Joint Public Issues Team

Churches working for peace & justice

TURNING THE WORLD UPSIDE DOWN

Why you can't solve the climate crisis without talking about the economy

A CONVERSATION STARTER

Baptists Together

The Church of Scotland

The Methodist Church

The United Reformed Church

INTRODUCTION

"We believe the economy exists to serve the dignity and wellbeing of people in community, within the bounds of the sustainability of creation."[1]

In 2004, Reformed Churches meeting in Accra made this powerful statement which continues to challenge the basis on which we order our world.

We know that the climate is in emergency. We know that the environment is being degraded and biodiversity is being lost. And more than ten percent of the world's population still goes hungry.

As Christians we believe people were created in God's image, and to have abundant life. And we believe that we are part of God's creation. Our flourishing is dependent on the flourishing of our communities and the whole creation, for we are created interdependently.

Yet we measure – and value – things about our economy which do not enable flourishing. Our obsession with economic growth damages our planet's ability to sustain human and animal life.

If we care about creation, then we need to care about the economy.

This pamphlet examines – from this end – how our economic models and practices are failing to enable flourishing. From the other end, it considers the vision of flourishing we are given by God. Finally, in the centre we open up some questions about how we might embed values of flourishing in new ways of relating to one another economically.

1 World Alliance of Reformed Churches (2004), 'The Accra Confession', paragraph 22

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WE NEED TO TALK ABOUT THE ECONOMY

The climate crisis presents humanity with an urgent global challenge. The headlines from the International Panel on Climate Change are stark and clear. Climate change is an ongoing process which is having and will continue to have adverse effects on people throughout the world. It is also clear that these effects are focused on those already impoverished, exacerbating already increasing divisions in global wealth and resources. Global temperatures have increased by 1°C since pre-industrial times. In order to limit the effects of climate change on communities and our environment, drastic reductions in greenhouse gas emissions are needed.

Alongside this, overexploitation and pollution of areas of our planet are having global and possibly permanent effects on biodiversity, desertification, and acidification of our seas.

It is increasingly obvious that these environmental impacts are being driven by ever greater levels of human economic activity. The ways we currently measure economic success do not take account of its implications for the natural world, or value all the things that are important for human flourishing. For both within nations and across nations, the fruits of economic activity are unfairly shared, bringing consequences of poverty, inequality and indignity.

It is easy to believe that the rules of the economy are like the laws of physics, unchanging and set in place by a higher power. To many people, that makes economics seem impenetrable and off-limits. However, societies have always made and remade the basic rules of the economy to reflect what was important to them.

There is a major question about whether the current economic model, even with the correct regulation and incentives, is capable of tackling the challenges of climate change and wider environmental degradation, or of delivering flourishing communities. It is time to grapple with how our economy works and what it values.

Going for growth

Increasing prosperity has long been an aim of nations. Economic growth is a central policy aim of governments across the world. The opposite of growth – recession – has been the watchword for economic failure.

The measure of the size of a national economy is its Gross Domestic Product (GDP), this being the value of all the goods and services produced within it.

Therefore, economic growth requires the production of an ever-increasing volume of goods and services, regardless of what they are, the social or environmental cost of their production or who they benefit or harm. GDP includes things that are traded regardless of their utility – not only foods and medicines, but illegal narcotics and even trafficked humans are all included at their market value.

GDP is a measure of activity, which means that pollution-creating activities increase GDP, as do the activities that are needed to deal with that pollution. The measure takes no account of the natural resources that are consumed or destroyed in the production process. It does not include human activities that aren't bought and sold – such as caring for family or neighbours in need. This excludes much of the work that was traditionally done by women, as well as providing an incentive to move those activities from the family sphere into the commercial.

Rising prosperity, as measured by growing GDP, can mask real declines in people's quality of life. Yet GDP is often used as a proxy measure for wellbeing within and between nations.

