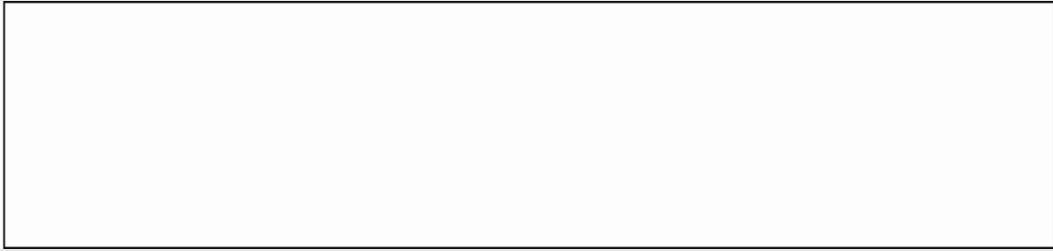




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Sufficiency is good for your liberty, degrowth is good for our health

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Sufficiency: Perspectives in Engineering and Society, Seminar by the Center for Sustainable Building at TUM in Collaboration with the Rachel Carson Center of LMU, 14. December 2020

Overview

1. What is sufficiency?
2. Rebound: Why efficiency alone does not help
3. Countermeasures against rebound would induce sufficiency
4. Frugality is good for your liberty,
