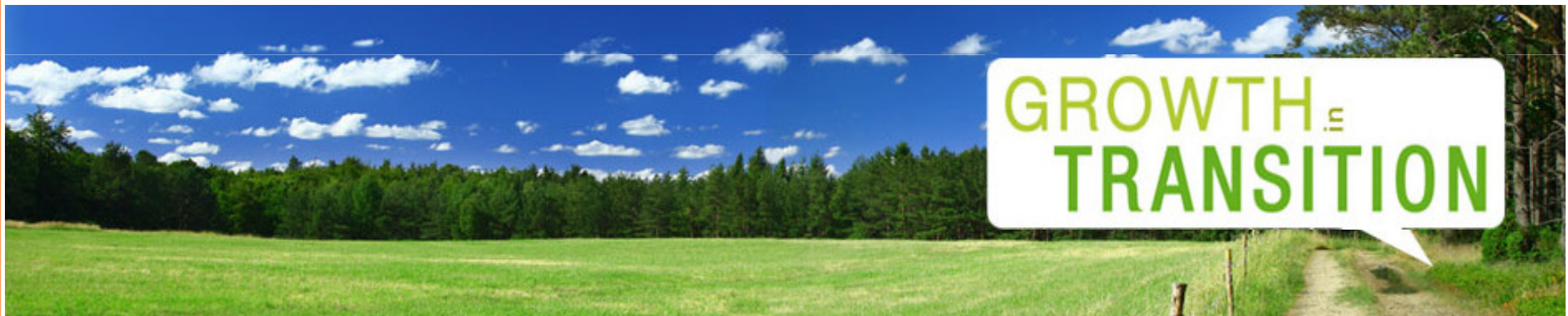
<http://www.beyond-gdp.eu>

- Further initiatives: Stiglitz Commission and OECD initiative „Measuring Progress of Societies“

## Current initiatives (2) – Questioning Growth

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- Growth in Transition (2008-2010)
- An Initiative of the Austrian Environment Ministry in cooperation with SERI / Karuna Consult and other partners
- Book „What kind of growth is sustainable?“
- 28/29 January 2010: International Conference in Vienna



<http://www.growthintransition.eu>

- Further initiatives: Redefining Prosperity, Degrowth movement, Spring Alliance

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# Thank you!



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