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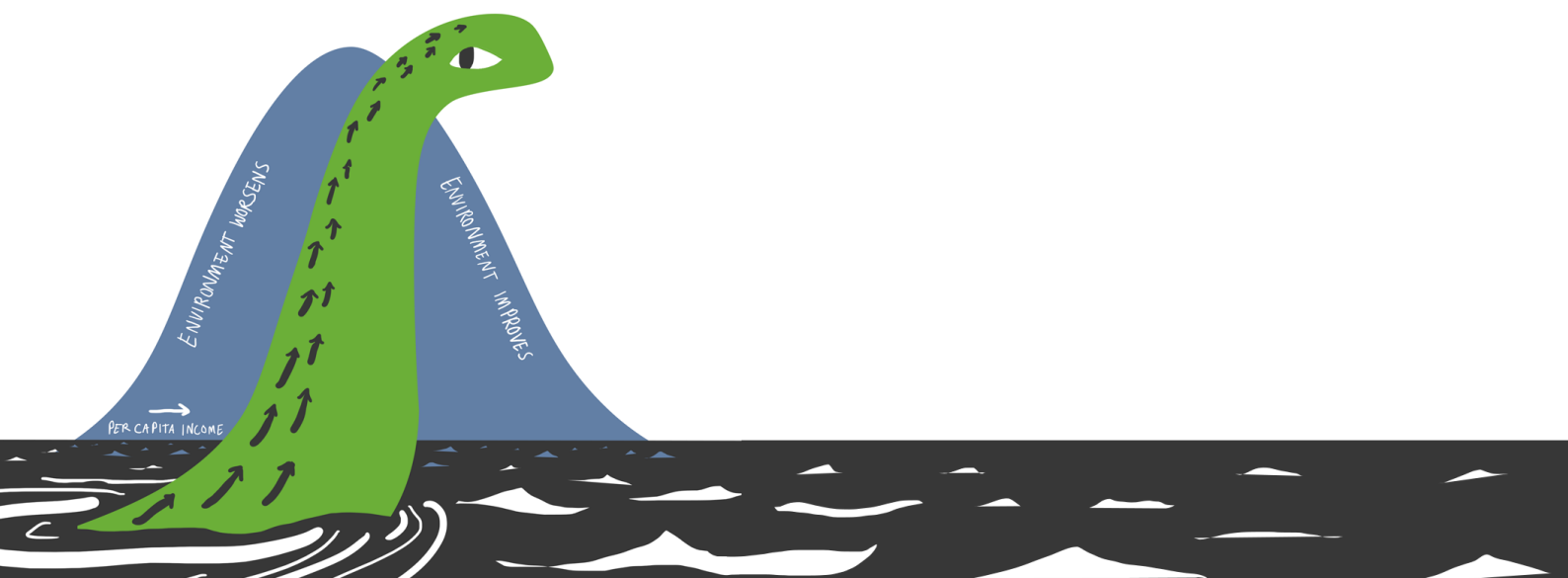
European  
Environmental  
Bureau



MAKE EUROPE  
SUSTAINABLE  
**FOR ALL**

# Beyond sustainable growth

A policy blueprint for Europe



# From quantity to quality

**H**uman activity is **accelerating the breakdown of a climate in which humanity can thrive**. **Science** also warns that an unprecedented number of species are now at risk of extinction. This will have catastrophic effects on the overall wellbeing of humanity as well. The **European Environment Agency** calculated that in order to achieve a climate-neutral European Union by 2050, the speed of decarbonisation has to increase five-fold. A similar urgency and scale exists for the challenges on biodiversity loss, pollution and resource depletion. Incremental changes are not enough. Larger scale system change is needed as part of a rapid and just transition.

It is promising that European Commission President Ursula von der Leyen started her **political guidelines** by committing the EU to become the world's first climate-neutral region, through a transformative European Green Deal. However, the European Union and most countries elsewhere in the world are still assuming that economic growth is part of the answer to our crises, rather than part of the problem. They call it sustainable or green growth and adopt the assumption that decoupling environmental pressures from gross domestic product (GDP) allows for future economic growth without end. We see that in the Sustainable Development Goals (SDGs), SDG8 calls for "**sustained, inclusive and sustainable economic growth**", specifying that GDP should grow in all countries. Economic growth is being portrayed as something that is "**resource-efficient, sustainable and competitive**" at the same time. But is it really?

