

Equality as an ingredient for a post-growth world

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ABSTRACT

It is generally assumed that the increase of monetary wealth, or GDP, is essential both to poverty reduction and to the ecological transformation: it is by growing the size of the pie that the State would be able to support low-income households, by combining progressive taxation with social policies, and to make the necessary investments for environmentally sustainable future. This paper argues for a different approach. It suggests that the persistence of wealth and income inequalities is incompatible with ecological transformation, and that, in the search for a new eco-social contract, it is the fight against inequalities, rather than growth followed by redistribution of its outcomes, should take priority. First, in affluent societies, poverty should be understood as relative and not as absolute: therefore, the fight against poverty should be less about growing the pie to ensure resources can be mobilized to combat extreme destitution, than about redistributing the wealth and resources that we already have. Secondly, growth is not only less necessary than usually presumed; it can also be counterproductive, in the sense that the general rise of affluence creates new needs and therefore new instances of deprivation. Third, growing inequalities result in certain major economic actors being able to exercise a disproportionate influence on political decision-making, allowing them to veto the boldest reforms if they perceive such reforms as going against their interests. Fourth, because of the links between inequality and consumption patterns, any pathway towards resource-efficient and low-carbon societies that incorporates lifestyle changes must include addressing inequalities as a key component.

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I. Social justice within planetary boundaries: the conventional narrative

Even more so than the Great Financial Crisis of 2009-2011, the Covid-19 pandemic has forced upon us an exercise in imagination. It has triggered the search for new development models that would allow, not a return to the pre-crisis situation, but instead the construction of societies built anew: societies that improve the well-being of people, *and* that are also resilient and sustainable, to slow down or reverse the gradual erosion of the ecosystems on which we depend. This is how debates on how to "build back better" or on the content of the "New Social Contract" called for by UN Secretary-General António Guterres have been cast: these debates typically focus on the question of where to strike the right balance between poverty reduction on the one hand, and changing our production and consumption patterns on the other, in order to remain within what scientists call the "planetary boundaries". The challenge, as popularized in particular by the "Doughnut Economics" framework developed by Kate Raworth (Raworth 2017), would be to remain within the "safe and just space for humanity" that she defines: ensuring that all have access to a range of goods and services needed to lead a decent life, while at the same time shifting to lifestyles that limit resource use and the production of waste and pollution.

The framing of the challenge as a matter of a *compromise* has become dominant: it is the conventional wisdom of the times. Poverty eradication and environmental sustainability are the two major components of the Sustainable Development Goals adopted to guide the efforts of the international community for the period 2015-2030. The assumption is that while both objectives are desirable, they compete with one another, so that we would need to accept a kind of "mutual sacrifice" of each: the fuller the range of capabilities individuals are provided, the higher the risk that we will continue to cross certain environmental thresholds, so that the political debate must be on how much of each of these objectives we should aim to achieve. Hence, the need to strike the right balance between them: the challenge would be to define a sort of "optimum" or "sweet-spot" position that would minimize the trade-offs to the fullest extent possible.

This framing of the debate is based on three inter-related assumptions. The first is that poverty is to be conceptualised as a lack of wealth or income, depriving poor households of access to the goods and services that are necessary to lead a decent life. The second assumption is that the ecological transformation of our models of production and consumption will require important investments -- for instance, in renewable energies, in public transport, or in the retrofitting of buildings --, so that the more we focus on the realization of social justice, by financing public services and social protection, the less we would be able to move towards low-carbon societies and to put an end to the erosion of biodiversity, since the fiscal space available cannot be infinitely expanded. The third assumption, finally and critically, is that economic growth -- the increase of monetary wealth, or GDP -- is essential both to poverty reduction and to the ecological transformation: it is by growing the size of the pie that the State would be able to support low-income households, by combining progressive taxation

with social policies, and to make the necessary investments for environmentally sustainable future.