Targeting growth in GDP encourages us to aim simply for 'more', without asking the important question 'more of what?'. Does 'more' actually improve lives and does it help care for our environment?

Growth and wellbeing

One of the reasons that economic growth has been sought-after is because it is hoped that, as more is produced, there will be less scarcity and people will enjoy a higher standard of living and greater wellbeing. In low-income developing countries, this is broadly correct: there is a clear link between the GDP per capita and measures of human development such as health, education and life-expectancy. When nations have very little, more is almost always better. However, there is a wide variation in this, with some nations translating their wealth into the wellbeing of citizens much more effectively than others.

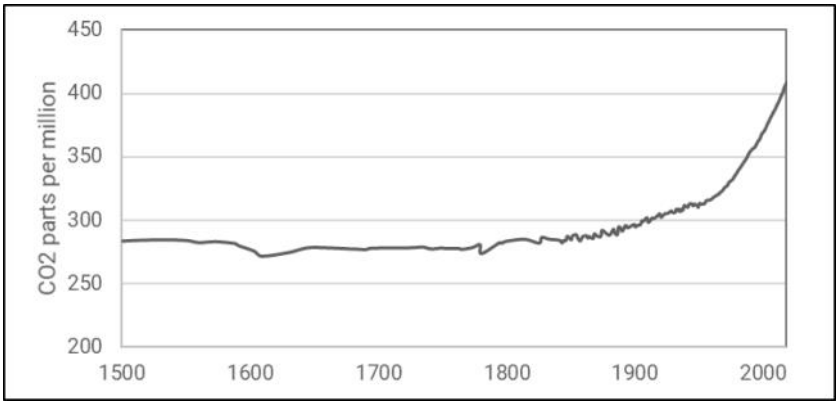
In richer nations, such as the UK, the link between growth and wellbeing is much less clear. How wealth is distributed is much more significant.

This is important, because the obsession with economic growth is having major environmental consequences.

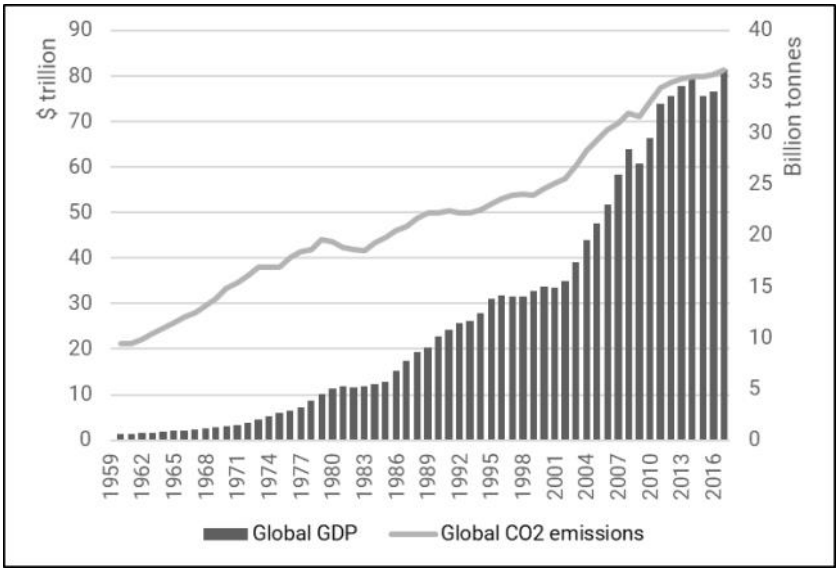
Economic growth is coupled to rising emissions

The top graph opposite shows the rapid increase in the levels of atmospheric carbon dioxide (CO_2) since the industrialisation of the 18th century. From that

point onwards, human economic activity produced CO_2 and other greenhouse gases, such as methane, in such quantities that they were beyond the ability of natural processes to constrain them, and instead began to have a substantial lasting global impact. Industrialisation, sometimes supported by a ready supply of natural and human resources through colonialism, led to a huge surge in economic growth which formed the foundation of the prosperity enjoyed by many developed countries across the world, including the UK. That growth has been tightly coupled to rising emissions (lower graph). The wealthiest countries, with few exceptions, have the highest emissions per capita.