degrowth is good for our health and environment!
5. Voluntary Degrowth or Secular Stagnation, what is more realistic?

1. What is sufficiency?

Definition according to the I=PAT equation (Ehrlich/Holdren-Formula)

Impact (CO2 emissions)

=

Population (number of inhabitants)

*

Affluence (US\$ per capita per year)

<=>

Sufficiency

*

Technology (CO₂ in kg / US\$)

<=>

Efficiency

Usual environmental policies only target efficiency, but more efficiency means lower prices and hence direct or indirect rebounds.

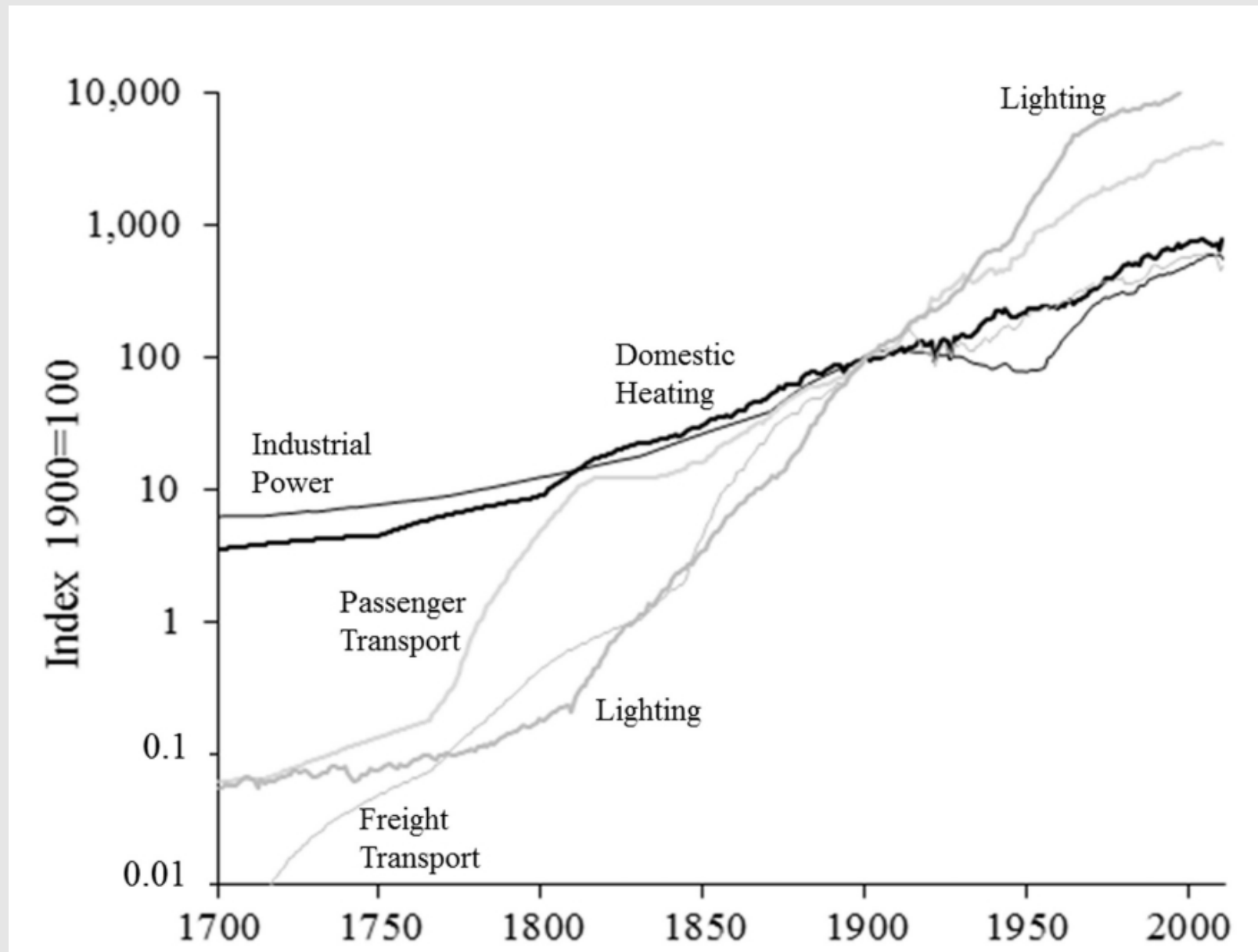
2. Rebound: Why efficiency alone does not help

