

DRAFT ISEE Position on Economic Growth – 1 March 2007

**Originating from a Proposal at the Eighth Biennial Conference, Montreal,
Canada, July 11-14, 2004**

**Edited Pursuant to Comments Received Following the Ninth Biennial Conference,
Delhi, India, December 15-18, 2006**

Background:

- 1) Economic growth, as defined in standard economics textbooks, is an increase in the production and consumption of goods and services.
- 2) Economic growth is often and generally indicated by increasing real gross domestic product (GDP) or real gross national product (GNP).
- 3) Economic growth, as conventionally defined above, equates to the physical expansion of economic output.
- 4) The growth of an economy will result in increasing human welfare only when the benefits (such as increased consumption of goods and services) exceed the costs (such as ecosystem degradation and loss).
- 5) When the additional benefits of a growing economy are exceeded by the additional costs, a nation experiences “uneconomic growth,” which is undesirable.
- 6) An economy grows as an integrated whole consisting of agricultural, extractive, manufacturing, and services sectors that require physical inputs and produce wastes.
- 7) Based upon established principles of physics and ecology, there is an eventual limit to the growth of an economy
- 8) An economy may temporarily grow beyond its long-term sustainable level through the use of non-renewable natural resources (for example, fossil fuels) and through the unsustainably rapid use of renewable natural resources (for example, fisheries).
- 9) The best available scientific evidence indicates that the global economy and many national economies have grown beyond their long-term sustainable levels, and that these economies will recede in the future as a result of resource shortages and deteriorating environmental conditions.
- 10) Historically, substitutes for certain natural resources have been found or developed, but growth of the economy and its associated technologies are not a substitute for healthy, clean, diverse, and sustainable ecosystems.
- 11) The growth of local, regional, national, and global economies has been a primary, perennial goal of contemporary societies and governments.

Conclusions:

- 1) There is a fundamental conflict between economic growth as conventionally defined (that is, increasing production and consumption of goods and services) and environmental protection (for example, biodiversity conservation, clean air and water, atmospheric stability).
- 2) There is a fundamental conflict between economic growth as conventionally defined and the ecological services that underpin the economy (for example, pollination, decomposition, climate regulation).
- 3) Growth of the global economy and many national economies appears to be uneconomic at this stage, largely because of the rapidly accruing costs of environmental deterioration.
- 4) To the extent that we value the welfare of future generations, growth of the global economy and many national economies has become uneconomic because future generations will suffer the consequences of our unsustainable production and consumption.
- 5) Economic growth may yet be an appropriate policy goal in some nations with widespread poverty, but it is incumbent upon policy-makers who formulate and enact policies for further economic growth to demonstrate that such growth may indeed be genuinely economic, with a net positive effect on human welfare.
- 6) For many nations, more equitable distributions of wealth are more appropriate than economic growth for purposes of alleviating poverty.
- 7) The development and application of new technology should be judged in terms of whether the economic activity it promotes increases economic benefits more than it imposes environmental costs.
- 8) Indicators other than GDP are required to identify, measure, and compare the benefits and costs of economic activity in order to reveal whether the growth of an economy at during any period of time is truly economic or rather uneconomic.
- 9) In wealthy nations and in other nations for which it is apparent that the growth of the economy has become uneconomic, a transition should be made towards a steady state economy (that is, an economy with a relatively stable, mildly fluctuating product of population and per capita consumption).
- 10) In order to be sustainable in the long-run, a steady state economy must be of a physical scale small enough to avoid the breaching of reduced ecological and economic capacity during expected or unexpected supply shocks such as droughts and energy shortages.
- 11) Many of the world's wealthier economies would not be sustainable even if current levels of production and consumption were stabilized; for the corresponding nations, policies for gradual (and therefore less disruptive) reduction in production,

consumption, and population should be adopted until sustainable steady state economies can be established.

12) A steady state economy does not preclude economic development, a qualitative process in which different technologies may be employed, the relative prominence of economic sectors may evolve, the distribution of wealth may become more equitable, and, in general, human welfare may increase without a concomitant increase in the production and consumption of goods and services.

13) Upon establishing sustainable steady state economies, it would be advisable for wealthier nations to assist other nations in moving from the goal of a growing economy to the goal of a steady state economy in as equitable a manner as possible.

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