



It's called the 'Cinderella economy'. You know it as the local, sustainable businesses that don't make the GDP figures soar, but do provide jobs and glue communities together...

By **Tim Jackson**

Farmers' markets, coops and repair shops: the new economy

Society is faced with a profound dilemma. To resist growth is to risk economic and social collapse. To pursue it relentlessly is to endanger the ecosystems on which we depend for long-term survival.

For the most part, this dilemma goes unrecognised in mainstream policy. It's only marginally more visible as a public debate. When reality begins to impinge on the collective consciousness, the best suggestion to hand is that we can somehow 'decouple' growth from its material impacts. And continue to do so while the economy expands exponentially.

The sheer scale of action implied by this is daunting. In a world of nine billion people all aspiring to western lifestyles, the carbon intensity of every dollar of output must be at least 130 times lower in 2050 than it is today. By the end of the century, economic activity will need to be taking carbon out of the atmosphere not adding to it.

Never mind that no-one knows what such an economy looks like. Never mind that decoupling isn't happening at anything like that scale. Never mind that all our institutions and incentive structures continually point in the wrong direction. The dilemma, once

recognised, looms so dangerously over our future that we are desperate to believe in miracles. Technology will save us. Capitalism is good at technology. So let's just keep the show on the road and hope for the best.

Eco-fundamentalists

No surprise then, that the response to the recession was a ubiquitous call to re-energise consumer spending and kick start growth. Those inclined to question the consensus were swiftly denounced as cynical revolutionaries or modern day luddites. 'We do not agree with the anti-capitalists who see the economic crisis as a chance to impose their utopia, whether of a socialist or eco-fundamentalist kind,' roared the Independent on Sunday late in 2008. 'Most of us in this country enjoy long and fulfilling lives thanks to liberal capitalism: we have no desire to live in a yurt under a workers' soviet.'

With that confusingly-attired bogey-man looming over us, kick-starting growth looked like a no-brainer. And the closest we got to doing anything other than business as usual was the possibility that somehow out of the crisis we might create a 'different engine of

growth' as Achim Steiner from the UN Environment Programme called it. 'Green growth' became the holy grail of economic recovery.

Similar proposals had been voiced for some years by ecological economists. Pointing out that 'ever greater consumption of resources is [in itself] a driver of growth' in the current paradigm, Robert Ayres argues that 'in effect, a new growth engine is needed, based on non-polluting energy sources and selling non-material services, not polluting products'.

Business as usual?

This idea is still essentially an appeal to decoupling. Growth continues, while resource intensity (and hopefully throughput) declines. But here at least is something in the way of a blueprint for what such an economy might look like. It gives us more of a sense of what people are buying and what businesses are selling in this new economy. Its founding concept is the production and sale of de-materialised 'services', rather than material 'products'.

Clearly this can't just be the 'service-based economies' that have characterised certain Western development over the last few

decades. For the most part those have been achieved by reducing heavy manufacturing, continuing to import consumption goods from abroad and expanding financial services to pay for them.

So what exactly constitutes productive economic activity in this new economy? Selling 'energy services', certainly, rather than energy supplies. Selling mobility rather than cars. Recycling, re-using, leasing, maybe. Yoga lessons, perhaps, hairdressing, gardening: so long as these aren't carried out using buildings, don't involve the latest fashion and you don't need a car to get to them. The humble broom would need to be preferred to the diabolical 'leaf-blower', for instance.

The fundamental question is this: can you really make enough money from these activities to keep an economy growing? And the truth is we just don't know. We have never at any point in history lived in such an economy. It sounds at the moment suspiciously like something the Independent on Sunday would instantly dismiss as a yurt-based economy – with increasingly expensive yurts.

A new economy

But this doesn't mean we should throw away the underlying vision completely. Whatever the new economy looks like, low-carbon economic activities that employ people in ways that contribute meaningfully to human flourishing have to be the basis for it. That much is clear.

So rather than starting from the assumption of growth, perhaps we should start by identifying what we want a sustainable economy to look and behave like. Clearly, some form of stability – or resilience – matters. Economies which collapse threaten human flourishing immediately. We know that equality matters. Unequal societies drive unproductive status competition and undermine wellbeing not only directly but also by eroding our sense of shared citizenship.

