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Sustainability and social policy nexus

Mahmood Messkoub

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Abstract

Social policies predate the welfare state and have left their mark on the genesis and development of the welfare state in different countries, that testifies to the importance of historical and ideological path-dependencies of social policies in different countries.

The political/political-economy ecology literature links theories of social welfare and welfare state to environmental issues like resource use through the relationship between economic growth and sustainability. Orthodox mainstream neo-classical and Keynesian economics rely on economic growth in order to raise living standards but using different channels and mechanisms. It is this reliance on economic growth and its depletive effect on environmental resources that has lied at the heart of the critiques of growth oriented liberal/neo-liberal or Keynesian economic policies, and for that matter, economic policies of centralised economies of socialist countries.

This paper will start with a critique of conservative environmentalism that is inspired by Malthusian population pressure (with all its social policy implications), that to some extent also informs the degrowth approach. It would then ask how to meet the increasing health, education and other social needs whilst minimising the depletion of natural resources. I argue that the answer to the question of a sustainable social policy in part lies in an economic model, a la Kalecki and others, that can manage/negotiate the composition of output whilst investing in resources to reduce depletion of natural resources and greenhouse emissions. This is a growth strategy based on ‘the human theory of needs’ that meets the needs of current generation and provides some measure of inter-generational justice. The welfare and social policy counterpart of this should involve public and collective provisioning of socially necessary services of health and education as well as a range of other care services that will reduce per capita cost through economies of scale and scope whilst providing an equitable access to these services – universal provision and access and not targeting is at the heart of this approach.

Keywords

Sustainable economy, growth/degrowth, sustainable social policy, distribution.
Sustainability and social policy nexus

1 Introduction

This paper is concerned with macro-level sustainability of social policies, rather than sustainability of specific social policies like health and education in terms of their environmental impacts, important as they are. At macro-level a sustainable social policy is intrinsically linked to a sustainable economy and society. Considering the emergency nature of climate change based on scientific evidence on global warming of 1.5 C above pre-industrial levels (IPCC, 2018), sustainability of life on earth requires a paradigm shift in our approach to how the economy and society should be organised and managed.

For decades economic growth has been one of the most important policy objective in the capitalist market as well as centrally planned economies in order to deliver on human development targets and reduce poverty and inequality at national and international levels. Redistributive social policies played a crucial role in mobilising resources generated by economic growth and prosperity to improve human welfare measured, e.g., by low infant and child mortality, higher life expectancy. Moreover, social policies such as state support to children and families, minimum wage, unemployment social insurance and pensions made important contributions to welfare of population through different stages of life that has come be known as welfare state. (Pierson, 1989, Pierson, et al., 2014.)

Reliance on growth has not been without its costs in terms of depletion of environmental resources and pollution. The early industrialising developers of the North have been on the forefront of this destruction of environment both at home and abroad through centuries of colonial and imperialist resource extraction. This is the environmental debt of the high-income countries to the rest of the world. (See, e.g., Patel and Moore, 2017, Redclift, 2018, Hickel, 2020, Ajl, 2021.) The political/political-economy ecology literature has raised important questions about a growth centred economic strategy that has led to a rich literature on whether or not economic growth is needed for improving human welfare (see, e.g., Ibid and Berr, 2015, Jackson and Victor, 2016.)

It is in this context of economic growth and development that this paper addresses social policy issues and its contribution to improving human welfare and achieving a sustainable society. I begin with a critique of conservative environmentalism that is inspired by Malthusian population pressure (with all its social policy implications), that to some extent also informs the degrowth approach. It would then ask how to meet the increasing health, education and other social needs whilst minimising the depletion of natural resources. I argue that the answer to the question of a sustainable social policy in part lies in an economic model, a la Kalecki and others, that can manage/negotiate the

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1 Special thank is due to Ray Bush for his insightful and valuable comments on an earlier draft of this paper. All the remaining errors are, alas, mine!
composition of output whilst investing in resources to reduce depletion of natural resources and greenhouse emissions.

This is a growth strategy based on ‘the human theory of needs’ that meets the needs of current generation and provides some measure of inter-generational justice. The welfare and social policy counterpart of this must, the paper will argue, involve public and collective provisioning of socially necessary services of health and education as well as a range of other care services that will reduce per capita cost through economies of scale and scope whilst providing an equitable access to these services – universal provision and access and not targeting is at the heart of this approach.