But are these assumptions correct? In what follows, we explain the reasons for our scepticism. We seek both to challenge the dominant framing, and to propose an alternative view. We argue that far from competing with one another, the objectives of social justice and ecological transformation are mutually supportive. The apparent conflict between them, we submit, betrays a lack of imagination. It fails to understand how, by making the right choices -- including the right investment choices -- we can pursue both objectives at the same time. We also believe that the reliance on growth, which in the dominant narrative always functions as a way to alleviate the apparent tension between social justice and ecological transformation (by providing the fiscal space necessary to make green investments and achieve social justice at the same time), is problematic in its own right, and that we need to identify other avenues that can fulfil both objectives.

II. Re-framing the challenge

While ecological transformation and social justice are often presented as competing with one another, the apparent tension between the two is in fact the result of a lack of vision, both in how we conceive the fight against poverty or social exclusion, and in how we define the ecological transformation. As long as we see the former as taking essentially the form of a tax-and-transfer system in which wealth is created in order to be redistributed to support the lowest income-earners within society, and as long as we see the latter as requiring environmental policies to compensate for the transformation of the world into a resource to exploit, the tension will remain real. This is not only because both objectives require significant investments, and that the resources available are not infinite. It is also because those very investments, in order to be paid for, require monetary wealth to grow -- although the quest of growth leads to building an extractive economy at great cost of human health and wellbeing, which cannot easily be reconciled either with social justice or with environmental sustainability, let alone with the two combined.

Social justice is not solely, however, about compensating those who are unable to make a decent income by themselves, as waged or self-employed workers. It can also be about building an inclusive economy, one that provides employment opportunities for all individuals seeking to work and that encourages investments supporting relatively labor-intensive production processes, combined with the reduction of working time to ensure a fair distribution of work across the active population. And the ecological transformation is not only about costly investments to accelerate the shift to renewable energy sources, to better public transport infrastructures, or to improve the energy performance of buildings. It is also about changing the regulatory framework and reforming taxation: for instance, the introduction of a carbon tax -- ideally in the form of a sliding scale for domestic energy prices so households consuming less pay lower prices compared to those consuming more -- and the phasing out of subsidies to the use of fossil fuels can be combined with support to low-income households to allow them to pay their energy bills, to accelerate the shift to renewables in a way that is fiscally neutral; land use planning can seek to reduce the distance between domicile and places of employment and education and therefore the need for motorized transport, at the same time preventing the spatial segregation of the socially disadvantaged; encouraging the shift to low-input (agroecological) farming can significantly mitigate the climate change

impacts of food production while at the same time creating employment opportunities in the farming sector, and making healthy foods more affordable for low-income groups.

These are all examples of measures that provide a "triple dividend": they reduce the environmental impacts of production and consumption, while at the same time creating employment opportunities for people with lower levels of qualification and making the goods and services necessary for a life in dignity affordable for low-income households (De Schutter 2020; De Schutter et al. 2021). Such measures mostly pay for themselves, either because they have no budgetary implications (as is the case for land planning schemes), or because they increase public revenue to allow the State to pay for whatever public expenditures are needed (as is the case through the introduction of a carbon tax).

If the first weakness of the conventional view is its lack of imagination, a second weakness is its reliance on growth. The quest for growth as a means to expand the fiscal space allowing investments in the greening of the economy or in social protection is not sustainable. It puts further pressure on resource use and results in higher levels of waste and pollution: the fabled "environmental Kuznets curve" or other myths about "green growth" or "ecological modernization" are increasingly unable to function as fig leaves to obfuscate this tension. Growth, we suggest, cannot be a substitute for redistribution; and to address the twin challenges of poverty reduction and ecological transformation, the reduction of wealth and income inequalities, not a general rise in affluence, should take priority. This is at the heart of the alternative we propose: a focus on the reduction of income and wealth inequalities, as a means to support the greening of the economy and society.

III. The role of equality in the New Social Contract

We argue that the persistence of wealth and income inequalities is incompatible with ecological transformation, and that the fight against inequalities, rather than growth followed by redistribution of its outcomes, should take priority. The link is obvious at the macro level, once we consider that the more the wealth created is spread equally across the population, the easiest it will be to reconcile the minimization of environmental impacts with poverty-reduction objectives: if the benefits of increased prosperity are redistributed to the worse off in society or -- even better -- if increased prosperity is created more equally across the social hierarchy, less growth will be required for the basic needs of all to be met. And since growing the economy cannot be done without increasing the use of resources and the production of waste, including greenhouse gas emissions responsible for climate disruptions (Jackson 2017; Parrique et al. 2019), it is imperative that, where the economy still must grow -- where poverty reduction depends on the further creation of wealth --, it does so in ways that will maximize its positive impacts on lifting people out of poverty and that will minimize its ecological impacts.