The report '**Decoupling debunked: Evidence and arguments against green growth as a sole strategy for sustainability**' presents convincing evidence which puts in doubt whether this decoupling strategy will really work. Previous gains in the efficiency of energy and materials use have been offset by so-called 'rebound effects', i.e. increased consumption in one field made possible by savings in another. Striving for improved efficiency has been ineffective because it has not been part of a wider sufficiency strategy. Sufficiency is about defining and embracing the "adequate" amount of something – for example, how many gadgets, clothes and red meat do we actually need to be happy and healthy?

Another question we should be asking is: how much fossil fuel can we really afford to extract? The scientific journal **Nature** and mainstream business media such as **The Economist** use the term 'unburnable fuels'. But who will define what unburnable fuels are and how we are to keep them in the ground?

To achieve carbon neutrality through a just ecological transition that embraces sufficiency, the EU will have to move beyond economic growth. We believe it boils down to this:

## The WHAT

We believe that we all want to limit environmental pressures by reducing the absolute amount of resources used and the associated impacts on the environment in order to solve the existential threats that come from the degradation of our living environment.

## The HOW

We believe that we all want a just transition by ensuring the commitment to basic needs and wellbeing from housing to health access, from clean water to good food for all, from cultural life to education.

## The SYSTEM CHANGE

In order to achieve both the WHAT and the HOW, we need to shift the political focus from prioritising economic growth to embracing wellbeing. This implies the necessity to remove the structural and procedural dependencies of the European economy on economic growth.

Positive postgrowth policymaking acknowledges the latest **macroeconomic science**. This makes it clear that while some countries in the world still need economic growth, in most EU countries, and in the EU as a whole, it is no longer logical to view economic growth as a primary policy objective. These recommendations do not apply to all countries and regions of the world or to all economic sectors and actors. This policy briefing is focused on EU policy-making and sectors with high environmental impact.

## Policy area 1

# Economics for the postgrowth future

Update the EU's economic and political priorities and associated headline indicators.

We need to urgently reverse the logic in all plans that guide the EU's political-economic decision-making to acknowledge the postgrowth reality of the resources-constrained world we live in.

### 1 Shift political priorities.

Rather than having environmental and social protection as subordinate to short-term economic growth targets, the logic needs to be reversed to place economic policymaking objectives at the service of achieving environmental and social targets. Apply this to **the European Semester**, the European Green Deal, the 8EAP, a future Sustainable Europe 2030 Strategy and SDG Action Plan. The Stability and Growth Pact should be transformed into a Sustainability and Wellbeing Pact. All overarching plans that steer the EU's policymaking need to be changed into positive postgrowth plans that are capable of reversing current trends on climate breakdown and biodiversity loss in the absolute sense, at the required speed and in a socially fair manner.

### 2 Replace the indicator of economic growth with other headline indicators, such as life satisfaction, equality, health, quality of jobs, material footprint, the state of nature and absolute human-produced greenhouse gas emissions.

Ecological resilience should also be a key indicator, measured in terms of soil health and other criteria, because maintaining 'natural capital' is our life insurance. Some progress has already been made through the EU's own 'Beyond GDP' initiative. Member states who do not advance fast enough towards these headline indicators should face political pressure, regardless of their political or economic clout in the EU. EUROSTAT and national statistics offices should be given a mandate to collect the necessary empirical data to measure the new headline indicators. This data should be formally integrated in the European Semester and in the country-specific recommendations used to stimulate progress.

## Policy area 2

# Transforming taxation

Create a truly transformative tax base overhaul across the board.

Tax changes – such as shifting taxes from labour to pollution, carbon taxes, reform of the EU's Emissions Trading System, and the phasing out of environmentally harmful subsidies – are essential if our economies are to be part of the sustainability solution. While many of the needs and solutions are well-known, there are also fresh opportunities and a need for new, out-of-the-box thinking.

- 1 Use political capital to push for a true EU-wide carbon tax that has an effective, catalytic price – i.e. at least €100 per tonne.

