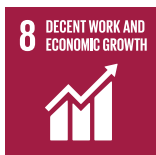


“Keeping the economy within planetary boundaries.” The earth's natural resources are running out and the climate crisis is changing the planet and our lives. One reason for this, according to the economist Irmi Seidl, is economic growth.



Irmi Seidl is an economist and head of the Economics and Social Sciences Research Unit at WSL. Her research areas include economic instruments and measures that have ecologically relevant effects.

Irmi Seidl, you are critical of economic growth. Why?

Because economic growth is one of the main reasons for the ecological crises we are facing today. With growth, the consumption of energy and resources increases, as does damage to the environment. Constant growth began in the 1950s and now exceeds the limits for our planet as we consume more resources than can be reproduced.

With the Sustainable Development Goals (SDGs), the UN is trying to shape the future in a sustainable way. What are your views on this?

These globally supported goals are welcome and can help to mitigate the environmental crises. But some of the goals have conflicting targets. For example, SDG 8 promotes “sustained and sustainable economic growth.” Growth leads, however, to increasing environmental and resource consumption and cannot, therefore, be sustainable. SDG 7 aims to ensure “access to affordable, reliable, sustainable and modern energy for all.” This suggests that our energy consumption in the West would also be possible on a global scale, whereas to comply with global environmental treaties such as the Paris Agreement, it

should actually decrease. Our consumption must also respect planetary boundaries, i.e. remain within the limits of available resources. A prerequisite for this is ending our dependence on economic growth.

Can our economy and companies function without growth?

Many small and medium-sized enterprises manage well without growth. One of our doctoral students studied SMEs in the construction industry such as carpenters, electricians and painters. The results show that many of them are not at all interested in growing. Other companies do not aim to make profits and therefore do not need to grow. Take, for example, the Swiss water utilities or cooperatives.

Do we need more state intervention?

Not necessarily. Above all, we need the right kind of interventions. In recent decades, many interventions have been made to promote growth, including subsidies. In 2020, we identified over 160 subsidies and financial disincentives that harm biodiversity. The biodiversity crisis could be defused if only subsidies that did not harm biodiversity were granted or if at least some serious attempts were made to resolve

“Environmental resources need a price that takes into account their environmental costs.”

conflicting goals. The tax system also promotes economic growth, for example through tax rebates or deductions for interest on debts. But most urgently, the price for environmental resources such as fossil energy should reflect their ecological costs such as their impact on climate. Since the 1980s, economists have been working on concepts for an ecological financial reform where the external environmental costs are considered in setting prices.

Wouldn't that make a lot of things more expensive?

Some things would become more expensive. Up to now, many things have become cheaper – at the expense of the environment. In some cases, only a few benefit from this. For example, only 20 per cent of air passengers from Switzerland travel to another continent. They are the ones who benefit in particular from untaxed aviation fuel, especially as many of them are frequent flyers. If the climate impact of CO₂ emissions were reflected in the price, a flight to Bangkok would be 900 francs more expensive and one to London 100 francs. But other things could also become cheaper. If environmental resources were taxed more and employment income less heavily, we would have more in our pay packets and the services of, for example, a bicycle mechanic or a nurse could become cheaper.

What other approaches are possible?

Some incentives exist to encourage people to save things rather than waste them. France, for example, has introduced extended product warranties, encouraging people to repair rather than replace things.



According to a WSL study, some SMEs in the construction industry are not interested in growing.

And Austria pays people part of the repair costs if they have electrical appliances repaired. Such measures also help to promote sustainability.

That would then also be in the spirit of the SDGs, wouldn't it?

Of course. The diversity of the SDGs reflects the many areas in which changes in consumption and production are necessary in order for us to live, work and do business within planetary boundaries. *(sru)*