Beyond that macro-level relationship between "inclusive" growth and the ecological transformation, our argument that the reduction of inequalities should be at the heart of the ecological transformation is based on four main arguments, which we detail below. First, in affluent societies, poverty should be understood as relative and not as absolute: therefore, the fight against poverty should be less about growing the pie to ensure resources can be mobilized to combat extreme destitution, than about redistributing the wealth and resources that we already have. Secondly, growth is not only less necessary than usually presumed; it

can also be counterproductive, in the sense that the general rise of affluence creates new needs and therefore new instances of deprivation. Third, growing inequalities result in certain major economic actors being able to exercise a disproportionate influence on political decision-making, allowing them to veto the boldest reforms if they perceive such reforms as going against their interests. Fourth, because of the links between inequality and consumption patterns, any pathway towards resource-efficient and low-carbon societies that incorporates lifestyle changes must include addressing inequalities as a key component. We summarize briefly the first three arguments, before developing the fourth argument, which is more complex and more rarely discussed.

These are not the only arguments in favour of placing the fight against inequalities at the heart of the new eco-social contract (for a more complete picture, see Wilkinson and Pickett 2022). In addition to the arguments detailed below, there are reasons to put a brake on the consumption patterns of the wealthiest groups of the population: not only is the environmental footprint of the rich so large that it has to be reduced as an essential part of bringing the environmental crisis under control (GSDR 2019: 17; Chancel and Piketty, 2015) , but in addition, as those lifestyles are presented, they may become the norm for others to emulate -- which would, of course, only bring the threat of an ecological breakdown nearer. Greater equality, moreover, is a central determinant of both health and social wellbeing. If government policy is to prioritize wellbeing over economic growth, the reduction of wealth and income inequalities should, therefore, be a major part of its project. Finally, greater equality leads people to be more cooperative and mutually supportive (Uslaner and Brown 2005; Wilkinson and Pickett 2009: 233; Wilkinson et al. 2010; De Schutter and Dedeurwaerdere 2022: chap. 7). It will make us more willing to pull together and provide mutual support as we face environmental emergencies and disaster. While space limitations prevent us from developing these arguments further, they would further strengthen the case for equality we make here.

1. "Modern" poverty is relative, not absolute

It is commonly thought that poverty is mainly about a lack of income depriving individuals from access to certain goods or services allowing them to satisfy their basic needs. This definition of poverty is still that of the Sustainable Development Goals. But it presents two major insufficiencies.

First, this "money-centric" understanding of poverty fails to take into account that the provision of public goods can, at least in part, compensate for the lack of income. The level of incomes required to lead a decent life, allowing the individual not only to meet his or her basic needs but also to avoid this kind of social exclusion, depends on which goods and services are allocated on the basis of one's ability to pay: in societies where education and healthcare are free, for instance, or where subsidized housing is available for low income-earners, lower incomes may nevertheless allow for the enjoyment of social rights, whereas in societies not providing such public goods, higher incomes will be necessary to meet the necessities of life.

Combating poverty, therefore, should not be only about raising standards of living of the lowest income-earners or the poorest households, by increasing post-market social transfers: it should also be about reducing the gap between the richest and the poorest groups of society

by providing public goods, and by pre-market measures creating the conditions for individuals to be integrated within a more inclusive economy.

