The Viable Economy

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1) Introduction: Why the Viable Economy?

We want to live in a world that is viable, rather than one that risks tipping into decline or crisis: that means an economy that is resilient and dynamic, providing enough for all, while supporting social well-being. And it must be ecologically viable, not causing further damage to the earth's fragile systems without which life is not possible.

We are using this title, Viable Economy, to both give a positive message (rather than the negative, but necessary steady-state one) and to emphasise the need to align the economic, the social and the ecological. No economy can survive that is not viable in all three domains.

As we will see, the economy we have is not viable in any sense, and so we set out the principles for a viable local and regional economy.
and suggest some positive policies that could be implemented to take us in the right direction.

In what follows our focus moves from level to level, from the local to the global. This is inevitable given the issues we are discussing, that have local manifestations and global interconnections and causes. However, we have written from the perspective of the Greater Manchester region – often described as a City Region. The economy, society, and indeed ecology of this region is, as elsewhere, a historical product of human activity. It has changed over the years from a largely rural one, to an industrial urban one, to a de-industrialised and still urban one. And just as our city and region has changed over the years, it needs to change again to secure a viable economy, society and ecology. And again it can change as a result of human activity, consciously directed to ecological, social and economic well-being, not just for our people, but for the whole planet.

Finally, it should be clear that unlike standard approaches that emphasise competition in the global economy, we are not pursuing regional self interest, forgetting people in other regions and lands. All regions need to adopt a relatively more self reliant approach, collaborating with each other to achieve that, to reduce the unhealthy type of interdependence that comes with globalisation.

This pamphlet is not the end of the story. Steady State Manchester will be working on the implications of the model we present for various sectors of our society and economy, collaborating with others in that ambitious task.

### About the cover.
The bee logo is based on the design by Marc Roberts for our Steady State Manchester logo. To us the bees suggest,

- **Sociability:** conviviality and co-operative, collective action;
- **Industry, or economy:** the satisfaction of necessary needs;
- **Ecology:** the natural world of interdependence, and its fragility.

And the bee is also the symbol of our city, Manchester, that we want to see leading through example, as a society and economy for all, not just here, but in other places, and other times too.
Figure 1. The economy is part of society, which itself can only exist within the ecosystems of the natural world.

The mess we're in

We really are in an economic, social and ecological mess. Some aspects of this are particularly bad in our city and in the UK, but many of the dimensions are found worldwide, a result of the domination – the colonisation – of people and planet by the capitalist system.

The economic mess

We have an economy that is subject to the shocks that arise from its dependence on endless growth, its continual accumulation. That makes it unsustainable, in its own economic terms: a system whose 'design' is to continually increase capital meets contradictions that are then addressed by a series of 'fixes' (of which both Keynesian demand-management and the neoliberal curtailment of hard won social dividends\(^1\) are examples) that only postpone further contradictions leading to further crashes. Indeed, stagnation has haunted the economy since the 1970s. However the belief that growth is essential makes it difficult for us to imagine that we can live well without it. Economic justice (let alone economic democracy\(^2\)) is forever postponed, marginalised or reduced in the

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2 *Economic democracy* places economic decision-making, not solely with property owner, shareholders and managers but with a wider group of people with stakes in the economy including workers, custom-
futile attempt to stoke up the accumulative process as we can see with current austerity policies. In the period from 1945 until the 1970's, a State-moderated capitalism succeeded in raising the standard of living of a relatively large proportion of people, especially in Western countries. But real incomes have declined in the West since then, and while many in the majority world have escaped poverty, others have become increasingly poor. However promoters of economic growth continue to believe that where there is growth, prosperity will trickle down, as crumbs from the table of the advantaged. The consequences include increasing inequality, instability and repeated crises, the increasing difficulty of controlling corporate actions, and while the division of labour accelerates, there is with no benefit in terms of reduced working hours. And just as Margaret Thatcher advocated, the 'economic' comes to dominate social thinking and decision-making, with politics, and even culture, reduced to economic activity, with the emphasis on profit and the free market.

The social mess

The social mess stems from the economic mess. Some of its signature characteristics include social exclusion, both of social groups and whole geographical areas, the dissatisfaction with everyday life (that according to some studies ceased improving in the richer countries in the mid 1960s, and is higher in the UK than in places with far lower material prosperity), the disengagement of people from the political process, and the shift over the last few decades from identities that were more collective, interconnected and co-operative to ones that are more individual, fragmented and apolitical. This is manifest apparent in both personal and collective 'ill-being', with widespread feelings of pointlessness and insecurity, and high levels of stress, anxiety disorders, depression and addictions. Rising inequality in turn creates rising levels of insecurity and most worrying, a lack of social solidarity - the very basis for our shared life. Indeed it is perhaps no surprise that words such as 'conviviality', 'solidarity' or 'stewardship' can sound quaint, of another time and place.

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The ecological mess

Finally, but ultimately even more distressing, is the state of extreme ecological malaise. By 'ecological' we mean not just the living systems of the earth but also its geophysical dimensions of water, atmosphere and minerals and the systems that connect them to one another with the mediation of the earth's life-forms (hence carbon, water, phosphorous and other cycles). It is all these systems that are being progressively destroyed, as a direct consequence of human 'economic' activity, whereby our ecological footprint by far exceeds the available carrying capacity of the planet: that's the real deficit. As the Intergovernmental Panel on Climate Change's (IPCC) most recent report has shown, it is 'good old' economic growth that is responsible for the most immediately threatening increases in greenhouse gas emissions that threaten runaway global warming. And climate change is just one of the 'planetary boundaries' that humanity is crossing, or approaching.

That then is the nature of the problem. Our conception of the viable economy is not something we have just dreamed up, but a way of bringing together a number of streams of thinking and practice into a coherent framework.

