

Reflection on the Global Green Economics blog

From GDPism to genuine equity

Praful Bidwai examines articles published in *The Broker*, and blog posts on the website to discuss the disconnect between gross domestic product and social progress. He concludes that a radically new economics must be developed from the bottom up.

As someone living in India, where worship of gross domestic product (GDP) growth (GDPism) is the official religion, I am struck by the utter bankruptcy of neoliberalism. India's two decades-long annual growth of 6-8% has done little to pull the bottom third of its 1.1 billion people out of grinding, degrading poverty or provide healthcare, safe drinking water and education to the majority of the population. The top 10-15% have developed an insatiable consumerist appetite, which is one of the main drivers of growth.

India's story starkly illustrates the disconnect between GDP and social progress. This is one of the central themes that *The Broker* is exploring in its new series of articles and in the Global Green Economics blog. I generally agree with the need for a new economic paradigm.

Until the 1970s – jocularly termed the period of the 'Hindu rate of growth' (3-3.5%), since Hindu society has supposedly remained unchanged for centuries – employment usually rose by 2% a year. Now, an 8.5% rise in GDP only produces 1.3% more jobs.

India's growth is unbalanced. It has a near-stagnant agricultural sector (on which 600 million people depend), sluggish to moderate industrial expansion and a services boom. Faster GDP growth has widened regional disparities to a point where it is hard to speak of one India. India's Human Development Index ranking captures this reality very poorly. Even so, it has fallen from 121 to 134 since 1991. India has performed poorly in quality of life and economic welfare during the two highest-growth decades in recent history.

India's environmental record is dismal. With its greenhouse gas emissions rising twice as fast as the world average, India has become the world's fourth largest

emitter. The bulk of this increase is caused by elite consumption. However, most Indians have a carbon footprint of under one tonne, compared to a 10 tonne average in the European Union. A tenth of the Indian population, like forest dwellers and urban waste recyclers, have a negative footprint!

A new economics

Recent articles in *The Broker* and blog contributions on the magazine's website discuss the need for a new economics that incorporates solutions to these very problems. Especially relevant are the articles by Jeffrey Sachs and Peter May on ecological economics, by Jeroen van den Bergh on ignoring GDP, by José Eli da Veiga on alternative measurements of well-being and the blog contributions by Joan Martinez-Alier, Tom Green and Gjal Hupples on degrowth.

These not only lucidly critique market-obsessed economics, but advocate establishing new institutions and changing behaviour in order to provide the social and environmental equity that is lacking in the market. Yet, they do not minimize the complexities of the task, such as introducing these concerns into the political mainstream.

Even Jeffrey Sachs – of all these authors the closest to the mainstream – concedes the limitations of the market and business-as-usual (BAU) approaches, and argues for pluralism in macroeconomic decision making. One wishes, however, that he had sought alternatives that went beyond the Group of Twenty (plus Africa) and public-private partnerships, and explored to what extent food, energy, transport and health problems are related to the maldistribution of technologies and resources. Richard Register and Ellie Perkins' reports on city redesign and recent blog contributions on degrowth are also insightful.

But some of these issues need more critical reflection. First, the central question does not revolve around "decoupling" economic growth from natural resource depletion', as Peter May writes in 'Revaluing the

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environment' in issue 18 of *The Broker*. Rather, the question is how to decouple the provision of the basic necessities of life with human dignity for all (which might not need conventional growth), from ecological damage. Human welfare must be defined by the fundamental criterion of universal access to the many dimensions of well-being, including political voice, participatory governance, nourishing relationships, and personal and community security.

The welfare agenda

The welfare agenda entails creating a global society with equal entitlements for all, while reducing the human economy's burden upon the Earth. This is dauntingly ambitious given the global South's huge human development deficit, and the disproportionate burden it bears from the effects of climate change. It will necessarily require a massive North-South transfer of resources, including knowledge. The debate in *The Broker* has not given this issue enough attention yet.

Economists often assume a North-South equivalence (for example in water or electricity costs) when translating the agenda of the universal provision of basic necessities in the South into physical or GDP terms. But Southern costs tend to be considerably lower in purchasing power parity. Many Southern economies are not yet locked into emission-intensive production or systems of organizing social life. They can leapfrog to more resource-efficient or low-carbon processes.

Second, an emphasis on eco-efficiency leads, as has been noted by Bas de Leeuw, to 'rebound'. In other words, people buy more of a particular product, which is what happened with fuel-efficient cars. This calls not for a price increase, but a substitution of the product or alternative methods to achieve the same goal. If the goal is mobility, public transportation must replace cars.

Even here, we must abandon familiar formulas. For instance, high-speed trains are ecologically superior to airplanes for commuting between cities that are hundreds or even a thousand kilometres apart. But they require

infrastructure investments with a high carbon footprint. The real question is whether people must live in large urban agglomerations and commute, and whether alternative means of organizing habitats, workplaces and communications can be created at low economic and ecological costs. Here, Richard Register's work on redesigning cities and 'rolling back sprawl' merits attention, as does Ellie Perkins' work on the potential of greener cities.

Third, as several contributors rightly state, we must seek alternatives in fields such as energy, urban planning, construction, transportation, agriculture, industry, water and home appliances. 'We' means local communities, cities, national governments and multilateral organizations, and along another axis, climate scientists, economists, energy planners, architects, water engineers, agronomists and social scientists.

Take energy. The conventional planning approach is dominated by supply-side considerations. But people do not need energy for its own sake. They need the services it provides. The right question to ask is which energy sources can sustainably provide specific services at the lowest economic and ecological costs.

Electricity is not necessarily the ideal choice. Electricity is an expensive, refined form of energy with a large carbon footprint. No one needs electricity to lift water or cook food, for instance. A windmill or biogas will do.

Who decides?

Finally, there is the question of agency, or who decides. Decision makers cannot be corporations, who are simply incapable of doing business without polluting, wasting, dumping costs ('externalities') on society. The basic decision-making agency must be communities, which do resource-mapping, set levels of entitlements to basic services, determine the cost of basic services, finance their provision through taxes and participate in their management. This means inverting the decision-making pyramid and ending the market's primacy.

That is why Richard Register's advocacy of 'small capitalism' is misplaced. Any market-based system is incapable of ecologically sound resource allocation. Entrepreneurship and innovation play a valuable role, but that must not result in a system driven by profit seeking, the very rationale of which is incompatible with sustainable development aimed at human well-being. 'Small capitalism' is fine in a limited, transitional sense. But the real goal – sustainable low-carbon economies – can only be achieved through a new paradigm of production, distribution and consumption to which the Gandhian notions of individual austerity, community solidarity and responsibility towards nature are relevant.

The Broker has done well to launch a discussion on the new paradigm. It could enrich the debate with more Southern input. ■

📄 A longer version of this article can be found at www.thebrokeronline.eu