The view of poverty as lack of income presents a second major deficiency, which is even more significant. It is based on an understanding of poverty as *absolute* deprivation, whereas people in poverty, in affluent societies at least, are mainly affected by *relative* poverty. Poverty depends, in other terms, not only on the range of goods and services one is able to command with one's purchasing power, but also on one's position on the social ladder, that allows one -- or not -- to meet certain social expectations, and thus to avoid the shame or stigma that results from social exclusion. As noted by the great sociologist Peter Townsend, working in the context of the United Kingdom: "Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the type of diet, participate in the activities and have the living conditions and the amenities which are customary, or at least widely encouraged or approved in the societies to which they belong. Their resources are so seriously below those commanded by the average family that they are in effect excluded from ordinary patterns, customs and activities" (Townsend 1979: 31). A similar view was presented rather differently by the social anthropologist Marshall Sahlins who remarked that: "Poverty is not a certain small amount of goods, nor is it just a relation between means and ends; above all it is a relation between people. Poverty is a social status. As such it is an invention of civilization. It has grown with civilization...as an invidious distinction between classes..." (Sahlins 1974: 37). The centrality of relative poverty to the lives of people in poverty was shown in a more recent study covering both rich and poor countries, which showed that despite the enormous differences in the material living conditions of those in poverty in rich and poor countries, the experience of the poor was, in both settings, dominated by feelings of shame, failure, self-loathing and disrespect (Walker et al. 2013). These feelings are strong enough for it to be quite normal for people in poverty to spend on items to do with social acceptance and participation in precedence to necessities such as food.

2. The quest for growth may be counterproductive

It follows from the preceding argument that growth will be insufficient to combat "modern" poverty unless it is combined with redistribution. But growth is not only insufficient, in and of itself, to combat poverty; it can also be counterproductive. Indeed, the more certain items are produced at scale, and enjoyed by the larger part of the population, the more they become indispensable for all: not being able to have access to these items makes you feel excluded. With his usual lucidity, Keynes distinguished in this regard two classes among the needs of human beings -- "those needs which are absolute in the sense that we feel them whatever the situation of our fellow human beings may be, and those which are relative only in that their satisfaction lifts us above, makes us feel superior to, our fellows". He remarked that the needs of the second class, the "relative" needs which result from the desire to keep up with the neighbours or even to jump ahead of them, "may indeed be insatiable; for the higher the general level the higher still are they" (Keynes 1932: 365-366). The result is what another great economist of the 20th century, John Kenneth Galbraith, called the "Dependence Effect": while it is ostensibly meant to satisfy pre-existing needs, production creates new needs, as what was once the privilege of a happy few becomes a legitimate expectation for all to acquire and to enjoy (Galbraith 1958: chap. XI).

Indeed, in his own contribution to this discussion, Fred Hirsch noted that, as general affluence increases, larger portions of the households' expenditures go to the purchase of "positional goods" -- goods, such as a college degree or a new car, which are sought after because they allow one to distinguish oneself from others, to claim a certain rank within society. The rise in general affluence annuls the value, to the individual, of such positional goods as he may have acquired, since once a large part of the population has access to such goods, the reward disappears. The benefits expected from the progress of material wealth, and from its extension to all groups of society thanks to mass production, thus end up cancelling themselves out. In the sphere of positional goods, the value of the good to the individual depends on others not having access to that same good: my impressive-looking car is of much less value to me if I am in a society in which the vast majority have equally impressive cars, and not just a well-functioning bicycle and a free pass allowing me to take trains (Brighouse and Swift 2006). This is also why people care not only about *absolute* income, allowing them to acquire what they need to lead a decent life, but also about *relative* income: if they want to be able to acquire what will allow them to distinguish themselves from their fellow citizens, they will have to be richer than them (Hirsch 1977: 36).

3. Political economy

There is a third reason why the growth of inequalities is incompatible with the ecological transition: more unequal societies are less well-equipped to adopt transformative policies, both because the move towards sustainability will meet with widespread opposition unless people feel that the inevitable burdens of change, and of the policies necessary to drive it forward, are fairly shared (Wilkinson and Pickett 2022; and 2009: 221-222), and because of the veto power of the elites opposing any change that might threaten their privileged position. In the absence of major redistributive policies, people in poverty, including large portions of what Guy Standing calls the "precarariat" (Standing 2011) will oppose measures such as carbon taxes introduced to deal with a crisis created predominantly by the rich. Yet, in addition to the weight of the financial markets on political decision-making, which leads to de-democratize the State, it is widely documented that policymaking has been systematically skewed in favour of the most powerful corporations in recent years. The ability for large corporations, in particular, to distort even democratic processes has less to do with corruption or lobbying than with their ability to present themselves as the champions of economies of scale, of efficiency gains through the segmentation of the production process across jurisdictions and of the control of worldwide logistical networks. Mass consumption requires mass production. The emptying out of democratic politics has often been the price to pay for both.