This can build on calls for the reform of excise taxes at the EU level. **Qualified majority voting (QMV)** should be embraced to allow progress, and, failing that, to use the principle of enhanced cooperation laid down in the Treaty of the European Union (art. 40-45) to allow a coalition of like-minded countries to progress without being held back by others. This needs to be designed carefully to ensure social justice, as well as to take on board competitiveness concerns, and complemented by a border tax adjustment.

- 2 Enact **Border Carbon Adjustment (BCA) taxes**.

BCA taxes are necessary to discourage the importing of climate-unfriendly products that would compete unfairly with products which have been subject to a carbon tax in the EU. This will decrease carbon leakage effects to foreign countries in the face of stronger environmental regulation. European Commission President Ursula von der Leyen's request to Trade Commissioner Phil Hogan to come up with such a BCA tax is an opportunity. **The BCA needs to be robust and socially just.**

- 3 Enact **a cap and dividend system** at the extraction level.

Unlike cap and trade for emissions, this system imposes taxes not on emissions but on extractions. The simple reality revealed by the empirical evidence is that once, for example, oil is drilled out of the ground, it will be burned and, hence, an extraction cap is essential. For petroleum, this cap needs to shrink to zero over time. Extraction activities have led to **thousands of social and environmental justice conflicts around the world**. Hence, significant dividends need to flow first to all the victims of extraction projects so as to reduce the inequalities created by the extraction sector. Secondly, money should flow to the restoration and management of nature impacted by extraction. Thirdly, revenues should go to citizens, in the form of dividends, to reflect the fact that natural resources are public goods and to help finance a just ecological transition. And finally, revenue raised should be earmarked for sustainability projects and finance decarbonisation and the shift to a resource-efficient circular economy.

- 4 Put a cap on extreme wealth.

While eliminating extreme poverty is still vital, there is also an urgent need to tackle the extreme wealth concentration that currently prevails. Evidence shows that **the super rich have a disproportionate effect on the environment**. Tax systems must be reformed to get rid of tax loopholes that enable rich individuals and corporations to avoid paying their fair share of taxes. Furthermore, wealth taxes should be introduced, such as a global progressive tax on individual net worth. This will help curb legal tax avoidance through tax havens and paradises, and will reduce inequalities. Moreover, the EU needs to pursue a collective approach (in collaboration with as many third countries and economic blocs as possible) to avoid the capital flight that would accompany wealth taxes imposed by a single state.

## Policy area 3

# Money matters

**We need to put our money where our mouths are.**

Promises and laws are not enough on their own. Both public and private money needs to flow from damaging industries towards the achievement of a climate-neutral, biodiversity-rich and pollution-free Europe.

### 1 Public spending and budgets.

The EU budget needs to be dedicated to the **European Green Deal** by better targeting its spending. National budgets are many times bigger and also need refocusing. This can be facilitated through the reform of the European Semester - e.g. by allowing the flexibility mechanism to be used for exempting climate expenditure from the 3% GDP debt ceiling. Furthermore, sustainable finance initiatives need to be further pursued – rolling out the “green taxonomy” and developing a “brown taxonomy” to guide private sustainable investment funding.

### 2 Sustainable investment.

Financial support for sustainable activities needs to be mobilised. All investment flows need to be aligned with sustainability goals (such as the SDGs or the Paris Agreement). Experience shows that when transitioning to a climate-neutral and sustainable economy, some activities are not profitable enough to attract private financing. That is why the European Green Deal has to unlock public finance and steer it directly to fund the transition, focusing on areas where public goods are involved and where households, enterprises and local authorities need help to overcome the initial investment costs of the ecological transformation.

### 3 Ban harmful investments.

The EU has to ensure that public funding does not support fossil fuels and should urge Member States to do the same with national public funding. This includes the mainstreaming of responsible investment practices (and an ambitious EU Sustainable Finance Action Plan).

### 4 Take back control of our money.

**Sovereign money creation (SMC)** is where money is created by the central bank and credited to the government's account to be spent in the economy. The current system of private banks creating almost all credit and thereby locking in future investments that are not based on sustainability criteria is no longer working in an increasingly resources-constrained world. Studies show how more SMC is needed to prevent another recession and fund the transition.

## Policy area 4

# Protecting people and planet

Get the EU economy in the “**doughnut**”:  
above social foundations, under ecological ceilings.

The transition towards a climate-neutral, circular economy has to be compatible with social justice. We have to ensure that everyone has access to the resources to deliver quality of life, welfare and wellbeing for all people.