Direct rebound: More goods or services are consumed when the material transformation becomes cheaper (e.g. light bulbs)

Indirect rebound: If money is saved on one good, it is shifted towards expenditures for other goods

Whole economy rebound: Efficiency makes the resource factor cheaper and thus allows the economy to grow

Example: Increasing consumption of energy services (in UK)



Quelle: Fouquet, R.: Long-Run Demand for Energy Services: Income and Price Elasticities over Two Hundred Years. Review of Environmental Economics and Policy, volume 8, issue 2, Summer 2014, pp. 186–207

3. Countermeasures against rebound induce sufficiency

Prevention of resource intensive consumer practices (e.g. car-free zones in cities; velocity limits).

- + Hits less and more wealthy consumers in an equal way
- Hits those with more urgent preferences unequally
- Only works on the level of consumer practices (but not throughout the whole production and distribution chain)

Taxes on resource use: The price reductions from efficiency can be counterbalanced by taxes.

- + Taxes induce more efficiency within the whole economy
- + Taxes generate public income to subsidize further measures
- Taxes hit low income and rural households more heavily

4. Frugalism is good for your personal liberty, economic stagnation is good for our health and the environment

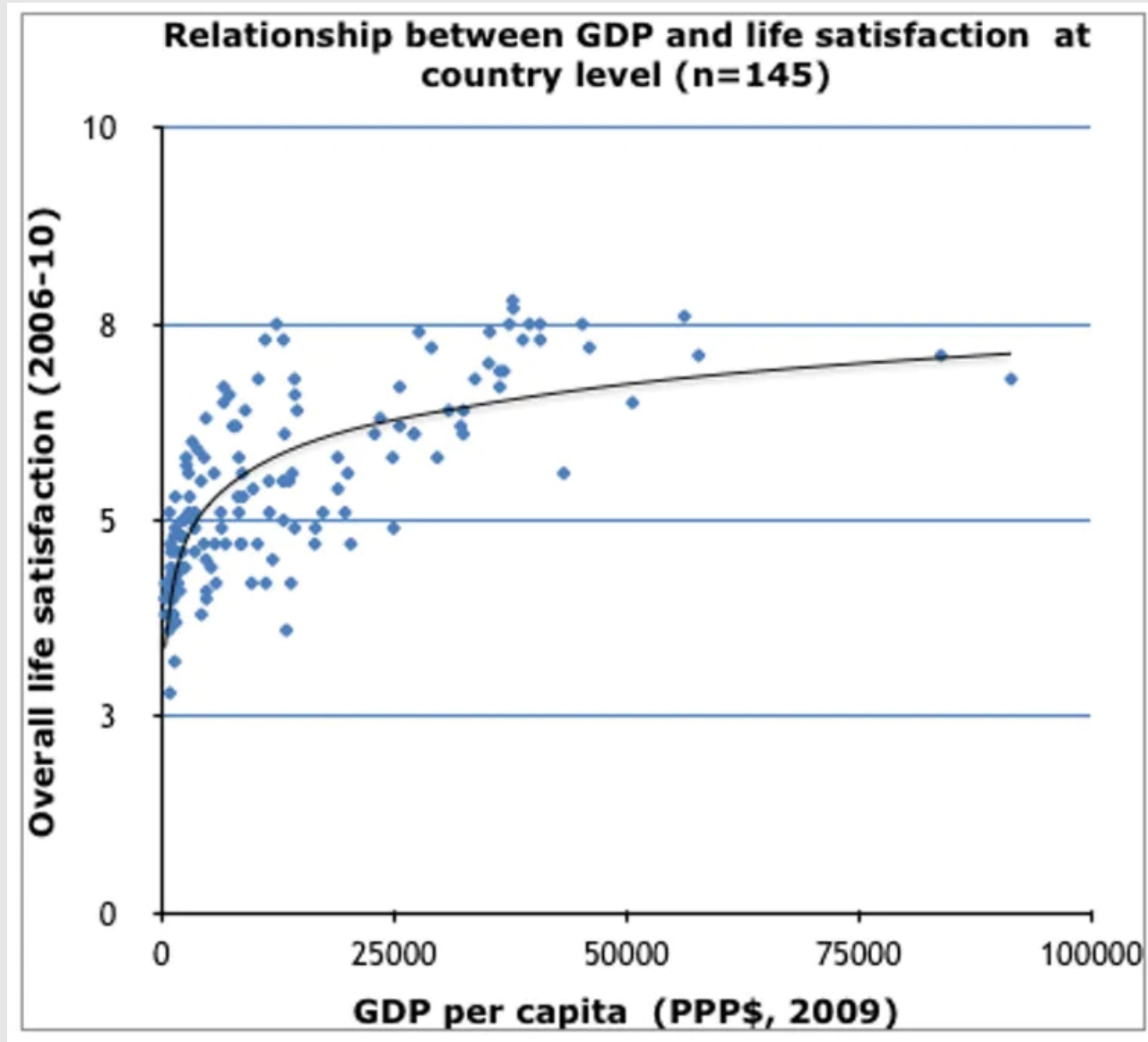
So, what's the thinking behind frugalism? It's about working less to live a better life at your own pace, even if the result is you earn less. That means:

- Spending less and
- saving more,
- so that you are not held prisoner by social pressures and can instead reach financial independence

