

## In this age of diamond saucepans, only a recession makes sense

Economic growth is a political sedative, snuffing out protest as it drives inequality. It is time we gave it up

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[The Guardian](#), Tuesday October 9 2007

If you are of a sensitive disposition, I advise you to turn the page now. I am about to break the last of the universal taboos. I hope that the recession now being forecast by some economists materialises. I recognise that recession causes hardship. Like everyone I am aware that it would cause some people to lose their jobs and homes. I do not dismiss these impacts or the harm they inflict, though I would argue that they are the avoidable results of an economy designed to maximise growth rather than welfare. What I would like you to recognise is something much less discussed: that, beyond a certain point, hardship is also caused by economic growth.

On Sunday I visited the only biosphere reserve in Wales: the Dyfi estuary. As is usual at weekends, several hundred people had come to enjoy its beauty and tranquillity and, as is usual, two or three people on jet skis were spoiling it for everyone else. Most economists will tell us that human welfare is best served by multiplying the number of jet skis. If there are two in the estuary today, there should be four there by this time next year and eight the year after. Because the estuary's beauty and tranquillity don't figure in the national accounts (no one pays to watch the sunset) and because the sale and use of jet skis does, this is deemed an improvement in human welfare.

This is a minor illustration of an issue that can no longer be dismissed as trivial. In August the World Health Organisation released the preliminary results of its research into the links between noise and stress. Its work so far suggests that long-term exposure to noise from traffic alone could be responsible, around the world, for hundreds of thousands of deaths through ischaemic heart disease every year, as well as contributing to strokes, high blood pressure, tinnitus, broken sleep and other stress-related illnesses. Noise, researchers found, raises your levels of stress hormones even while you sleep. As a study of children living close to airports in Germany suggests, it also damages long-term memory, reading and speech perception. All over the world, complaints about noise are rising: to an alien observer it would appear that the primary purpose of economic growth is to find ever more intrusive means of burning fossil fuels.

This leads us to the most obvious way in which further growth will hurt us. Climate change does not lead only to a decline in welfare: beyond a certain point it causes its termination. In other

words, it threatens the lives of hundreds of millions of people. However hard governments might work to reduce carbon emissions, they are battling the tide of economic growth. While the rate of growth in the use of energy declines as an economy matures, no country has yet managed to reduce energy use while raising gross domestic product. The UK's carbon dioxide emissions are higher than they were in 1997, partly as a result of the 60 successive quarters of growth that Gordon Brown keeps boasting about. A recession in the rich nations might be the only hope we have of buying the time we need to prevent runaway climate change.

The massive improvements in human welfare - better housing, better nutrition, better sanitation and better medicine - over the past 200 years are the result of economic growth and the learning, spending, innovation and political empowerment it has permitted. But at what point should it stop? In other words, at what point do governments decide that the marginal costs of further growth exceed the marginal benefits? Most of them have no answer to this question. Growth must continue, for good or ill. It seems to me that in the rich world we have already reached the logical place to stop.

I now live in one of the poorest places in Britain. The teenagers here have expensive haircuts, fashionable clothes and mobile phones. Most of those who are old enough have cars, which they drive incessantly and write off every few weeks. Their fuel bills must be astronomical. They have been liberated from the horrible poverty that their grandparents suffered, and this is something we should celebrate and must never forget. But with one major exception, can anyone argue that the basic needs of everyone in the rich nations cannot now be met?

The exception is housing, and in this case the growth in value is one of the reasons for exclusion. A new analysis by Goldman Sachs shows that current house prices are not just the result of a shortage of supply: if they were, then the rise in prices should have been matched by the rise in rents. Even taking scarcity into account, the analysts believe that houses are overvalued by some 20%.

Governments love growth because it excuses them from dealing with inequality. As Henry Wallich, a former governor of the US Federal Reserve, once pointed out in defending the current economic model: "Growth is a substitute for equality of income. So long as there is growth there is hope, and that makes large income differentials tolerable." Growth is a political sedative, snuffing out protest, permitting governments to avoid confrontation with the rich, preventing the construction of a just and sustainable economy. Growth has permitted the social stratification that even the Daily Mail now laments.

Is there anything that could sensibly be described as welfare that the rich can now gain? A month ago

the Financial Times ran a feature on how department stores are trying to cater for "the consumer who has Arrived". But the unspoken theme of the article was that no one arrives - the destination keeps shifting. The problem, an executive from Chanel explained, is that luxury has been "over-democratised". The rich are having to spend more and more to distinguish themselves from the herd: in the United States the market in goods and services designed for this purpose is worth £720bn a year. To ensure that you cannot be mistaken for a lesser being, you can now buy gold-and-diamond saucepans from Harrods.

Without conscious irony, the FT article was illustrated with a photograph of a coffin. It turned out to be a replica of Lord Nelson's coffin, carved from wood taken from the ship on which he died, and yours for a fortune in a new, hyper-luxury department of Selfridges. Sacrificing your health and your happiness to earn the money to buy this junk looks like a sign of advanced mental illness.

Is it not time to recognise that we have reached the promised land, and should seek to stay there? Why would we want to leave this place in order to explore the blackened wastes of consumer frenzy followed by ecological collapse? Surely the rational policy for the governments of the rich world is now to keep growth rates as close to zero as possible?

But because political discourse is controlled by people who put the accumulation of money above all other ends, this policy appears to be impossible. Unpleasant as it will be, it is hard to see what except an accidental recession could prevent economic growth from blowing us through Canaan and into the desert on the other side.

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