

4 – The transition to a post-growth society

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The Australian economy has grown strongly for the last 50 years. What we now need to do is concentrate on the balance between the economy, the well-being of the community and the sustainability of the natural environment. A reduction in the rate of economic growth would not imply that our standard of living would decline. On the contrary, abandonment of economic growth as an end in itself is a prerequisite to a sustainable future Australia. In the words of John Stuart Mill ‘a stationary condition of capital and population implies no stationary state of human improvement ... there would be as much scope as ever for all kinds of mental culture and moral and social progress; as much room for improving the Art of living, and much more likelihood of its being improved, when minds ceased to be engrossed by the Art of getting on.’

Economic growth refers to expansion in the volume of goods and services produced by a country. It is typically measured by the annual rate of increase of Gross Domestic Product (GDP), that is, the value of final goods and services produced each year. The economy is said to have grown by 4 per cent in a year when the value of goods and services included in GDP expands by 4 per cent. Economic growth has the potential to solve many of the problems faced by individuals, regions and countries.

The potential for growth to solve problems should not, however, be confused with an inevitability that it will solve problems. Nor can economic growth solve problems that are not economic in nature; indeed, it may exacerbate some social and environmental problems. The housing industry has been growing rapidly in Australia in recent years, but new houses are not