The rapid rise in global atmospheric CO_2 from the industrial revolution onwards



CO_2 emissions rise in tandem with GDP

Infinite growth in a finite world

“Anyone who believes exponential growth can go on forever in a finite world is either a madman or an economist”. So said (the economist) Kenneth Boulding. Implicit in our economic model is the belief in infinite economic growth. Up until now this has always gone hand in hand with increased production of physical goods and increased pollution. There is much talk of “decoupling” the link between production and emissions, and finding ways to produce more goods with fewer emissions. Yet this will still involve producing more.

It is important to recognise that greenhouse gases are not the only pollutants which are linked to increased economic activity, and nor are they the only ones with global reach. Human activity has a huge impact on a number of interlinked environmental systems. Biodiversity loss, land conversion, phosphorous and nitrogen loading are all at levels which cannot be sustained if the earth is to remain as habitable to humans as it now is. Plastics which are now found polluting every known habitat on earth are another example. Their production has risen inexorably since their introduction in the 1950s - increasing 45% over the past decade to over 380 million tonnes per year.

The sheer scale of human industry’s ability to extract, produce, use and dispose means that we now have global effects that previous generations could not comprehend. Our levels of production and consumption threaten to damage the earth irreparably. It is hard to see how ever-increasing consumption can remain a sensible economic objective.

Is ‘green growth’ possible – or even desirable?

The economic focus of the UK government’s climate change policy – in common with that of many western governments – is to “maximise economic growth opportunities from our transformation” to a ‘net zero’ emissions economy.

Supporters of ‘green growth’ argue that technological change will allow economic growth to continue while climate change is brought under control. However, decoupling global economic growth from greenhouse gas emissions is a colossal task – one which we do not even know to be possible in the available time.

The bigger question is whether such growth is even desirable. Growth is often not the best way to improve human welfare. Why have the overriding aim of growth – producing more and more goods and services – if it makes living within the bounds of the planet harder, and does not focus resources on enabling human flourishing?

An economy that enables the flourishing of all life

The fallacy that economic rules are unchangeable allows ideas like "it is inevitable that there are huge inequalities in wealth" or "greater consumption leads to greater happiness" or "an economy must always grow" to be so pervasive that they go unnoticed and unchallenged. However, if we begin to view the economy as something that exists to serve human wellbeing in ways that are environmentally sustainable, then that should transform the way we think about the objectives of economic policy.

Instead of prizing GDP and economic growth, it seems wiser to be agnostic towards them. While some developing nations urgently require increased consumption and economic growth order to improve human wellbeing, in other countries wellbeing will be best improved not by more wealth but by better distributed wealth. The size of the economy should be a secondary consideration to its sustainability and its impact on wellbeing. We share a common global need to develop economies that are in harmony with natural resource limits. With respect to climate change, 'net zero' is probably the common goal to which every nation should now aspire.

We do not underestimate the challenge of reshaping the objectives of our economy, but there has been much recent collaborative policy work on how "to transform the economic system into one that delivers human and ecological wellbeing."[1] One popular example is Kate Raworth's 'Doughnut Economics' model, which, in an echo of the line from the Accra Confession that opens this paper, is made up of two circles – one, the inside edge, represents the social foundation which includes everything that humans need in order to thrive, while the outer edge represents an ecological ceiling which should not be breached. Between these two rings – in the dough – is what the author terms "a safe and just home for humanity."[2]

Turn this pamphlet upside-down to read about the biblical vision for the flourishing of all life which might form the basis for a new outlook on the economy.

1 Wellbeing Economy Alliance, https://wellbeingeconomy.org/how-will-we-change-the-system

2 Kate Raworth (2017), *Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist*, Random House.