To deliver on an eco-development strategy that addresses the social needs of any society this paper pays particular attention to the relationship between an active civil society and an activist democratic state with its noncommitment role of planning and regulating the market economy (Berr, 2015).

2 Social Policy and the question of sustainability

Sustainability ‘defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs’ (WCED, 1987, p. 40) sets out a boundary on current economic growth and consumption since earth resources are limited. This is the first condition of sustainability. Besides limits on resources, sustainability also has to take account of pollution and absorption capacity of the earth (Fitzpatrick, 2011). We might consider this as the second condition of sustainability. These are minimum conditions that any sustainable social policy has to fulfil.

The relationship between social policy and their environmental impacts in modern political economy literature date back to the work of Malthus who in the late 18th century articulated one of the earliest, and undoubtedly most influential, relationship between needs and activities of people and their impact on limited land and natural resources (Malthus, 1798). In a nutshell he argued that given a limited amount and productivity of land, the rate of growth of population would surpass the rate of growth of food production because of the diminishing returns to land as the number of people increase. Malthus’ important assumption was that food production would grow at an arithmetic rate while population grows at a geometric rate, thus food production per head would decline steadily. To counter this development, he envisaged positive and negative checks on population, the former resulting from disease and famine and the latter from reduction in births due to delayed marriage and in general less sexual activities.

It is the change in the age of marriage and lowering of fertility which are at the heart of a Malthusian solution to negative impact of population on the environment. Population control as a social policy has been the corner stone of
some influential environmentalist writers in 20th century. A similar Malthusian argument has been made against international migration for putting pressure on resources of host, especially the high-income, countries. The argument has been based not only on the absolute increase of population but that the consumption pattern of migrants emulate high consumption pattern at destination. Combination of the two effects, it is argued, inevitably lead to more depletion of earth resources, especially in the destination country (Angus, et al., 2011, ch. 9; Esmailian, 2015). Poverty in the world of Malthus was due to ignorance and indolence of the poor and the solution was keeping their number low.

Empirical evidence on fertility and food production does not support Malthusian assumption and its consequences. Not only has fertility world-wide have been falling, but some developing countries have had the fastest decline in fertility in history (Mehri, et al, 2020, Messkoub, 1999, Thirlwall, 2017). In addition growth of food production has outpaced population growth in the past 50 years (FAO, 2002) and is predicted to continue (albeit at a slower rate) well into the middle of 21st century (FAO, 2009) with no threat to world food supply and market in the short-term (FAO, 2021).

Other classical economists like Ricardo and John Stewart Mill did not fully share the pessimism of Malthus as far as negative impact of population was concerned. However, it was left to Karl Marx to argue that that the problem of poverty was not the pressure of population in relation to the means of consumption, as in Malthus, but pressure of population against means of production. According to Marx there is a constant pressure to increase surplus value by increasing the productivity of labour thus growth of accumulated surplus, if invested, leads to increased productive capacity. But this increased productive capacity is at the expense of increased population because of labour saving machinery. Demand for labour will not match supply of labour as population increases leading to unemployment and creation of a reserve army of labour which presses down on wages. Poverty is not then due to too many people pressing over too few resources – Malthus’ overpopulation thesis – but unequal distribution of productive resources (including land) that leaves too many people without the resources to earn a wage or to produce for themselves.

The two approaches to the question of population and poverty lead to two different policies on poverty alleviation and improving welfare. In Malthus’ view the original Poor Law of 1500 and its reformed version in 19th century made the poor dependent on charity. Moreover, he argued, any support to the poor would be at the expense of the rest of population because the means of subsistence are limited and fixed. He further argued that if a fixed amount of wage goods were to be distributed among a growing population or paid as higher wages to the working population, the price of wage goods would

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3 For a detailed critique of Malthus see Foster (1998) and references therein.
increase. The resulting wage inflation would erode the purchasing power of higher wages. He concluded that those who do not contribute to production and earn their living do not deserve to be supported. In short, any charity to the poor or increase in wages would be detrimental to the welfare of workers and the rest of population.4

For Marx, on the other hand, poverty was a necessary outcome of the exploitation of the workers (their receiving only a part of the surplus value they produced) and their lack of access to the means of production. This was an issue of distribution of output as well as access and control over means of production, including land and other assets. Distribution of output and resources have been driven by class and social struggles to improve living conditions. That in turn has put the question of distribution firmly on the agenda of social reformers since the middle of 19th century; that also has come to define the role of state in the economy and society.