Martin Gilens and Benjamin Page have illustrated how decision-making by elected representatives systematically favours large corporations – the economic elites – betraying the expectations of ordinary people (Gilens 2012; Gilens and Page 2014). And while their empirical work is focused on the situation in the United States, where money plays a particularly important role in politics (Stiglitz 2013; Drutman 2015), this is not an exceptional case. In fact, this phenomenon has become worse with the growth of inequalities over the past forty years. A study covering 136 countries for the period 1981-2011 showed that "as income inequality increases, rich people enjoy greater political power and respect for civil liberties than poor people do" (Cole 2018). Capture by economic elites has gone global; it was the exception; it has become the rule (George 2015). It leads not only to what the United

Nations Conference for Trade and Development (UNCTAD) calls "the revenge of the rentiers" in its flagship 2017 *Trade and Development Report* -- a phenomenon by which "increasing market concentration in leading sectors of the global economy and the growing market and lobbying powers of dominant corporations are creating a new form of global rentier capitalism to the detriment of balanced and inclusive growth for the many" (UNCTAD 2017: 219) --; but also to the gradual dismantling of protections for workers and low-income households, and the financing of public services that can reduce inequality, that are facing a form of permanent assault (Wisman 2013).

4. Inequality breeds unsustainable consumption

Our fourth argument for placing the fight against inequalities at the heart of the ecological transformation is based on the links between inequalities and consumption patterns (Pybus et al. 2022). Income and wealth inequalities stimulate the drive for status, and for a kind of consumption that responds to status anxiety: the fear that one will not be valued in the eyes of others (Ridgeway 2014), or that one will not fulfil social expectations (de Botton 2004).

Status consumption

Such a link exists, first, because inequality stimulates status competition and thus material consumption. We "want" material things, for the most part, not because of the comfort they provide alone, but for the message we send to those around us by owning or using them. This was a key insight of Veblen in his *Theory of the Leisure Class*: "the standard of expenditure which commonly guides our efforts", he wrote more than a century ago, "is not the average, ordinary expenditure already achieved; it is an ideal of consumption that lies just beyond our reach, or to reach which requires some strain. The motive is emulation -- the stimulus of an invidious comparison which prompts us to outdo those with whom we are in the habit of classing ourselves" (Veblen 1899: 64). This explains in part the permanent quest for more that characterizes individual behaviour in more unequal societies: since "each class envies and emulates the class next above it in the social scale, while it rarely compares itself with those below or with those who are considerably in advance" (id.), unequal societies stimulate a permanent race for status through consumption (see also Wilkinson and Pickett 2018: 152).

Indeed, social psychology has demonstrated that we attach more importance to our position in comparison to others against whom we rank ourselves, than to our absolute levels of consumption alone (Dolan et al. 2008; Solnick et al. 1998). Conversely, if we achieve greater equality, or if we move towards a society in which social positioning can be signalled by means other than consumption, status consumption decreases (Wilkinson and Pickett, 2009: 226). Unsurprisingly therefore, whether it is measured by analyzing the Google searches of consumers (and the frequency of searches on expensive brands) (Walasek and Brown. 2015) or by analysing twitter conversations (and the mentioning of such brands in these conversations) (Walasek et al. 2017), attractiveness to conspicuous consumption is more important in more unequal societies. (It is also especially noticeable in urban settings, in which consumption is the privileged means to signal social status, due to the anonymity of the city (Currid-Halkett et al. 2019).

Status consumption leads to a specific form of planned obsolescence: as Fred Hirsch had already noted (though he did not describe this as planned obsolescence), the more a good

becomes widely available, the less it "signals" social status (see also Ritzer 2001). Therefore, the search for status through consumption leads to a permanent quest for novel items that allow one to distinguish oneself from others: this is the explanation for the success of "brands" (Mason, 1998) as well as for the "Veblen paradox" -- according to which, for certain goods, demand will increase with price, rather than decrease -- (Goenka and Thomas 2020).