2) What is the Viable Economy?

While our title is *The Viable Economy*, we are just as concerned with the cultural and political sphere. Indeed we promote not just an alternative economics but a critique of 'economic rationality', the dominance of the economy and of the domination of economic criteria in determining government policy and law, as well as the practices and policies of more local actors. For this reason we do indeed use terms like solidarity, conviviality and stewardship to identify and promote an alternative set of values and principles for

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5 IPCC http://report.mitigation2014.org/spm/ipcc wg3 ar5 summary-for-policymakers_approved.pdf page 8
7 These strands include Ecological Economics, Keynesian economic theory, the post-Marxist critique of political economy, decolonial and liberation theory, critical social policy, cultural studies and permacultural thinking. However we also use more orthodox approaches, for example those from welfare economics and law to support our analyses.
8 Gorz, A. (2010). *Critique of Economic Reason*. London: Verso. Before the widespread adoption of the label “neoliberalism”, “economic rationalism” was term used in Australia to refer to that intellectual and policy framework.
a seamless economic, social, political, cultural and ecological framework, which we call here the Viable Economy.

**Key features of the Viable Economy:**

**Economically viable**
An economy that is resilient in the face of bubbles, crashes, supply chain interruptions and the whim of National governments.
More money staying local and more democratic and local control over savings and investment.
An economy that delivers (and measures) what we need rather than growth for growth’s sake.
A balanced economy without the hyper-development of some sectors (e.g. financial speculation, armaments).
An economy that does not have to keep expanding, although where some sectors will grow, (e.g. renewable energy) and some must shrink (e.g. fossil fuels).
Where needed investment comes from within rather than from exploitation of other peoples or as profit-seeking from external investors.

**Socially viable**
Control over the economy rather than the economy controlling us.
An economy that relies on and builds equality, solidarity and cooperation among people, here and elsewhere.
An economy that rather than increasing inequality, progressively becomes more equitable.
Less exploitation of the majority world while keeping open channels for communication and learning globally.
An economy founded on stewardship of human and social capital, that does not waste people's energies and talents, that includes everyone.
With an increased space for non-commercial transactions: the collaborative or solidarity economy.

**Ecologically viable**
Radically reducing both the exploitation of finite resources and the emission of pollutants, including greenhouse gases: a one-planet economy.
Based on production and consumption for need: a frugal abundance.
More security for us all because the environment is protected from further destruction.
Resilient to climactic and other ecological shocks. An economy that practices stewardship of the natural world that we depend on.

3) About growth

The problem
The way our economy is organised at present is unviable because it is dependent upon growing in size endlessly to sustain itself and maintain a semblance of social stability. This growth, at a preferred three percent per year is exponential, growing like compound interest. Three per cent per year would mean an economy that doubles in size every 27 years, or increases eight-fold in an average Western lifetime. It is not surprising that critics of economic growth liken it to the pathological growth of a tumour, rather than healthy growth that reaches a natural limit.

This requirement for infinite growth is ecologically unviable because there is not evidence that it is possible for economic activity to be separated (decoupled) from the amount of physical material moving through the global economy. It is therefore-incompatible with the finite nature of the planet and the environmental resources which support human life, depending on the destruction of ecological abundance and the capture of value from regions of the majority world.

The viable alternative
A viable economy requires that we re-design the economy to ensure economic activity is based on what is socially useful - and restoring and maintaining ecological assets. Measures and projects of 'good growth' and 'green growth' are not sufficient; the viable economy is only ecologically viable when it is able to function without growing in overall size.

The viable alternative is socially preferable. Real increases in

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productivity and technological improvements must be better shared with society as real improvements in quality of life. This includes reductions in working time and increasing opportunities to undertake activities that need not make a profit but have value for individuals and communities.

Some viable policy ideas

Many aspects of the unviable economy require radical reform at the national and international level: campaigning on those fronts is essential to change the context in which the local economy operates. But there are policy options for regions such as Greater Manchester to pursue a more viable economic path, and in doing so to both prefigure the change required and develop resilience to likely future economic shocks and energy scarcity. These are covered in the following sections where we review each key aspect of the viable economy in turn.

4) About resilience

The problem

Our unviable economy with its monopolies, just in time supply chains and reliance on oil inputs, is not resilient. Economically, it goes in cycles of boom and bust, most recently in the form of unsustainable credit and property bubbles. We rely on long and vulnerable supply chains for our food, energy and other goods. Socially, it simultaneously over-works and over-rewards some while rendering others 'surplus to requirements' and condemning them to a life of poverty and desperation; this damages everyone's mental and physical health. Ecologically, it requires ever increasing resources and production of waste, making the planet an unsafe place to live. Taken together this means we have limited ability to withstand and recover from various kinds of systemic shocks. The shocks could be ecological - for example from slowly or rapidly changing climate affecting our food sources; economic - for example from sudden 'melt-downs' of the global financial system that enables international trade; political - for example from wars, industrial action or actions by energy-exporting countries11). We believe that, as a result of these “geopolitical risks”, our population is far more vulnerable than it appears from its apparent prosperity12.

11 As happened in the 1970s with the OPEC oil price shock.
The viable alternative

A viable economy places the values and practices of *stewardship* at its core. This means treating the earth’s resources not as something to be extracted and consumed, but as something to be looked after while borrowed. The same goes for human resources – people are not born to be exploited, nor to consume but to live meaningful and satisfying lives in social harmony and solidarity. In rebuilding our social and economic systems the viable alternative seeks to use the principles of ecological resilience.

Ecological principles of resilience

Resilience is defined as the capacity of a system, community or individual to absorb disturbance and reorganise while undergoing change, so as to still retain essentially the same function, structure, identity and feedbacks\(^{13}\). This depends on at least four dimensions including:

**Diversity** – the variation within the system. A field of one crop is more vulnerable to pest attack than a field of mixed crops.