With this brief introduction on the origin of the relationship between environmental issues and economics we can now turn to a discussion of the evolving relationship between economics and social policy in the 20th century.

3 From the normative to the positive social policy: distributional issues

Social policy that emerged from the above discussion on the origin of environment and social policy nexus was a normative one. Malthusians solution for over-population and Marxian argument for distribution were more ideas than policies. Political struggles of 18th and 19th centuries against absolutism and arbitrary rule and emergence of nation state turned normative social policy ideas into positive social policies. Some of these social policies like universal education, public health measures and prohibition of child labour were part of the agenda of capitalist industrialisation that needed an educated and healthy labour force. Others like state pension, public healthcare, child support and unemployment benefit are the result of working people’s struggle for a better life and a bigger share of the national output and resources. These are distributional issues that any economy has to address subject to sustainability conditions. But first let us provide a brief outline of what a positive social policy is.

3.1 Positive social policy5

A positive social policy is ‘collective intervention in the economy to influence the access to and the incidence of adequate and secure livelihoods and income.’ (Mkandawire, 2004: 1) This provides a good starting point to locate the role of

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4 For a more detailed discussion of Malthus’ view on population and ‘wage-fund’ see Foster (1998). See also Rezai and Stagl (2016) on the historical linkages between environmental concerns and development of economics.

5 This section draws on author’s earlier works: Jawad, Jones and Messkoub (2019) and Messkoub (2021).
social policy in a modern market economy with its unequal distribution of resources and insecure livelihoods. It is important to emphasise the broad objectives of social policy with regard to redistribution, protection and transformation (Ibid.). This is in contrast to the narrow view of social policy which limits its brief to matters of health and education and to a ‘safety net’ and social protection of people in social and economic distress due to, e.g., unemployment, poverty, disability, old age.

We need to distinguish between social welfare and social policy. Whilst social welfare refers to any kind of mutual help and socially organised activities – whether provided by the state or non-state actors – social policy is state-led and state-organised aiming to support individuals and households and forms part of the broad economic and development agenda of diversification of an economy that requires a healthy and educated labour force and a stable social environment. In this regard social policy can be viewed as a social contract between labour and capital – or citizens and the state – that are important in the growth and development process of a nation state (Briggs, 1961, Ghosh, 2004).

Historically, societies have witnessed a move from small-scale, largely faith-based or mutual support network among people sharing similar lineages, works and cultures, to large-scale state-sponsored social support systems – a transition that has tracked closely the emergence of nation states. Faith-based social support have usually been founded on charitable principles of ‘doing good’ and helping people in need and alleviating poverty, whilst mutual support networks have been founded on principles of self-help and reciprocity. These developments are also reflected in the structure and time path of social welfare provisioning around the world where faith-based and mutual support charitable social services are combined with extensive services provided by the state (Messkoub, 2021).

The distinction between social welfare and social policy would also draw attention to the role of non-state social actors in welfare provisioning. Examples of such social institutions are households caring for their members and non-state secular and religious mutual charitable organisations that provide health and education services.

There is also an important analytical difference between social provisioning organised by the state as part of its social policy agenda that is based on the principles of ‘rights, regulation and redistribution’ in the context of a social contract, and social provisioning provided by non-state actors that are based on ‘reciprocity, inclusion and trust’ as well as altruism. The premise of ‘rights’ has an important implication for citizenship, entitlement, claim and access to various services as well as legal and regulatory provisions of social policies; that also provides the backdrop for political aspirations and claims on the state.

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6 For a brief discussion of history of social welfare see Briggs (1961) and Marshall (1950).
Such has been the history of welfare state in Europe and the development of state organised welfare provisioning around the world. The history of Poor Law in the 19th century Britain and the fact that the poor were not considered full citizens with rights is a testimony to the importance of rights in the development of welfare state. As T. H. Marshall (1950) stated:

The Poor Law treated the claims of the poor, not as an integral part of the rights of the citizens, but as an alternative to them – as claims which could be met only if the claimants ceased to be citizens in any true sense of the world. For paupers forfeited in practice the civil rights of personal liberty, by internment in the workhouse, and they forfeited by law any political rights they might possess. This disability of defranchisement remained in being until 1918... The stigma which clung to poor relief expressed the deep feelings of a people who understood that those who accepted relief must cross the road that separated the community of citizens from the outcast company of the destitute. (p. 31).

