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Book review

Prosperity Without Growth: Economics for a Finite Planet, T. Jackson. Earthscan, London and Washington, DC (2011). 264 pp., paperback edition, ISBN: 978-1-84407-894-3

This book started its life when the author was asked in 2003 to write an early report *Redefining Prosperity* for the Sustainable Development Commission of the Labour Government in the UK. A final official report was produced under Jackson's guidance in 2009, *Prosperity without Growth? – with a question mark at the end that the author later removed*. The economic crisis of 2008–2009 is taken fully on board by asking whether an economy based on the perpetual expansion of “debt-fuelled” consumption of materials and energy can be ecologically sustainable and socially viable, let alone economically stable.

These questions have been asked since the late 1960s and 1970s by Nicholas Georgescu-Roegen, Herman Daly, Robert Ayres and the school of ecological economists to which Jackson has long belonged with his early work on the social psychology of consumption. Peter Victor has recently elaborated an ecological macroeconomic model for the economy of Canada in parallel to Jackson's work in the UK (P. Victor, *Managing without growth*, Cheltenham: E. Elgar, 2008). We have now these two well written contributions which can be used as textbooks of ecological macroeconomics.

Consumer debt increased very much before the economic crisis (at least in the Anglo-Saxon variety of capitalism, including Ireland and Spain), while the public debt has increased enormously after 2008 in many countries. Debts, however, cannot “fuel” growth because economic growth is literally fuelled by fossil fuels. Debts could be settled by inflation (money loses value), or by impoverishing the debtors, or by economic growth. It so happens that economic growth is not well measured, and Jackson recalls not only the well known critiques of economic growth since the 1960s but also the research on the lack of correspondence between GDP growth and increased happiness once a certain income per capita threshold (about US\$ 15 000) is reached.

Ecological economists see the economy as composed of three levels. There is on top the financial economy (that got out of hand, and whose representatives now want to impose “debtocracy” everywhere), there is then the real, productive economy of manufactures and services and wage employment; but there is also the bottom layer or engine room of the *real-real* economy with flows of energy and materials and the collection of waste such as excessive amounts of carbon dioxide. This view of the economy goes back to Frederick Soddy in the 1920s, a Nobel Prize in Chemistry and a monetary reformer, who has been often quoted and paraphrased by Herman Daly although not by Tim Jackson. Ecological economists are against increasing the debt because they are sceptical about economic growth.

Jackson asks repeatedly for “financial prudence”, not only because of the risk of default but even more because debt repayment is supposed to force economic growth, and growth in rich countries is to be avoided for ecological and social reasons. The ecological reasons are clear. If world economic and population growth trends of 2007 would continue, then in order to keep carbon dioxide concentration below 450 ppm, the carbon intensity of the rich economies would have to decrease over one hundred times by 2050. This seems impossible. The greenhouse effect is emphasized by Jackson more than

“peak oil” and other resource limits, and also than biodiversity loss. But the ecological arguments are forcefully put.

Not less forceful is the discussion on well being, happiness, prosperity and the capabilities for “flourishing” – a word of somewhat uncertain meaning but crucial to Jackson’s argument against economic growth. It means the development of human potential, self and social realization, *épanouissement*. It is not to be achieved by compulsory consumption of positional goods. Stopping economic growth is not only sound and feasible from the ecological and economic viewpoints. It is also a good idea in terms of the social reevaluation of the commons. Indeed, Jackson insists that biological evolution, including the evolution of humans, has gained more by cooperation (as Kropotkin argued) than by competition.

The book builds a lot on social psychology, and little on economic anthropology. There is no analysis on the historical invasion of human society by the generalized market system, and no mention of the critique of uniform development by Arturo Escobar, Wolfgang Sachs and similar authors. Is “flourishing” equivalent to the “good life”?

Jackson addresses himself to European “policy-makers” although his thesis that the economy can be managed without growth while avoiding the consequent collapsing of investment and increase of unemployment, is radical enough. He gives a set of detailed recommendation based on a new ecological macroeconomic theory. If there is no economic growth, then unemployment will increase, given the trend to increased labour productivity (because of technical change and the drive for profits). While André Gorz shockingly said *adieu au proletariat* already in 1980 (not in China or India but in Europe), Jackson is concerned with “the stigma of unemployment”.

Hence, support must be given to the so-called Cinderella sector (which, remembering William Morris, I would call the “News from Nowhere” sector of happy horticulturalists and artisans). This sounds naïf but it is well thought out. One virtue of this sector is precisely low labour productivity and the capacity to give massive gainful employment. Jackson mentions other policies like a basic universal citizen’s income only in passing while work sharing is discussed at length. His main proposals are support for this Cinderella sector, and also investments in renewable energy and in ecosystem restoration and enhancement. Since such investments are unlikely to give a high rate of return in money terms, the share of savings (or taxes) and the role of the public sector of the economy will have to grow. Does this mean a retrenchment of capitalism? Don’t get excited about words, is Jackson’s motto. He has made a courageous, radical, influential and practical attempt to bring together the analysis of ecology, economy, and social behaviour in the rich economies.

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