**Modularity** – the extent to which the system is broken up into relatively autonomous subsystems. The size and interdependence of financial institutions intensified the impact of the banking crash of 2008.

**Tightness and damping of feedbacks** – the speed with which the system can respond to disturbance without over-compensating.

**Redundancy** – the extent to which the system has duplication of elements. If you are growing one lettuce and the slugs get it, you have no lettuce. If you have several plants you can afford to lose one.

However, the resilience of human settlements and their economies also depends on their social relations, which cannot be reduced to the economic. It is the values and practices of mutuality, cooperation and solidarity that make for an economically resilient society.

Some viable policy ideas

- Reduce our demand for food, energy and other resource use through cutting out waste, increasing product life, re-using and recycling, developing incentives and sanctions to support all these things.

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• Shorten supply chains by producing more of our food, energy, clothes and other requirements more locally.
• Radically increase the rate of retrofitting of buildings to reduce fuel demand.
• Devise collective energy purchase schemes that incentivise lower unit levels of energy use.
• Work to help people identify less in terms of material possessions and more in terms of a culture where conviviality is central.
• Teach, demonstrate and incentivise the practices of stewardship – for example the repair of clothes and electrical equipment, and food growing.
• Support (technically, politically, economically) local communities to plan and manage their own regeneration, increasing people's stake while shortening the chain from the emergence of problems to their solution.
• Incentivise cooperation – for example in the award of grants for community amenity improvements and business development.
• Promote practical research on increasing the diversity of our food resources\(^\text{14}\).
The viable alternative

The viable economy uses the concept of strategic localism\(^\text{15}\) which means that things that can be sourced locally should be. An example: there are over 3,000 varieties of English apple, that with appropriate storage, can provide fruit for some nine months of the year. Yet most apples are imported, from as far away as Chile and New Zealand. Or take clothes. It seems bizarre that in the former textile capital of the world, our clothes are imported at great environmental cost, from low wage economies, while our economy has no place for thousands of semi-skilled workers. This means not just playing to the strengths of local economies but actively building those strengths. It does not mean turning our back on the world, but playing a responsible part in the world while becoming locally more sufficient. Finally it means living in greater knowledge of our own bio-region, its strengths, its delights and its vulnerabilities\(^\text{16}\).

Some viable policy ideas

- Develop a plan to transform Greater Manchester into a new kind of garden city\(^\text{17}\) where everyone is within easy reach of productive, recreational and living spaces, while improving the eco-efficiency of this large settlement, integrating land use under a comprehensive spatial strategy.
- Support calls for greater devolution of powers to the City Region, but at the same time campaign for a redefinition of the city region in bio-regional terms. This would include the countryside around the more built up areas and should link to a planning system which supports conservation and local supply chains.
- Improve transport infrastructure within the city region while reducing or stopping investment in those elements that act as resource drains and big emissions generators.
- Focus on the relatively resilient ‘foundational economy\(^\text{18}\): essential goods and services such as infrastructure, utilities, food processing, retailing and distribution, and health, education and welfare, reducing emphasis on those development projects that bring little benefit to the economy or society while incurring significant ecological costs.

\(^{15}\) Or “trade subsidiarity” [http://greendealmanchester.wordpress.com/about/](http://greendealmanchester.wordpress.com/about/)
\(^{16}\) See [http://greendealmanchester.wordpress.com/the-manchester-bioregion/](http://greendealmanchester.wordpress.com/the-manchester-bioregion/)
\(^{17}\) For one example see [http://www.city-analysis.net/2011/03/30/the-urbal-fix-creating-truly-sustainable-cities/](http://www.city-analysis.net/2011/03/30/the-urbal-fix-creating-truly-sustainable-cities/)
\(^{18}\) [http://www.cresc.ac.uk/publications/manifesto-for-the-foundational-economy](http://www.cresc.ac.uk/publications/manifesto-for-the-foundational-economy)
- Develop locally and regionally based financial institutions that support saving, credit and investment locally, with clear ethical priorities for strengthening the green and social economy.
- Support community-led renewable energy production along the lines of the Danish and German models\(^{19}\).
- Assert the value of public space and the commons by increasing the area that is open for non-commercial use by the public and reforming land-ownership with a view to redistribution to small owners and not-for profit enterprises and where possible bringing assets into community ownership and stewardship where possible. Make available unused public space for use by small businesses and cooperatives on a 'usufruct\(^{20}\) basis.

6) About democracy and ownership

**The problem**

The dominance of current economic thinking has succeeded in depoliticising economic policy so it became not a political choice, facilitated and administered by legislatures and international governance arrangements, but an unshakeable 'market reality'. This situation has increased the gap between the architects of social policy and those in 'poor' communities who are the object of those policies.

The Great Financial Crash of 2008 exposed the contradictory patterns of ownership and the lack of democratic control; the bank bailouts involved huge privatization of profits but the socialization of losses. Despite the State holding a majority share in the Royal Bank of Scotland, it has missed the opportunity to turn it into an institution that can invigorate local sustainable economies\(^{21}\).

Just as economics and social policy become the preserve of “experts”, so politics becomes the preserve of a professionalised class, a political elite, with revolving doors to the media, the financial sector, and the (mostly neo-liberally inclined) think tanks.

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20 Right to continue using the land while certain conditions – e.g. ecological stewardship and productivity, are met. See [https://solutions.thischangeseverything.org/#module/usufruct](https://solutions.thischangeseverything.org/#module/usufruct)

However, the problem is not solely one of neoliberalism: the post-war economic model of managed capitalism, although more benign, is also unviable as a model for social, economic and ecological well-being in a world of global super-exploitation and ecological collapse.