Rights also influence and contribute to what Fraser (1989) has called ‘the political imaginary of social welfare,’ an imaginary that may have originated in political promises on welfare provisioning. But rights put them on firmer footing which, combined with regulations of, e.g., health and safety at work, wages and labour relations would open up other areas to claim a fairer share of the fruits of one’s labour from private and public employers. (Pierson, 1998, ch. 4.)

In any welfare regime, the relative weight of different institutions (state, market, households and non-state organisations) critically depend on the balance of political forces and economic conditions in a country that over time sets the trajectory, achievements and vicissitude of social policies (Esping-Anderson, 1990; Kwan et al., 2009). Herein lies the path dependency of social policy and welfare regimes in the world.

This broad view of social policy is closely associated with the emergence of welfare state and Keynesian post-WWII economic policies (Sawyer, 1989); that also found its counterpart in the state-centred development in centrally planned economies (Pierson, 1998).

Distributional concerns are at the core of any economic theory concerned with the welfare of population in the present and in the future. Whilst in the short-run distributional issues are more concerned with the current production level than increasing production capacity through investment, in the medium- to long-run increased production and investment issues dominate since increasing welfare, especially in countries which start from a low level of welfare of population, require an expanded production. Even in countries which have achieved a high level of human development (in terms of low mortality of infants and children, high life expectancy, high levels of literacy and educational attainment by both genders, high level of gender equity in law and practice, etc., and even high level of ‘happiness’ as in Denmark) need to increase production in order to replenish depreciating capital stock and to satisfy increasing demand as incomes rise and populations live longer.
3.2 Growth, sustainable development and social policy

The growth trajectory of an economy and the composition of output of that growth provide the critical link between social policy and sustainable development. Since the early phases of globalisation in the 16th century and especially since the industrial revolution in the 18th century growing economies have relied on a range of resources that have been shipped around the world thus depleting the exhaustible resources of the earth. Earlier phases of globalisation were characterised with smaller world population, less destructive technologies and slower means of transport and communications compared with the current phase which gives sustainability a much more globalised character. Yet, the earlier phase – the era of the colonial expansion and control – which was based on the production and extraction of raw material using indigenous as well as slave/indentured labour did lead to large scale destruction of nature in the colonised world. The earlier phase of globalisation has left a legacy of environmental degradation, and production and trade patterns to low- and middle-income countries that has hampered their development overtime. It in this context that the question of environmental debt of the high-income to other countries arises. Compensation for such environmental debt has to be factored in any global sustainability strategy. Let us note that in a globalised world sustainability is borderless.

A sustainable growth is at the heart of a sustainable social policy. Nation states promote growth, as measured by GDP, for its own sake as an indicator of prosperity of a country, as well as for its importance for state’s finances for funding various social policies. But the very notion of sustainable growth has been questioned in relation to exhaustible national and international resources giving rise to a growing literature on degrowth. It is at this crossroad of growth and degrowth that we need to discuss sustainable social policies (Hickel, 2020, Patel and Moore, 2017). Composition of output is an important issue for a sustainable economy; a composition which in a capitalist economy is based on effective demand and the so called ‘consumer sovereignty’. In this context the question of ‘What to produce?’ cannot be separated from the question of ‘For whom to produce?’, with all its distributional implications. We need to ask some very fundamental questions about ‘What?’ the economy should produce and ‘For whom?’ and for ‘What purpose?’ and ‘How?’.

The question of ‘needs’ versus ‘wants’ is at the centre of this debate. Gough (2015) has argued that sustainable welfare should be based on a theory of human needs rather than consumer preference and sovereignty. ‘Preference satisfaction [of ‘wants’ or ‘needs’] cannot provide a logical, ethical or practical conception and measure of human well-being—and especially so when we must consider well-being on a global and inter-generational scale.’ (Gough, 2015: 1194) Because current preferences are subjective (e.g., preferring Mozart to Beethoven) and preferences of the future generation cannot be revealed. That is why ‘needs’ (e.g., for water and certain amount of daily calorie intake) which are objectives and can be socially identified, quantified and universalised
are better for organising production, consumption (as needs satisfiers) and distribution. ‘Need’ in the context of the theory of human needs:

…refers to a particular category of goals which are believed to be universalisable. The contrast with wants—goals that derive from an individual’s particular preferences and cultural environment—is central to our argument. The universality of need rests on the belief that if needs are not satisfied then serious harm of some objective kind will result… we define serious harm as significantly impaired pursuit of goals which are deemed to be of value by individuals. (Ibid., pp. 1194-1195).

