

Economic growth doesn't have to mean 'more'—consuming 'better' will also protect the planet, says researcher

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Credit: AI-generated image ([disclaimer](#))

Around 30 years ago, many developed countries started a process of [absolute decoupling](#) of their emissions of CO₂ and [energy use](#) from economic growth. This means keeping emissions stable, or better yet, shrinking them, while still growing the economy.

As a result, GDP is now much higher than it was in 1990 in the UK, France, Germany and the US, but CO₂ emissions are lower. This is not just because of the deindustrialization of the west: emissions decrease even if we include our imports from countries like China.

This trend may be too little too late to avoid the [worst consequences](#) of climate change and the [destruction of wildlife](#). But it is a testimony of perhaps the biggest misunderstanding about economics: that growth is a measure of [how much an economy produces](#), rather than an imperfect account of the value of this production.

Fighting climate change requires a radical transformation of the economy to use less energy and resources. This means it could cause [economic growth](#) by making us consume "better," not more. Putting a [monetary value](#) on protecting the Earth means people will pay the true cost of their consumption.

'Better' consumption of goods and services

The things we buy typically become more valuable if the perceived quality of a product increases. And research shows that consumers are willing to pay more if they believe [a brand is more valuable](#), for example, because it is more ethical or environmentally friendly. This is the case for [low-carbon energy sources](#), [fairtrade chocolate](#), [organic](#) and [local products](#)—and it's even more the case for people that [care about how others see them](#). So if this means replacing [a £1.89 pack of beef burgers](#) with [£12 bean and mushroom patties](#), economic growth will certainly be [good for the planet](#).

The same can be said for the services people spend money on. In fact, as the economy becomes more dependent on services than products, this part of our consumption is even more important to "green."

This is because much of today's economic growth is not about measuring the value of the objects we buy. [Two-thirds of the world's GDP](#) is constituted of services, and those are increasingly provided [from our own homes](#) as we work remotely. The environmental cost is then almost entirely composed of the energy needed to make the internet work—and there is a way to make that greener.

Sci-fi authors and futurists of the 1960s [correctly predicted](#) that we would live in a world of wireless communications, flat-screen TVs and sophisticated kitchen appliances, while fewer foresaw that younger generations would celebrate the [return of sleeper trains](#) in Europe. They would probably also be surprised at how many people [find love](#) via their phone, using online dating services. The fact that Match.com is [worth more](#) than car companies [Mitsubishi and Mazda](#) combined shows how our economy is changing towards consumption of services rather than traditional goods.

This does not mean that free markets and technology alone can save the world from climate change. Government intervention is also needed. In fact, one of the [oldest](#) and [most accepted ideas](#) in economics is the principle that consumers should not only pay for the cost of producing what they buy, but also for its cost to society. This means taxing pollution, the destruction of wildlife, unhealthy food, [traffic congestion](#) and the depletion of natural resources, rather than raising the same amount by taxing income.

This could also be a source of economic growth. Research shows taxing pollution generates a "[double dividend](#)": it restores fair competition between polluting and non-polluting products, and it generates [tax revenue](#) to invest for everyone's benefit. If the prohibitive cost of pollution and limited natural resources forces us to innovate, we can actually create value instead of destroying it.

Green policies as the future of growth

In this kind of world, sustained growth for the next century would mean the phasing out of fossil fuels and increased energy efficiency, and largely [replacing meat production](#) with plant and lab-based alternatives. But also more value created by services, addressing [well-being](#), and creating cleaner air and water, healthier food and safer cities.

Indeed, 15-minute cities are more of an economist's dream than a [socialist utopia](#). Charging for the true cost of car use by heavily taxing noise and air pollution is [textbook introductory economics](#). Reallocating public land towards humans and public transport [saves time for everyone](#). On the other hand, [adding roads simply creates more congestion](#), while public transport gets [more efficient as more people use it](#). Less time spent in a car means more time for work and leisure.

And when it comes to [artificial intelligence](#), [just like machines and robots in the past](#), it will not kill jobs but give us [more time](#) and money to spend on leisure. This is economic growth.

The real challenge for growth is not defying [the laws of physics](#) with technology that [magically allows us to produce more with the same or fewer resources](#). It is the ability of our societies to tax polluting activities and [regulate](#) the use of land and natural resources, while still being able to [redistribute wealth](#). This is the ability to do better with less.

We also need to work out how to correctly account for everything we value. What is counted under GDP figures has already started to change over time to [include things not directly measured](#) by traditional markets.

Making the case for the preservation of nature means being able to put a number on it: taxing social costs but also recording the value of the use of our parks, forests and mountains. If those who care about protecting

the environment do not fight to put the highest possible number on nature because they find the idea of valuing it in monetary terms [repugnant](#), someone who does not care will do it.

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