- 1** Provide essential services related to basic needs that enable wellbeing and social prosperity, such as housing, health services, education, access to nature, clean water, sustainable energy, political voice, and public transport.

Public provision of these goods should be based on publicly managed commons or vouchers instead of money, to ensure social inclusion and state legitimacy.

- 2** Enhance circular and sharing/solidarity economic practices and increase agency and control of the consumer (“prosumer” instead of consumer) through tax reforms, such as abolishing VAT for the repairing of goods, de-commercialisation of spaces of care, as well as supporting alternative food networks, cooperatives and networks for basic healthcare etc.

- 3** Create an EU-wide carbon credit card for citizens.

A citizens’ share of the carbon budget could start from the current average EU carbon footprint as an annual carbon allowance, but this cap would gradually decrease to more sustainable levels. This carbon credit card creates equality in terms of climate pollution rights. Those rights need to be limited to a fair and equal share for all. This is a radical approach, but these times call for radical solutions.

## Policy area 5

# Working for the planet

Disentangle the link between job creation and economic growth and redistribute available work.

Moving towards a new economy that serves both humanity and nature has implications for employment and the way we value and prioritise work. We have to reinvent work patterns with the aim of reducing unemployment, redistributing work more equally and breaking the cycle of earning to consume.

### 1 Redistribute the available work.

Unplanned recessions now lead to large job losses, but this is not a law of nature. Governments can take back control and create jobs in an economy with lower GDP. One key element of this strategy is **the redistribution of the available workload** so that more people work, but with a lower workload. **Worktime reduction** as a norm rather than the exception reduces excess consumption while making more time available for lower resource-intensity lifestyles, such as by freeing up more time to recycle, repair or harvest. Unequal distribution due to gender, ethnicity, etc. needs to be addressed within these policies.

### 2 Create employment by moving jobs from capital-intensive to labour-intensive production processes.

For example, promote a shift from industrial agriculture to agro-ecological work, from fossil fuels to the renewables sector – in both cases **the number of jobs created by sustainable solutions are higher than polluting activities**. Jobs in circular economy practices, e.g. maintenance, repair services, renovation or redesign of existing infrastructure for reuse, and the social sector can increase employment without increasing our ecological footprint.



## Policy area 6

# Towards a new social contract

Ensure the equal participation of citizens in the democratic process and decrease concentration of economic power.

### 1 More transparent and inclusive decision-making processes are necessary.

We have to implement more effective strategies to hold governments and corporations that damage, diminish or destroy our health, democracy, environment and human rights accountable. Shape, ratify and implement a legally binding UN Treaty on transnational corporations and human rights to enhance corporate accountability and reduce global material flows.

### 2 It is time to get serious on human rights and environmental due diligence.

As the world's most powerful trading bloc, the EU needs to step up its game in how it conducts business and trade by proposing a Directive on Human Rights and Environmental Due Diligence. This will ensure that due diligence will be applied in all sectors and that member states who have passed laws on due diligence are not at a competitive disadvantage within the EU Single Market.

### 3 Be more transparent and participatory.

Enhance **new models for citizens** to see and fully comprehend who and how EU and national-level decisions are being made. For example, by replacing the voluntary 'Transparency register' with a mandatory lobby register. These new models have to include ways to let citizens participate in decision-making processes, such as participatory hearings and consultations.

