

Preface to the second edition

In the decade that has passed since I wrote the first edition of this book, there have been significant changes in the world. Consider the following. Demographically, from 2007 to 2017 the global population increased from 6.7 billion to 7.6 billion with most of the increase concentrated in the global south. The percentage of people living in urban areas worldwide surpassed 50 percent in 2007 and the number of displaced persons has risen dramatically. Income and wealth inequality are at their highest levels in the past half century.

Environmentally, the concentration of carbon dioxide in the atmosphere exceeded 400 parts per million (ppm) in 2015 for the first time since measurements began in 1958, greater than at any time in the last 10–15 million years. This was aided and abetted by the decline in the price of crude oil from an all time high of \$145 in 2008 to less than \$30 in 2016. The global ecological footprint continued to increase such that as of 2012, the equivalent of 1.6 planets are needed to support the current living standards of the world's populations. China became the world's second largest national economy, overtaking Japan in 2010, and the world's largest emitter of greenhouse gases, overtaking the USA in June 2007. Twenty-five years ago, 1700 environmental scientists warned that 'a great change in our stewardship of the Earth and the life on it is required, if vast human misery is to be avoided'. In 2017 over 15000 scientists from around the world issued a second 'Warning to Humanity'. After reviewing the trends of the previous quarter century, they concluded that 'with the exception of stabilizing the stratospheric ozone layer, humanity has failed to make sufficient progress in generally solving these foreseen environmental challenges, and alarmingly, most of them are getting far worse. . . '.

Not all that has happened in the past 10 years has been bad, far from it. For example, the number of people living on less than \$1.25 a day continued its downward trend from 1926 million in 1990 to 825 million in 2015. Similar progress was made towards the other Millennium Development Goals (MDG) relating to education, gender equality, child mortality, maternal health, disease, sanitation and access to clean water (United Nations 2015b). In January 2016, the MDGs were replaced by a broader set of more ambitious Sustainable Development Goals. Much rests on

whether these goals can be achieved and later surpassed as the 21st century unfolds or whether resource and environmental conditions, coupled with inadequate governance, rising inequality and social strife in the global north and south will prevent it.

In 2007/2008 the world experienced a major and largely unforeseen financial crisis which brought a serious economic recession in its wake. Vast sums of money were created by and for the banking system to avert financial and economic catastrophe, making many wonder where it all came from if governments were as short of funds as they claimed. The concentration of wealth and incomes continued to climb, with eight men now owning as much wealth as the poorest 3.8 billion people, and the richest 1 percent owning more than everyone else (Hardoon 2017). And most pertinent of all to the thesis of this book is that rates of economic growth virtually everywhere declined. The possibility of 'secular stagnation' (Summers 2016) – an era of sustained low growth and high unemployment – has begun to surface even in an era where 'technology' has become ubiquitous (think smart phones, robotics, artificial intelligence, and social media) and venerated, despite misgivings by some that people, especially children, are spending far too long in front of screens (Dunckley 2014) and are soon to immerse themselves in virtual reality.

The implications of these trends provide the backdrop for the second edition of a book which argues that advanced economies such as Canada and other OECD countries could and should work out how to manage without economic growth, if not now then soon. Such an argument, which seemed somewhat novel, even perverse, only a decade ago, is more pertinent than ever, reinforced by an explosion of literature, some directly on topic by such luminaries as Tim Jackson, Richard Heinberg, Juliet Schor, Brian Czech, and degrowth proponents led by Serge Latouche and Giorgos Kallis. Other literature, such as Piketty's treatise on capitalism and inequality and Gordon's prognosis for the USA of a long-term decline in its growth rate, help buttress the argument for an alternative to the continual pursuit of economic growth as a major priority for advanced economies. So does the work of many of the 800-plus participants in the Institute for New Economic Thinking (INET), founded in response to the global financial crisis. Their research reflects deep concern with the inadequacies of mainstream economics, as does the continued rise of a number of heterodox schools of thought. It is also evident in the growing number of economics students protesting the narrowness of the standard curriculum. Much of this disillusionment provides grist for the mill of alternatives to economic growth.

International agencies have also got into the act through important work on issues such as alternatives to GDP, sustainable finance, the changing

nature of work, and the impact of new technologies and artificial intelligence on employment. Most closely allied to the theme of this book is their misguided enthusiasm for 'green' growth in which economic growth is 'decoupled' from material and energy inputs allowing economic growth to continue without limit. In addition to these efforts by international organizations to re-think economic growth, in 2012 we saw the end of the Kyoto Accord commitment period and the failure to secure even the modest reductions in greenhouse gas emissions to which the signatory countries committed themselves in 1997. We witnessed a further setback in Copenhagen in 2009 when no meaningful international agreement was reached to replace the expiring Kyoto Accord. Then in Paris in 2015 a more promising agreement to reduce greenhouse gas emissions was reached with commitments for monitoring and reporting but no specific binding targets for reduced emissions. The situation barely improved in the follow-up meeting in 2017, especially in light of President Trump's announcement earlier in the year that the USA would withdraw from the Paris Agreement, putting achievement of its modest objectives in jeopardy.

Finally, the emergence of organizations and movements calling for systemic change should not go unnoticed. Among them are the UK's New Economics Foundation, the Next System Project in the USA, the degrowth movement which began in France and has now spread to several other countries, Via Campesina in Latin America, the international divestment movement, and Transition Towns which now exist in more than 43 countries around the world. All of these initiatives call for changes that go far beyond the boundaries of mainstream thinking. They reflect the same angst that was expressed loudly but briefly in the Occupy movement of 2011–13 and other grassroots protests calling for substantive change.

So where does a book like this fit in? It is my hope and intention that it can help provide the intellectual foundations for the changes that are increasingly being sought. When it comes to an economic system that is compatible with the conditions confronting humanity on planet Earth and that provides for all in a just and sustained manner, are there alternatives to the continual pursuit of economic growth which exacerbates problems rather than solves them? Ideas without actions are bound to frustrate. Actions without ideas are bound to fail. It will take both to bring about the political, social and economic transformation we need to achieve change by design rather than by disaster.

In the first edition of this book I drew heavily on examples from Canada that applied in some degree to all rich developed countries. For this second edition, I refer to a wider range of national and international experiences to broaden its relevance. LowGrow, the macroeconomic model I used for simulating alternative economic futures and subsequently replicated in

other countries, has been significantly expanded, updated and improved. It includes an explicit electricity sector and financial sector, and is 'stock-flow consistent'. This last feature in particular is an outcome of my ongoing collaboration with Professor Tim Jackson to develop ecological macroeconomics. Over the past few years we have published several academic papers in peer reviewed journals as well as more popularly written reports and articles on topics that are relevant to many parts of this book and which are duly referenced. I am delighted that Tim accepted my invitation to co-author Chapter 11.

This brings me to the subject matter of this book: the rationale for and inquiry into alternative economic futures not dependent on economic growth. Will we in the rich countries have to manage without growth? Should we? Can we? What might such a future look like? What can grow when the economy as a whole does not? Can some parts grow while others decline? How could we make the transition to a more sustainable economic system with as little disruption as possible? What institutions and policies will help? These are some of the questions that I tried to answer in the first edition and to which I received many useful responses from readers and encouraging reactions from a wide range of audiences. Indeed, speaking in a Buddhist temple in Japan a young student was so impressed by my argument that he pleaded with me not to die. So far, so good. In this second edition, as well as reflecting on all the feedback I have received, I have updated the data, provided a broader range of examples, and I present new modeling results in support of the argument that yes indeed, the time has come for rich countries to take the lead to manage without growth or face dire consequences.