Policy instruments for a steady state economy?

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What’s coming...

• **Two parts:**
  1. *Some basic public policy and policy instrument choice.*
  2. *Seven policy options that (sort of) make sense from a public policy perspective.*

• **Sources:**
  • Lindenmayer et al. 2014. *Ten commitments revisited.* 2nd ed. CSIRO Publishing. *(330 recommendations)*
The basics 1: What’s the policy **goal**?

- **To reduce*** the rate of physical and energy throughput and waste production in the economy and society, while fulfilling human well-being requirements.
- Steady state economy, or significant/deep decoupling? Does it matter?

* By how much? Cf decoupling debate, weak vs. strong, economic vs. physical growth, popn numbers vs. per capita consumption, etc...
The basics 2: what’s the policy problem?

• Two dimensions:

1. To change behaviours, towards achieving well-being and satisfying ‘utility functions’ in ways requiring less physical consumption:
\[\text{monumental shift in personal attitudes, expectations and behaviours, requiring.....}\]

2. Overturning the near universal post-WWII policy settlement relying on growth to achieve human aspirations, rather than redistribution.

• This equals fundamental social, political and economic change.
The basics 3: policy instrument choice

• Governments, in collaboration with or following other actors, within existing or refashioned policy and institutional systems, design **policy interventions** to achieve **social goals**, and choose **policy instruments** to affect change.

• The aim is to **change the behaviour** of individuals, households, firms and other organisations.

• **So, to achieve the policy goal, what’s our menu of policy instruments....**
Environmental policy instrument classes
(many general classes and many, many more instruments)

- R&D, monitoring
- Communication & information flow
- Education & training (many)
- Consultation, mediation
- Agreements, conventions
- Statute law (many)
- Common law

- Covenants on property
- Assessment regimes (eg. EIA, strategic assessment)
- Self-regulation
- Community involvement
- Market mechanisms (many)
- Institutional change
- Change other policies
- Reasoned inaction
An aside: two questions?

1. Why is this an “environmental” conference?

2. Why is climate change and “environmental” issue?
Selection criteria for choice

1. Effectiveness
   - Information requirements
   - Dependability
   - Timing
   - Corrective effect
   - Flexibility
   - Cost, efficiency
   - Cross-sectoral impacts.

2. Implementation
   - Equity implications
   - Political feasibility
   - Legal feasibility
   - Institutional capacity
   - Monitoring requirements
   - Compliance
   - Communicability.
What are the attributes of policy instruments suited to pursuit of a steady state economy?

• Cannot rely on quick change, given the fundamental change required and the deep reliance on growth by individuals, organisations, communities and governments.

• Should target systemic interventions that can redirect drivers of reliance on growth, material and energy use, consumption, and speculation.

• Policy instruments that can address social, economic and environmental dimensions (sustainable development).

• Policy instruments that are (believably?) within normal political, institutional and legal parameters.
Option 1: refocusing national accounts

• >30 years of complaints, attempts, arguments re “greening” the national accounts.
• SEEA (v3: 2012): UN System of Environmental-Economic Accounts – imperfect, will be slow, etc, but actually happening…

➔ play with alternatives if you must, but
➔ highlight, promote and work with SEEA
➔ Australia as a lead player?
Option 2: taxation

• **Domestic**: carbon/energy taxation or pricing. The no-brainer, but many options – resurrect the replace other taxes with carbon/energy tax argument (eg. proposal in 1990s to replace payroll taxes).

• **International**: a ‘Tobin tax’ on international financial transaction, with dedicated poverty reduction and environmental revenue targeting.

Option 3: productivity as frame

• Why is this an ‘environmental’ conference?
• Why is climate change an ‘environmental’ issue?
• **Reframe the debate** in shamelessly economic and competitiveness terms as one about productivity, beyond labour productivity – Australia’s energy, materials and waste productivity are below OECD average.
Option 4: taming advertising

• Prime driver of consumption, defines relative well-being, and deliberately produces unhappiness and anxiety.

• Remove deductibility on, and possibly punitively tax, advertising expenditures (perhaps below a threshold of expenditure or firm size).
Option 5: ‘work’ and ‘retirement’

- **Retirement incomes** a driver of growth and speculation, and increasing source of anxiety: 
  → remove conditions that make ‘transition’ to retirement administratively and financially difficult.

- **Part-time work**, and thus lower consumption lifestyles, not safe or stable: 
  → reform work place and tax rules to encourage permanent part-time work.
Option 6: housing

• Australia’s largest infrastructure asset, determinant of well-being, and major source of speculation, consumption and addiction to growth.

• Repeal negative gearing, or at least make concessions applicable only to that asset and investment.

• Focus public (not ‘social’) housing on stretching the price span downward, directly or through and innovation challenge in a PPP.
Option 7: education

• “Systemic” policy instruments: property rights, some market mechanisms, strong statutory objects, education....

• Environmental education has been for too long either “make like a tree”, or thinly disguised issue-activism.

• Where and in which curricula to address urban metabolism, materials and energy throughput, productivity, determinants of well-being, etc?

• And, how to handle such material in a manner that doesn’t bore people senseless?
Conclusion

Only 7 – need 3 more for a Ten Point Plan

Campaign slogan = “Fix the Sloppy Economy”

Discussion: with a manifesto like this, what chance of getting elected?