**The viable alternative**

In the viable economy, economic and political levers are in the hands of the people, not the elite. So economics and national economic policy are re-politicised and democratised, with technical experts supporting meaningful processes of public participation rather than short-circuiting them. Some idea of what this might look like can be seen in experiments in Brazil and elsewhere on participatory budgeting\(^22\), but the change needs to go further than that. Hand in hand with this is the need for political and economic education, breaking the monopoly of knowledge, and facilitating critical thinking.

The viable economy is democratic, ending the private control of the strategic sectors of the economy, including the utilities and banks. Democracy extends not just to the public sector, but also to the private economic realm.

Underpinning all this is a re-affirmation of the “public good”, not as some abstract idea, used to legitimate domination\(^23\), but as a common sense basis for democratically arrived policy, close to notions of “common weal(th)” or “right livelihood”. And closely linked to this is the reaffirmation of the “Public Realm”, rather than the market or the (paternalist) State, as central to a good society.

**Some viable policy ideas**

- Democratise corporations, with reforms to legislation on governance so that there is a required community and worker bloc.\(^24\)
- Re-define (fiduciary) duty to shareholders to include environmental and social governance issues.
- Establish programmes of economic and financial education and training, for example with proven models like Large Group


Capacitation\textsuperscript{25} and the Organisational Workshop\textsuperscript{26}.

- Develop and support co-operatives and other forms of mutual and common ownership and not-for-profit enterprise.
- Invest in public (social) housing, ending the risky wager on excessive borrowing and asset price inflation as the route to prosperity and life satisfaction.

7) About investment, money, credit and debt.

The problem

Investment is crucial to the way economies develop over time; we invest funds today in order to build up the sources of future prosperity.

The way in which investment functions, to which enterprises it goes and what activities it supports, determines the type of economy we will have.

Currently, dominant thinking about investment neither reflects the realities of the money system nor the use of the surplus produced by the economy. This has some practical consequences.

1) In order to attract external investment into both the national and regional economies: whilst wages are driven down 'to compete with cheap labour economies', there is an effort to increase the skills of the workforce. The first contributes to declining real incomes and thereby to the increase in personal debt while the second instrumentalises and narrows education so it solely serves economic interests, thereby destroying it.

2) Meanwhile, the real, productive economy is unattractive to investors, and profits are misdirected to speculative, unproductive activities such as betting on the financial markets or property price inflation both in the UK and internationally.

3) And both government and the banks ignore the potential that the creation of money (“out of thin air”) has for sourcing investment in socially and ecologically desirable programmes that could also, if properly controlled, maintain prosperity in a post-growth economy. Indeed, “Modern Money Theory”, which we draw on here, suggests

\textsuperscript{25} See \url{http://en.wikipedia.org/wiki/Large_Group_Capacitation}

\textsuperscript{26} See \url{http://www.seriti.org.za/index.php/organisational-learning/ow-methodology} note that this is distinct from individualistic, victim-blaming 'financial literacy' as a response to the increase in personal and household debt, created by a malevolent finance industry.

Investment in the unviable economy, then, is a process which fails to address the costs we are imposing on the future and thus undermines future prosperity rather than nurturing it. The unviable financial investment infrastructure is a de-personalised system of profit maximization which results overwhelmingly in the transfer of wealth to financiers and the wealthy through the uneconomic processes of rent extraction and ecological asset liquidation. It fails on the three criteria of economic, social and ecological viability.

**The viable alternative**

In the viable economy, investment comes predominantly from the following internal or endogenous sources:\footnote{See our piece http://steadystatemanchester.net/2014/05/12/where-will-the-money-come-from-endogenous-economic-development-for-the-viable-economy/}

- surplus generated in non-exploitative ways by the local economy, including savings
- fiat money created by public and private banks, under strict rules and regulation\footnote{The control over the creation of fiat (bank-created) money is essentially a public utility with a transformative potential. It could be a powerful tool in the transition to an ecologically viable economy. Some campaigners and commentators (e.g. Positive Money) suggest that private banks should be required to hold full reserves i.e. lend on the basis of deposits only, and the central bank can control the money supply directly, printing new money and granting it to public revenue for the elected government to spend in accordance with democratically elected priorities, that is social use value. We are agnostic on this idea, which has been criticised as not reflecting the reality of bank-money since its inception, unlikely to be implemented and potentially stifling of the stimulus needed for necessary investment for social and ecological benefit.}
- government-created money, as in the proposals from the New Green Deal Group for strategic, or “green quantitative easing”\footnote{http://www.greennewdealgroup.org/wp-content/uploads/2013/09/Green-New-Deal-5th-Aniversary.pdf}. Although our view is that this needs to be within the “envelope” of the permissible size of economy dictated by ecological reality.
- a share of the profits of industries operating in the economy,
that rather than seeping out is, by agreement, utilised locally as what colleagues at CRESC call the 'social franchise'\textsuperscript{31}, a pay-back to the community that hosts and pays for the enterprise. The viable economy will require financial intermediaries for savings and investments which do not starve communities of the affordable finance they need to invest in their futures. The monolithic and brittle 'too big to fail' banking system needs to be radically diversified for a resilient and viable economy. Public municipal banks with a regional remit to support their areas can help direct investment towards the basis of social and ecological prosperity.

In an ecologically viable economy returns to investors must be more modest and the cost of credit fair and reasonable.

**Some viable policy ideas**

- Greater diversity in the banking system with an emphasis on locally responsive and responsible institutions that provide local vehicles for savings and investment.
- Adoption of the principle of endogenous development to guide investment seeking and decisions.
- Public investment in the local economy and in energy transition.
- Private firms to be 'called in' to negotiate social franchise deals as a condition for favourable environment for their operations locally.
- Attraction of foreign investment should not trump local interests.
- The development of local currencies such as energy-backed currency as part and parcel of the 'plugging the leaks' and endogenous investment strategies.
- Campaign for revenue raising powers for local/regional government.