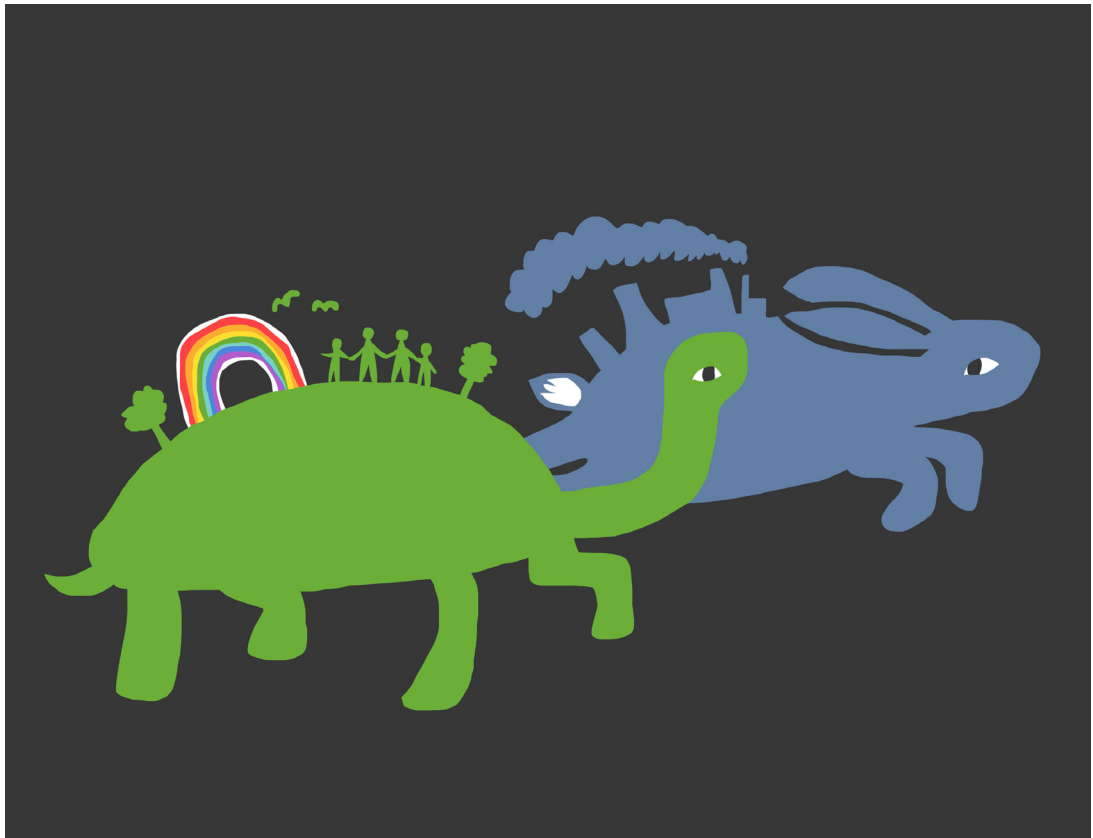
# Turning crisis into opportunity

**T**he economic transition that we just described may sound radical or politically impossible. But the laws of nature are non-negotiable, they are what they are, whether we like that or not. And all the scientific measurements of the state of nature tell us that there are no easy and non-radical ways out of the mess that humanity has created. If we wish to survive and thrive in the increasingly hot, crowded and resource-constrained world that we now live in, systemic changes are needed at a speed not seen in decades.

At present, if all people in the world lived like Europeans, it would take three planet Earths to sustain the lifestyles of its inhabitants. As people in other continents are rising up to demand that their basic needs and wellbeing be met, we face a stark choice. Either we try to use even more force and coercion to deny them their rights, or we choose to evolve towards a more satisfied and peaceful planet for all its inhabitants. The EU needs to lead by example and show that sustainable lifestyles mean an increase in wellbeing and health – and motivate rapidly developing regions to also adopt sustainable patterns of consumption and production.

Every crisis is an opportunity. This crisis can be seen as an opportunity for new job creation, a better work-life balance, reduced pollution, and fundamentally improving social justice and overall wellbeing. This is the response to the green wave in the last European Parliament elections, as well as to the increasing number of studies that show that **a majority of Europeans want more to be done in order to protect the environment, even if it comes at the expense of economic growth.**

The cost of inaction on this matter needs no economic calculations. No trillions can describe what the cost of inactivity is. When Greta Thunberg says that you stole her future and that of her generation, the whole scientific community supports her claim with science. It is not too late to give her and her generation back what was stolen from them: a future where nature and humans thrive together.



The online version of this document, where the **bold text** is hyperlinked with source material, is available at [eeb.org/beyond-sustainable-growth](http://eeb.org/beyond-sustainable-growth)



**EEB**  
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The EEB is the largest and most inclusive network of environmental citizens' groups in Europe.

Our 150 members from 35 countries cooperate across a uniquely broad range of issues.

Together, we advocate for progressive policies to create a better environment in the European Union and beyond.

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Further reading

**Decoupling Debunked - Evidence and arguments against green growth as a sole strategy for sustainability**

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**Europe, it's time to end the growth dependency**