<https://www.welcometothejungle.com/en/articles/en->

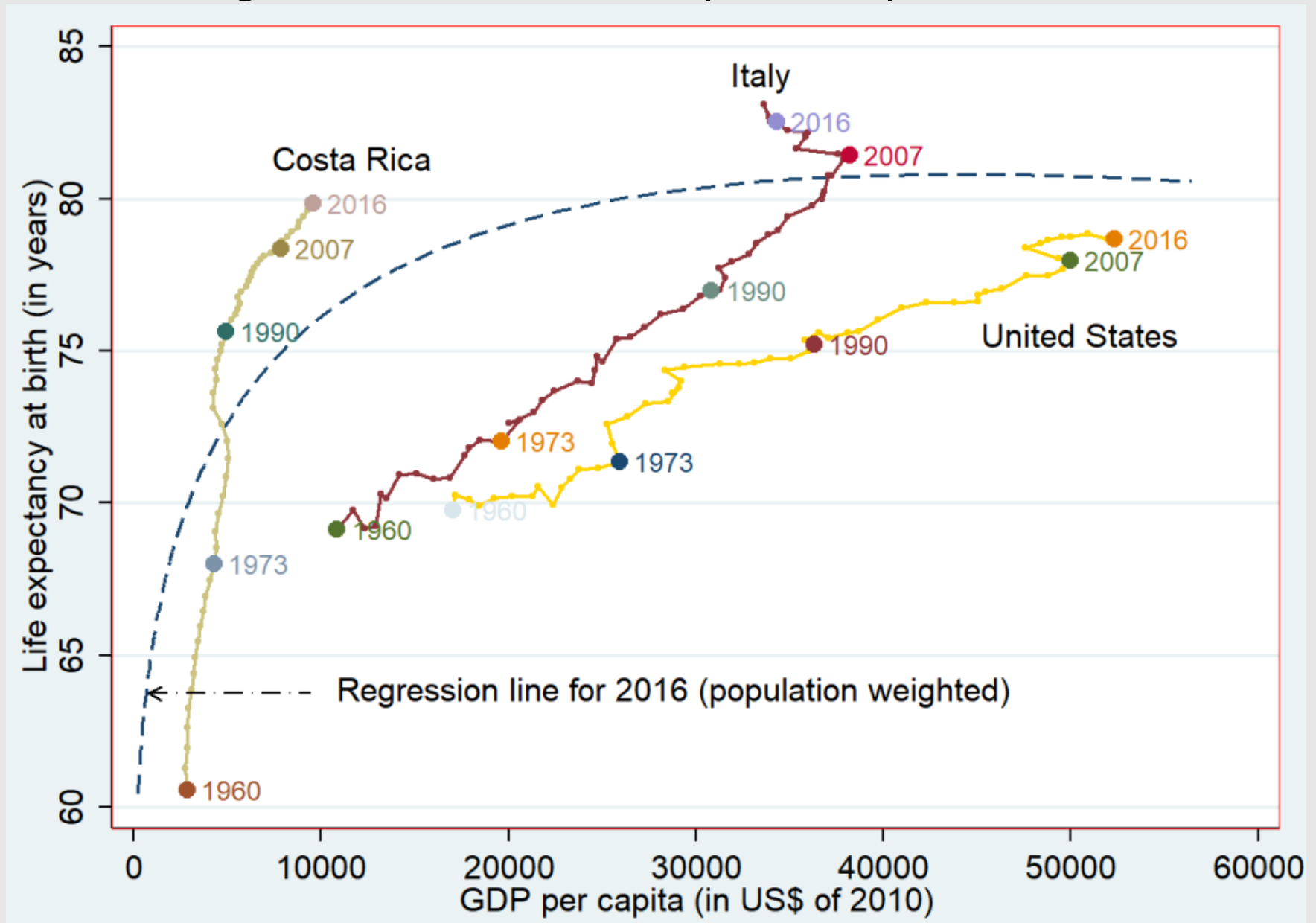
frugalism-is-working-less-the-key-to-a-happy-lifestyle