8) About distribution and equality.

**The problem**

The unviable economy in developed countries such as the UK places

\textsuperscript{31} http://www.cresc.ac.uk/publications/manifesto-for-the-foundational-economy

\textsuperscript{32} http://www.feasta.org/documents/energy/Cap-and-Share-May08-summary.htm
an untenable burden on the planet, whilst failing to tackle poverty, social inequalities and deprivation at home, never mind abroad. The gains from growth are increasingly concentrated in the hands of the already wealthy and super-wealthy (who are more likely to be white, intellectually and physically able, heterosexual and male).

- Income inequality in the UK is near its highest point for at least the last 30 years.\(^{33}\)
- Average incomes for the poorest 10% have fallen 12% in real terms over the last decade. A staggering 80% of GDP growth in the UK was added to above average incomes in the last decade.\(^{34}\) The trend in Manchester over this period is broadly in line with that of the UK as a whole with the top 20% increasing their income at double the rate of the bottom 20%.
- The share of income going to the top 1% has increased from 6% in the 1970's to 13% in 2011.\(^{35}\)
- The inequalities in income and wealth reflect the divisions based on class, locality, gender, ethnicity and ... luck.
- There is now much evidence that more equal societies perform better on a variety of indices.\(^{36}\) There is also an environmental impact. For example 50% of the world’s carbon emissions are generated by 11% of people. The key pressures on the planet are the levels of consumption by the richest 10%, the growing middle class who seek to emulate their behaviour and ineffective resource use. At present the ecological footprint of the global economy is estimated at 1.5 planets and predicted to rise to 2 by 2030.\(^{38}\) For the UK the corresponding ratio is 2.77.
- Broadly speaking, those with less money, who include a higher proportion of those from black and minority ethnic, and working class communities, disabled people and other oppressed groups, cause lower carbon emissions. Yet they are more likely to live in areas with a poorer environment which affects their health, well-being and quality of life.

An increasingly unequal society with cultural celebration of material

\(^{33}\) http://www.ifs.org.uk/publications/7274
\(^{34}\) http://www.poverty.org.uk/09/index.shtml#g1
\(^{35}\) http://topincomes.g-mond.parisschoolofeconomics.eu/#Database
\(^{37}\) http://www.shapingtomorrowsworld.org/hauptinequality.html
wealth, high status, money-earning work (as opposed to caring for individuals, community building), celebrity and opulence drives unsustainable consumption of “positional” goods. Inequality produces anxiety, crime and social dislocation, resulting in worse well-being outcomes for high and low earners alike than in more equal economies.

**The viable alternative**

Economic growth is not a solution to structural inequality so the viable alternative seeks to act on the causes and the effects of inequalities, through simultaneously developing economic and cultural alternatives. This means making living well, within planetary limits and with greater equity, the very basis for our society, our life together. This implies the promotion of a different understanding of human worth and prosperity, based on the idea of having and using enough to satisfy material, cultural and spiritual needs – a “frugal prosperity”, and pre-and re-distribution of income and wealth. While action at the national and international level is needed to change the basis of the economic system, much can be done at a local and regional level to pioneer alternative approaches to build more equal, just and cohesive communities, and encourage mindsets which value good and simple lives that are respectful of others and the planet's resources.

**Some viable policy ideas**

- Mobilising 'counter-propaganda' to promote a solidarity mindset whereby 'your liberation is bound up with mine'.
- Reworking the notion of 'rights and responsibilities' to ensure genuine participation and stakes in society and its economy.
- Re-gear economic policy so the protection of life and the means to enjoy it (human need) is the first priority rather focussing on driving the economy for its own sake.
- Sharing out work more equally which includes a radical reduction in working hours.
- Adoption of policies for the Living Wage and also for the maximum wage, founded on democratically determined and

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small income differentials.

- Lobby for a progressive\textsuperscript{40} approach to both income and wealth taxation.
- Renew the relationship between the public and those whose role is to represent or serve them, with a zero tolerance policy on victim-blaming and condescension, both in public statements and in interactions.
- Local economic development support for cooperatives, small businesses and employee owned firms, for example via preferential business rates.
- Establish preventative measures against corporations that merely extract profits (‘rent-seeking’) without discharging social responsibility to the local ecosystem, society and economy.

9) About work and income.

The problem

The unviable economy is not a good place to work and nor is it a good place to not work\textsuperscript{41}. On the one hand decreasing numbers of people work in high pressure, highly skilled jobs, administering the increasingly irrational system. On the other hand there are those who would like to, and could do paid work, but who cannot get employment, or who are under-employed. In between there are the armies of those with poor pay and conditions, the working poor. As automation and productivity increase then more and more people become surplus to the system's requirements, their work, at best, becoming more routinised, their employment and income becoming more precarious, or at worst they join the ranks off the long-term unemployed. This pattern is what we have in our region, and it is what characterises the global system. In all places there is the co-existence of modern, technology-based forms of work and exploitation, with more brutal patterns of exploitation (including people-trafficking and forced labour, zero-hours contracts, outsourcing and home-working)\textsuperscript{42}. Meanwhile, unwaged work, chiefly of women in nurturing and caring, subsidises the system as it extracts profit\textsuperscript{43}.

\textsuperscript{40} Taxation increases steadily as income and wealth rise.
\textsuperscript{41} By work we include waged and unwaged work.
As this system has become entrenched pay differentials have become much more unequal, while out of work benefits have become meaner and ever more conditional. At the same time a constant drone of political rhetoric about 'hard-working families' demonises those who do not have the capacity or opportunity for paid work.