Status anxiety

Status consumption is driven, in turn, by status anxiety. Status anxiety is higher in unequal societies, because rank, by definition, matters more in such societies in which differences between individuals or households are more pronounced (Wilkinson and Pickett 2018). Unequal societies therefore cause a specific type of stress: individuals fear that they will fall from one rank to the next, as a result of which they adopt a competitive attitude which consists in the quest for status above other objectives, at the expense both of their individual health and of social capital. Recent data on over 18,000 individuals in European countries, for example, confirms links between income inequality and physiological markers of inflammation (namely, high levels of concentration of C-reactive protein) that are associated with chronic stress, with those in lower socioeconomic positions being worst affected (Layte et al. 2019). This is one important yet often underestimated reason why lower socio-economic status leads to lower life expectancy and poorer health: people in relative poverty experience greater stress due to economic insecurity and they are more subject to social status and social threat. This leads to a physiological response that increases the risks of heart disease as well as of other pathologies such as type 2 diabetes and cancers (Tabassum et al. 2008; Tawakol et al. 2017), as well as mental ill health.

Inequality affects not only those with a lower socio-economic status, however, but also those on other ranks of the income distribution ladder. A 2007 cross-national survey of over 34,000 individuals carried out in 31 European countries thus showed that respondents from low inequality countries reported less status anxiety (in response to the statement "some people look down on me because of my job situation or income") than those in higher inequality countries at all points on the income rank curve (Layte and Whelan 2014). Indeed, in unequal societies, "status-seeking" (which includes concerns about relative social position, awareness of social hierarchies and an assessment of how much the person relies on the opinions of other people) (Paskov et al. 2017), is more frequent and widespread than in more equal societies: where there is inequality, there is constant social comparison, and there is a reduced sense of commonality and solidarity. And this is true at all income levels: the result is that, as all members worry about their social rank, social relationships are viewed as competitive rather than collaborative (Rodriguez-Bailon et al., 2020), resulting in heightened status anxiety and lowered social trust (Layte, 2011; Delhey and Dragolov, 2014).

Of course, being out of a job, living on low incomes, not owning a home or occupying a position perceived as inferior all worsen status anxiety (Delhey et al. 2017). But status anxiety does not only affect the lower ranks of society: for instance, levels of job satisfaction are reduced across all income groups in more unequal settings - perhaps relating to concerns about the risk of being stuck at certain levels of the hierarchy in the absence of promotions, or of being demoted, or generally of not being able to meet societal expectations for success (Keshabyan and Day 2020). At the same time, status anxiety may be less significant at both extremes of the income curve. At the lower end, socioeconomic disadvantage can sometimes lead to less

status-seeking because in very unequal settings higher status can seem out of reach – ‘giving up’, rather than ‘keeping up’ with the Joneses (Delhey et al. 2017). At the higher end, among the richest part of the population, some studies suggest that status anxiety is less prevalent, and that higher levels of inequality may even lead to improved subjective well-being for those who are in the upper ranks: those in the highest quintile can “look down” on others, leading to a sense of superiority which is a source of psychological benefit; and those in the second quintile can anticipate that they will climb up the ladder, a “tunnel effect” (Hirschman Rothschild 1973) that can itself bring about psychological benefits in the form of anticipated pleasure (Bartram 2022).

IV. Conclusion

This paper argued that the fight against inequalities of income and wealth should be central to the ecological transformation. Inequality, however, can be reduced in two ways. One is by redistributing the wealth created by economic growth, by tax-and-transfer policies: this is the classic role of the welfare State. Another approach is to seek to reduce inequality by transforming how the market itself operates: this is the role of an inclusive economy. The argument put forward here is also that this latter approach, pre-market rather than post-market, is far more promising. Indeed, as we face environmental breakdown, it may be the only viable strategy in the long term. The implication is that more efforts should be made in support of the social and solidarity economy, economic democracy, or the reduction of working hours -- reforms, in other terms, that ensure that the economy works for the common good, so that compensatory measures are less needed (whether such measures aim to repair the environmental costs of growth or to make up for the inequalities caused by the market). A sustainable economy is not simply one that minimizes resource extraction and that recycles waste. It is also one that is inclusive by design, and in which choices are made democratically, both by the State and by other social organisations.

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