



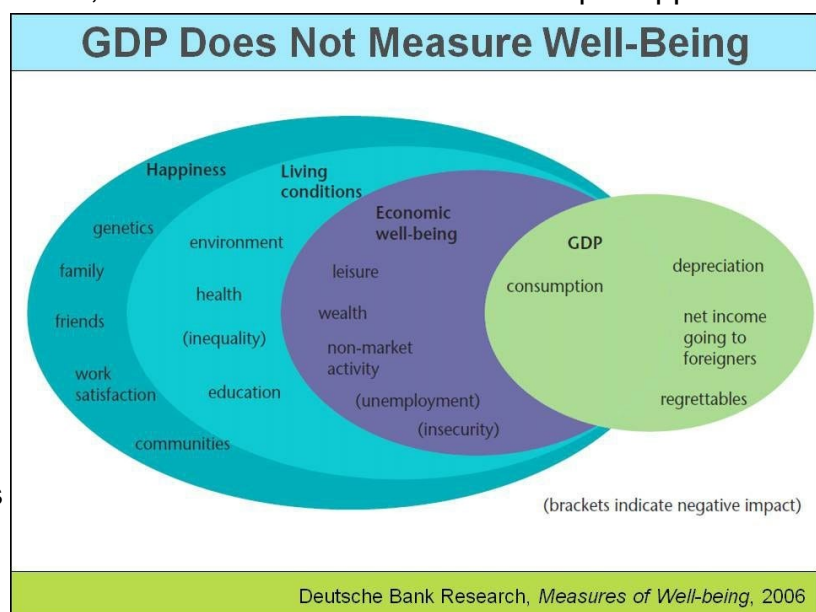
Climate change and GDP

It is clear that climate change is having a significant impact on everyone with more violent storms, floods, wildfires, heat waves and loss of polar ice. In order to prevent things getting much worse, we have to change the way we do things. Yet, it is hard to see how we can make the necessary changes without damaging our lifestyles and the global economy, which is predicated on continued growth. How can we simultaneously decarbonise most of our activities but keep the economy going? We rely heavily on fossil fuels for a major part of our energy supplies, nationally and in our homes, as does most of the rest of the world. Our government wants to grow the UK economy and seems to have rowed back on achieving net zero in a number of areas.

If we don't achieve net zero, we will be much more vulnerable to the volatility in the price of fossil fuels, especially natural gas, and to the impact of climate change. Growth and net zero have to be locked together so that the one drives the other. In fact, net zero is essential to economic growth. And we need that growth to generate wealth in order to support the NHS, education and other essential services. These are not new findings – in fact commentators, economists and researchers have been saying this for the last 30 years or more. It's just that all governments have been very slow to act.

Governments rely on the measurement of Gross Domestic Product (GDP) as a measure of the success or otherwise of the economy. GDP measures the monetary value of all goods and services over a set period, usually one year. GDP doesn't measure most things that are crucial to having a good life. It takes no account of climate change. Using GDP, the more oil and gas we sell, the more business that waste disposal companies have, the more stuff that is sold to us, the better the economy is performing. It doesn't measure individual or national health, education, the state of the environment or equal opportunities.

A stark lesson in the limitations of GDP came from the Covid-19 pandemic. The richest countries of the world, as measured by GDP, suffered a higher proportion of deaths from the pandemic than did poorer countries. We have seen the same thing happening in our hospitals this winter – all the beds have been occupied, with people having to stay on trolleys in corridors. Part of this is because the number of spare beds in hospitals has been reduced to improve efficiency and maximise their use. Unfortunately, this means when



there's a surge in people needing care, hospitals run out of beds. And the social care system outside of hospitals cannot cope, either. Thus the focus of GDP is more on activities that have led to climate change than on the key things that matter in our lives.

Few of us want to give up our lifestyles. Many of us, particularly in Cold Ash, have comfortable homes, plenty of food, one or more cars, sufficient clothing and take holidays abroad. We have all these things because we work, or have worked, hard, and there's been no restriction on use of resources. For most of our lives we have given little thought to where things come from, whether or not resources will run out and what impact we have directly or indirectly on the well-being of the planet. How can we make changes? On an individual basis. We have to examine our patterns of consumption: Do we eat too much food? Do we use our car when we could use public transport? Do we avoid following clothing fashions? Do we move investments (including pensions) away from the fossil fuel industry? If society changes its behaviour, governments will follow.

The global economy is a complicated web and regulations differ between countries. This makes it hard to change business practices. There are global bodies such as the World Trade Organisation (WTO) and the International Organisation for Standards (ISO) that work towards levelling the playing field but individual countries adopt protectionist policies that inhibit change. On the other hand, industry can develop new products that have minimal impact on the climate and may even go some way to mitigating climate change. The food packaging industry is making big changes in this respect with more packaging being compostable or made from renewable sources. The clothing company Patagonia lets you trade in and buy used Patagonia gear.

There is an index that could be used along side GDP to gain a better understanding of the contribution of social progress to well-being. Called the Social Progress Index, it measures *Basic Human Needs* (nutrition, water & sanitation, shelter, personal safety), *Foundations of Well-being* (access to basic knowledge, access to information & communications, health & wellness, environmental quality) and *Opportunity* (personal rights, personal freedom & choice, inclusiveness, access to advanced education). This index values goods and services in relation to their environmental and social impact showing what the external costs are. It shows whether food production subsidies are appropriate and effective. For example, the fossil fuel industry is heavily subsidised in many places but the impact of fossil fuel use is not accounted for. The Social Progress Index would give a better picture of the effects of burning oil and gas, as well as other industrial activities.

GDP is the wrong tool for measuring what matters: Scientific American:

<https://www.scientificamerican.com/article/gdp-is-the-wrong-tool-for-measuring-what-matters/>

How GDP negatively affects climate change policy. Earth.Org: <https://earth.org/gdp-climate-change/>

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