**The viable alternative**

In the viable economy, work both paid and unpaid fulfils a purpose while its duties and benefits are shared. Remuneration for satisfying, interesting work is at a reasonable level and while incentives and rewards exist, they are at modest levels. People who are not able to do paid work, or for whom there is no paid work are paid a reasonable wage with obligations to contribute to the community or environmental goals. The viable economy, then, implies a shift of emphasis from pointless work for private profit to meaningful work for public good for all types of work whether paid or unpaid.

**Some viable policy ideas**

- Promote the Living Wage with the goal of participation by all large employers, public and quasi-public sector organisations and all their suppliers and contractors.
- Establish a common basis for establishing the benefits of work experience whether in or beyond formal employment via a straightforward regional personal development portfolio for lifelong learning and community contribution for all people whether in or out of work. Encourage participation by colleges, large employers, the public sector and those under contract to them, and from community based organisations.
- Prioritise investment in labour-intense industry and decent jobs, recognising that there is a trade-off between availability of jobs, on the one hand, and the need to improve work-life balance and reduce overall working hours on the other.
- Campaign for fiscal autonomy for the region and use it to trial a citizens' income. Beyond this, campaign for introduction of an emissions cap and share framework as a redistributive and ecological strategy.
- Campaign for an overall reduction in working hours, thereby releasing employment for those that want it and increasing the potential for employed people to undertake unpaid work in the

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44 See note 30
home and community. This could lead to firstly, the reduction of hours worked over contract, whether paid or unpaid, for example by ending opt-outs from the Working time Directive, backed by a Living Wage to reduce the need for low-paid people to work long hours, and secondly, the overall reduction towards a 21 hour working week.\(^{45}\)

- A reduction in working hours (together with the approach to investment discussed in section 7) could also help combat the upward rise in retirement age, with a balanced approach to contribution and income over the life-span.

10) About Environment

The problem

For the unviable economy the environment is just an afterthought. Yet without the environment, there is no basis for its operations, since it is the source of its inputs, and where it puts its wastes (“resources and sinks” is one way of describing this). The invisibility of the environment to conventional economics leads to a naïve, misplaced optimism that technology and markets will come up with solutions to those problems that are increasingly recognised by society. The conventional emphasis on growth (narrowly defined in terms of GDP) leads to various kinds of delusion that the impacts can be resolved, for example by improved energy efficiency, that growth can be disconnected from the flow of materials from extraction to pollution, despite the complete lack of evidence that more than a relative decoupling is possible.\(^{46}\) And conventional economics has a further sting in its tail when it tries to convert the ecosystem into monetary value, commodifying the natural world, displacing forest dwellers, and bolstering carbon emissions through trading and financial speculation in them.

It is ever clearer that the global economy (and the UK is nominally the sixth largest national economy\(^{47}\)) is destroying the very basis for life on earth by crossing a number of ‘planetary boundaries’\(^{48}\). This influential framework, together with that of ecological footprints\(^{49}\),

\(^{45}\) “Twenty-one hours is close to the average that people of working age in Britain spend in paid work and just a little more than the average spent in unpaid work.” New Economics Foundation [http://www.neweconomics.org/publications/entry/21-hours](http://www.neweconomics.org/publications/entry/21-hours)

\(^{46}\) See our commentary on the New Climate Economy report [http://bit.ly/1B0esgx](http://bit.ly/1B0esgx)

\(^{47}\) [http://bit.ly/1svE7mT](http://bit.ly/1svE7mT)


gives us a basis for defining the limits to the scale of the viable economy.

**The viable alternative**

In the viable economy the environment is treated as fundamental, as what makes human life, including the economy, possible. Economic activity has to nurture, protect and repair the ecosystem which means favouring ecologically positive and neutral forms of production and distribution, while maintaining human life on a fair basis.

This requires planning to keep the ecological footprint of society and its economy within the available biocapacity (currently exceeded in the UK by some 200 per cent. Rather than the emissions trading scheme currently in use (with its unrealistically low carbon price) we advocate a cap and share system that while controlling the emissions of the big players is also a redistributive mechanism\(^{50}\).

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**Figure 2:** "The curved arrow at the bottom indicates the impact of our lifestyles on both ecosystem and economy, and our responsibility to plan, protect and nurture." In Place of Growth, pp. 11-12

**Some viable policy ideas**

- Integrated accounting so environmental impacts, linked to economic indicators, appear on balance sheets, annual

\(^{50}\) See note 32
reports, prospectuses etc. So for each job created, for each pound spent, at, say Airport City, what is the net change in carbon emissions, biodiversity loss, nitrogen pollution, and so on?

- Action plans for the reduction of hydrocarbon fuel usage within a bioregional cap. The cap could be set on a shadow basis at first, becoming mandatory over say a five year period. This could be complemented by modelling of the impact of a cap and share scheme.
- A bioregional framework for ecosystem protection and restoration, including evidence-based measures to maximise soil, wetland, bog and woodland carbon sequestration.
- Focus local investment vehicles (such as the municipal / bioregional investment bonds discussed elsewhere) on the green economy, local food production and processing, energy reduction, human-powered and public transport.
- Establish the degree to which human waste is used as an asset for ecosystem restoration and horticultural investment: plan to maximise this with public planning and incentives.
- A recognition of our responsibility for ecosystem damage worldwide: a commitment to reign in harmful processes and to fund restoration.
- Dis-incentivise private motor transport (except for those who have no reasonable alternative), encouraging walking and cycling and providing clean effective mass transit.