Work – and not just paid employment – still matters in this new economy. It's vital for all sorts of reasons. Apart from the obvious contribution of paid employment to people's livelihoods, work is a part of our participation in the life of society. Through work we create and recreate the social world and find a credible place in it.

An ecologically-bounded economy

Perhaps most vital of all, economic activity must remain ecologically-bounded. The limits of a finite planet need to be coded directly into its working principles. The valuation of ecosystem services, the greening of the national accounts, the identification of an ecologically-bounded production function: all of these are likely to be essential to the development of a sustainable economic framework.

And at the local level, it's possible to identify

'The Cinderella economy really does offer a kind of blueprint for a different kind of society'

some simple operational principles that these new economic activities need to fulfil. Let's call these activities 'ecological enterprises' if they satisfy three simple criteria:

- they contribute positively to human flourishing;
- they support community and provide decent livelihoods;
- they use as little as possible in the way of materials and energy.

Notice that it isn't just the outputs from economic activity that must make a positive contribution to flourishing. It's the form and organisation of our systems of provision as well. Ecological enterprise needs to work with the grain of community and the long-term social good, rather than against it.

Enter the Cinderella economy

Interestingly, ecological enterprise has a kind of forerunner. The seeds for the new economy already exist in local, community-based social enterprise: community energy projects, local farmers' markets, slow food cooperatives, sports clubs, libraries, community health and fitness centres, local repair and maintenance services, craft workshops, writing centres, watersports, community music and drama, local training and skills. And yes, maybe even yoga (or martial arts or meditation), hairdressing, and gardening.

People often achieve a greater sense of wellbeing and fulfillment, both as producers and as consumers of these activities, than they ever do from the time-poor, materialistic, supermarket economy in which most of our lives are spent. So it's ironic that these community-based social enterprises barely count in today's economy. They represent a kind of Cinderella economy that sits neglected at the margins of consumer society.

Some of them scarcely even register as economic activities in a formal sense at all. They sometimes employ people on a part-time or even voluntary basis. Their activities are often labour intensive. So if they contribute anything at all to GDP, their labour productivity growth is of course 'dismal' – in the language of the dismal science. If we start shifting wholesale to patterns of de-materialised services, we wouldn't immediately bring the economy to a standstill, but we'd certainly slow down growth considerably.

People matter

We're getting perilously close here to the lunacy at the heart of the growth-obsessed, resource-intensive, consumer economy. Here is a sector that could provide meaningful work, offer people capabilities for flourishing,

contribute positively to community and have a decent chance of being materially light. And yet it's denigrated as worthless because it's actually employing people.

This response shows up the fetish with labour productivity for what it is: a recipe for undermining work, community and environment. Of course, labour productivity improvements aren't always bad. There are clearly places where it makes sense to substitute away from human labour, especially where the working experience itself is poor. But the idea that labour input is always something to be minimised goes against common sense.

In fact, there's a very good reason why de-materialised services don't lead to productivity growth. It's because for many of them it's the human input to them that constitutes the value in them. The pursuit of labour productivity in activities whose integrity depends on human interaction systematically undermines the quality of the output.

The value of work

Besides all that, work itself is one of the ways in which humans participate meaningfully in society. Reducing our ability to do that – or reducing the quality of our experience in doing so – is a direct hit on flourishing. Relentless pursuit of labour productivity in these circumstances makes no sense.

So in summary, it seems that those calling for a new engine of growth based around dematerialised services are really onto something. But they may perhaps have missed a vital point. The idea that an increasingly serviced-based economy can (or should) provide for ever-increasing economic output doesn't quite stack up.

On the other hand, we've made some clear progress here. The Cinderella economy really does offer a kind of blueprint for a different kind of society. New, ecological enterprises provide capabilities for flourishing. They offer the means to a livelihood and to participation in the life of society. They provide security, a sense of belonging, the ability to share in a common endeavour and yet to pursue our potential as individual human beings. And at the same time they offer a decent chance of remaining within ecological scale. The next economy really does mean inviting Cinderella to the ball.

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