The marginal utility of money

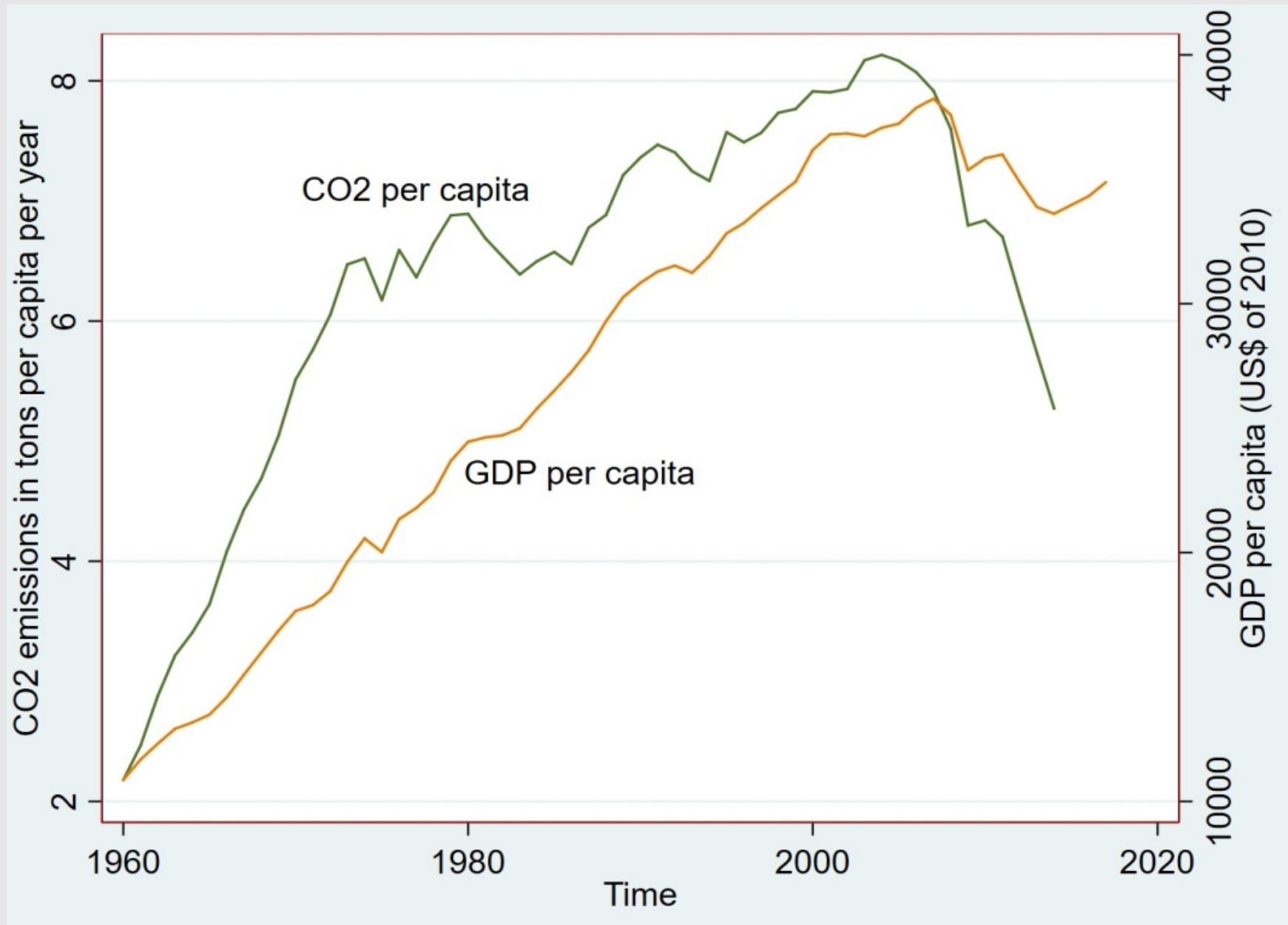


<http://theconversation.com/green-the-economy-to-boost-well-being-and-prosperity-37719>

Economic stagnation is not necessarily bad for your health!



Stagnation and decreasing environmental impact (in Italy)



5. Voluntary Degrowth or Secular Stagnation, what is more realistic?

Voluntary Degrowth: Idea is popular since the 1970ies, but no relevant political party has implemented it (even the Green Party abandoned it)

Secular Stagnation: Nobody wants it, but probably unavoidable for wealthier societies:

- demographic aging (health preferences, e.g. with Covid-19)
- implicit saturation (leisure time preferences)
- hurdles against ongoing automatisisation (contextuality)
- growing inequality (the wealthy consume less of their income)

How to avoid the social downsides of stagnation?

- redistribution
- social cohesion
- resilience (e.g. re-ruralisation in Italy)

6. Conclusion

Regarding the Global North:

Sufficiency is necessary for environmental reasons

Sufficiency is inevitable for economic reasons

How to shape sufficiency in a liveable and socially fair manner?

Regarding the Global South:

Environmental efficiency is key, voluntary sufficiency can only be a theme for very rich households