11) About Consumerism

The problem
The unviable economy depends on continued 'excess' consumption: without this, the economy stagnates. In order to maintain consumption a variety of strategies are used, by firms and governments alike:

- Built-in obsolescence: there are disincentives to producing durable products, or products that can be easily repaired.
- The development of entirely new products, together with the creation of false wants, through marketing, advertising, and related means.
- The encouragement of a consumer culture and the language to go with it (e.g. “retail therapy”, “shop 'til you drop”, “must-have gadgets”) and the focus on those with high consumption lifestyles in the media.
• In the context of declining real wages, especially for those on lower incomes, credit is offered, itself a highly marketed product.
• The conversion of once free (e.g. children's recreation, access to heritage sites, wild foods and their processed products, areas of urban space), or publicly owned assets (e.g. utilities, aspects of health-care) into products that have to be bought on the market.
• Expansion into new markets.
• Outsourcing of production to countries with lower labour costs (higher rates of exploitation), including sectors such as tropical prawn production and semiconductors where indentured and forced labour are integrated into the supply and manufacturing chain.
• The creation of status insecurity, at all levels of income distribution, through the growth of inequality\(^51\), in concert with the long working week, means identity and status is often asserted through the mechanism of consumption.
• The erosion of popular participatory culture in favour of passive consumed culture.

The consequences of the endless creation and practice of consumption (even though there are many whose personal ecological footprint is within their fair allowance) as a way of life are devastating for the planet's ecosystems on which we rely, through over-use of non-replaceable resources and habitat destruction, and the dumping of pollution (including emissions) into the atmosphere, the soil, watercourses and oceans. At the same time it encourages a lifestyle that may be superficially satisfying, with high levels of stress and the breakdown of social bonds between an individual and the community as a result of long hours in alienated work and high levels of personal and household debt. To cap it all this economy is not viable in its own terms since its dependence on high levels of exploitation, fragile supply chains, and mushrooming credit, all can and do lead to chronic instability and periodic crashes.

In case of doubt, though, we are not blaming individual consumers here, but the system that turns our needs and aspirations into the motor of individualised consumption. This cheats people who will never be satisfied within a system that generates dissatisfaction, while cheating those in low wage economies who make the products, often in dire conditions.

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The viable alternative

The viable alternative seeks to act on the causes and the effects of rampant consumption, through simultaneously developing economic and cultural alternatives, and addressing the systemic drivers of the consumerist cycle: excessive profit accumulation, false wants, inequality and the personal credit balloon. Much of this requires action at the national and international level to change the very basis of the economic system, but at a local and regional level much can be done to pioneer alternative approaches in the spheres of production, distribution, marketing and culture.

Some viable policy ideas

- Reducing inequality – see section 8.
- Reducing working hours - section 9.
- Combating consumer culture through promotion of authentic, participative popular culture.
- Valuing subsistence activities such as growing (and sustainably foraging) our own food, or making and repairing our own furniture and clothes.
- Rebuilding a money system that does not depend on high levels of personal debt (see section 7 on investment and money).
- Promoting product durability, modularity of working parts, reuse and recovery-recycling, through procurement policy and practice, and business stimulation.
- Prohibiting advertising to children\textsuperscript{52}.
- Banning commercial advertising in public spaces\textsuperscript{53}.
- Campaigning for public broadcasting to abandon its craven acceptance and promotion of celebrity-competition-consumption.

12) About Living Well\textsuperscript{54} and its measurement

The problem

Just as the unviable economy is organised around the pursuit of aggregate economic growth, its economics uses the size and growth

\textsuperscript{53} As in Brazil's megalopolis, São Paulo \url{http://www.newdream.org/resources/sao-paolo-ad-ban}
\textsuperscript{54} We might have used the word “progress”, but that is almost irrevocably associated with a linear approach that disparages other cultures and implies the dominance of people over nature? See our pamphlet Living Well: Practical Solidarity and Steady State Economics. \url{http://bit.ly/1bTpEyX}
of the Gross Domestic Product (GDP) and the related statistic, Gross Value Added (GVA) as measures of economic well-being and they are even used as a proxy for social well-being too. GDP is calculated by adding together the monetary values of all the goods and services produced in an economy. Doing this involves a lot of assumptions and estimates.

A focus on GDP growth, then, encourages us to value the amount of goods and services that are exchanged for money rather than their value to people and society. Economic growth as measured by GDP fails to distinguish between economic costs and benefits, or to account for uncosted things such as environmental destruction and unpaid work, for example looking after family members, neighbours and sustaining community.

These measures have two problems. Firstly, it is only clear to specialists what is actually being measured and this means that changes in GDP, although taken to indicate changes in economic well-being, do not necessarily indicate anything of the sort. GDP rises with cigarette advertising, armament sales, house prices, the credit-funded purchase of imported goods, encroachment on the green belt and traffic congestion, but it does not reflect those things that really matter to us. Desirable economic changes, such as a reduction the proportion of people in poverty, or the increase in real incomes, are not picked up. Secondly, the narrow focus on GDP determines economic policy: since success in steering the economy is judged in terms of changes in GDP, its increase becomes an end in itself with devastating impacts on the environment, as the 2014 IPCC report makes clear.

**The viable alternative**

The viable economic approach uses statistics that reflect key aspects of economic, social and ecological well-being. Rather than treating each of these three domains separately, though, measures are chosen that reflect their inter-connectedness. So, the proportion of money spent and re-spent within the local economy indicates the success of that economy in protecting its wealth, its success in promoting local activity and jobs, and ultimately its ability to source things locally rather than from across the globe, with the associated carbon emissions. The share of income going to the poorest 10 per cent of people indicates their relative prosperity.

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55 [http://on.ft.com/1weyLP9](http://on.ft.com/1weyLP9)
57 [http://bit.ly/1tXqQHD](http://bit.ly/1tXqQHD)
58 See note 5
while also reflecting the level of economic inclusion. A more equal society in income and wealth also means less trivial consumption of high-energy goods and services (since the richer strata disproportionately spend their surplus on these things).

Some viable policy ideas

- Consider developing a 'genuine progress indicator', or similar, for the city region to measure and direct economic development towards social and ecological viability. This should include social and ecological measures such as well-being, inequality, work/life balance, commuting times and carbon emissions per person.
- Develop integrated reporting on economic, social and ecological well-being.
- Devise measures that capture,
  - The bio-regional multiplier (money spent and re-spent in the region)
  - Income and wealth distribution
  - Credit and investment, broken down by sector
  - Employment, unemployment and working hours
  - Resource use and re-use
  - Energy use – carbon generating versus carbon-neutral
  - Estimates of carbon release and sequestration
  - People's use time, contrasted, for example with working time and work-servicing time (e.g. commuting).
  - Unpaid work which contributes to individual and social well being.
- If presenting figures on growth, always break them down into component areas, e.g. manufacturing, agriculture, property sales, domestic consumption, etc.

13) Population and migration

The problem

A viable economy requires a stable population in order to live well within planetary limits. In places like Manchester, in the minority world, fertility-based population growth has ceased because women on average have less than two children. Family size is influenced by mortality rates and economic security. Factors which lead to a fall in family size include being relatively confident you will be

59 See our commentary http://bit.ly/1xoToLE
60 In 2012, the Total Fertility Rate (TFR) was 1.94 children per woman http://bit.ly/10Ul3bU
looked after if you need support, whether or not you have children to do this and knowing your children are unlikely to die before you. Currently levels of migration are increasing the size of the population here, although nowhere near as much as in London, or in many far less resourced regions of the world. Current policies focus on controlling the numbers and types of people coming into the country rather than addressing the reasons why people want to move in the first place.
While there will always be a flow of population between areas for very positive reasons which should be warmly welcomed, high levels of migration indicate many people are moving who may prefer to stay in their home country if they can meet their needs. High levels of migration are driven by income inequalities, themselves a result of the free movement of capital (under neoliberal doctrine) and labour (as a means of exerting downward pressure on wages), as well as climate change and wars. And to a lesser, but still significant extent, migration results from persecution be it political, racial, religious or on the grounds of sexual orientation.

**The viable alternative**

Solidarity is key to ensuring a viable population and migration patterns. This needs to be international, national as well as local. A viable economy will work on reducing the determinants of migration. Policies should be based on an understanding that the interests of our region are interdependent with the interests of those outside.
Manchester should be a place which values people from outside and celebrates the richness of a diverse and hospitable region. At the same time we should recognise that most people would prefer to stay in their home country if they can see a way to sustain their lives there and live in freedom from conflict and persecution.
If national and international economic equity is increased, migration will fall whether it is from the North East of the UK to Manchester, Manchester to London or Africa to the UK. Similarly if the impact of climate change is kept to the minimum more people will manage to sustain their lives where they are and this will reduce migration. There will be fewer wars in a world where more people can provide for their basic needs, live with greater equity within their societies and between societies and where economies such as ours produces and sells socially useful goods rather than armaments. Well functioning societies here and elsewhere are likely to be more
Some viable policy ideas

- Focus on ensuring conditions in which small families can thrive: low mortality rates and support for people without sufficient income and care needs.
- Focus on reducing the determinants of unviable migration by ensuring all policies foster equity between our region and others, good environmental measures which will ensure minimum climate change and do not fuel reasons for migration such as war e.g. arms exports.
- Given the role of war and civil conflict as causes of migration, work with the Campaign Against the Arms Trade to encourage transformation of jobs in the arms trade in our region to socially useful production such as renewable energy technology.
- Campaign against global injustices and their causes, from free trade agreements to neo-colonial adventures.

14) Conclusion

The Viable Economy, based on the values of stewardship, justice, conviviality, solidarity, co-operation, equality and respect, seeks to redress the parlous state we are in, ecologically, socially and economically. Its proposals, even if they need further development, show us how we can set out on a path to a resilient, more localised, stable economy that delivers what we all need: a frugal abundance or true prosperity, where people live in an increasingly equitable and harmonious society, locally and globally, deciding on rather than following economic rules, and not merely treading lightly on the earth, but protecting and restoring those systems that make life possible.

61 https://www.caat.org.uk/issues/jobs-economy/
• A resilient, more localised, stable economy that delivers what we all need.
• A frugal abundance or true prosperity.
• Where people live in an increasingly equitable and harmonious society, locally and globally.
• Deciding on rather than following economic rules.
• Treading lightly on the earth.
• Protecting and restoring those systems that make life possible.
15) Appendix: Further reading

There is a large literature relevant to The Viable Economy, much of which we reference in the footnotes to the text. This is a short selection of works we have found particularly helpful.


We also encourage you to read our previous reports:


And also the regular blog posts on our website http://steadystatemanchester.net
Concerned about increasing wealth inequality, climate change and financial instability, Steady State Manchester believes an alternative approach to economic development in the city and region is essential so that all can live well and within planetary limits. We encourage organisations to actively pursue ‘viable economics’ for a safe and good future for us all. Viable economics will involve:

- Re-localising food and other production in and near to the city, providing decent green jobs and more income equality.
- More security for us all because the environment is protected from further destruction.
- More secure access to goods especially food: we will be more resilient should there be climatic (e.g. floods) or financial shocks.
- More money staying local and more control over savings and investment.
- The city’s wealth being used for needed developments, for example energy efficient, affordable housing and invested in other local, green and ethical enterprises.
- Balance: some sectors must grow,(e.g. renewable energy) and some must shrink (eg fossil fuels).
- The focus is on the things we want the economy to deliver, rather than growth for growth’s sake (GDP or GVA measures).
- Less unnecessary consumption and a new culture of solidarity and participation.
- Less exploitation of the majority world while keeping open channels for communication and learning globally.

This pamphlet explores these ideas in more detail, offering a comprehensive approach that integrates economic, social and ecological well-being: The Viable Economy.

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