The most basic of needs is physical health that has a two-way relationship with the important facets of human autonomy: mental health, cognitive understanding and opportunities for social participation. To satisfy the basic need of health, the theory of human needs stipulates the following universal requirements: adequate food, nutrition, water and shelter; non-hazardous work and physical environment; physical and economic security; safe birth control and childbearing; and appropriate health care.\(^7\)

It is obvious that these requirements come in direct conflict with environmental degradation and pollution as well as climate change that would seriously harm and impair the ability of human beings to meet their most basic needs of health. That is why directing and managing production, consumption, and distribution of resources of an economy is essential for a sustainable economy and a sustainable social policy. Or as Gough (2015) states:

…the goal of securing well-being in the face of climate change has resulted in two ethical demands: sustainability (in the form of the emissions envelope) and equality (in the form of prioritising the satisfaction of human needs, present and future, over surplus wants). In theory, the needs and sustainability criterion must continuously be iterated until they become compatible. (p. 1208).

The socio-economic context of a growth/degrowth strategy also matters which raises an important methodological issue: is a sustainable environment a private or public good? Eckersley (2004) has argued that the sustainable environment cannot be treated as a private good because of the negative externalities of private decisions with regard to investment, production and consumption. Such ecological costs are public ‘bad’ that ‘restricts the ability of environmental victims (both inside and outside the borders of the nation state) to enjoy the full range of freedoms that liberalism supposedly upholds, including the freedom to participate or otherwise be represented in the making of decisions that bear upon their own lives’ (Eckersley 2004, p. 242).

Economic theories which are based on agency of individuals with regard to production and consumption decisions have treated sustainable environment as a private good that can be produced and consumed with the right incentives. Market based solutions to achieve environmental sustainability are logical and practical corollary of such a methodology. But the very nature of environmental problems – negative impact of individual decisions on others

\(^7\) For a full outline of these linkages see Gough (2015), p. 1196. See also Stewart (2019).
and the interrelatedness of these actions – calls for treating them as a public and not private matter and therefore treat sustainable environment as a public good. It is in this context that the role of state and in general collective action in environmental protection and sustainability at national and international levels becomes crucial. The fiscal and regulatory roles of the state should be used to protect the integrity of the ecosystem; and as importantly, ‘to redistribute resources and otherwise influence life opportunities to ensure that the move toward a more sustainable society is not a socially regressive one—a very real prospect if environmental goals are not properly integrated with social justice goals.’ (Ibid., p. 12.)

Let us focus on some key issues on the role of state with regard to the nexus of sustainability and social policy. The regulatory role of state in environmental matters must be combined with its fiscal measures to finance social policies which protect individuals and households and promote their capabilities over time in order to ensure that environmental protection is progressive by reducing inequality in the society. We return to these issues in our discussion of policy choices in the context of economic growth and the degrowth agenda, but first let us turn to some of the key questions for a sustainable social policy.

3.3 The key questions for a sustainable social policy

Fitzpatrick (2011) has argued that the sustainable social policies have to address the economics of sustainable growth by combining zero growth and market-based policies of carbon quotas/taxes with distributional policies at national and international level. Distributional policies in the context of carbon pollution should take note of higher per capita contribution to pollution of the richer people in any society and higher pollution per capita of the rich high-income countries, that suggest national and international costs have to be borne mainly by the rich. Based on works by Stern (2009) and other sources Fitzpatrick suggests that a redistributive fund of 5 per cent of GDP of high-income countries could go some way in reducing poverty internationally and pay for adaptive policies to meet environmental challenges and help with sustainability.

The question of social justice and redistribution goes beyond reducing inequality among individuals, households and countries. There is a temporal dimension to social justice that involves intergenerational issues as well as the dynamics of equity. As regards the latter distributional policies should have a life-long perspective of a generation. Welfare of an individual is a continuous process that starts before birth. The intergenerational issues take us back to the basic question of sustainability, which is about the welfare of the future, including the unborn, generation who should have access to the same environmental resources as the current generation. The two generations, however, have substantial overlaps in terms of time and space and separating them by the labels of ‘current’ and ‘future’ generations in theoretical discussions and analytical modelling should be complemented with empirical
work based on socio-economic data and analysis in order to formulate sustainable social policies.

A green social policy should also involve and engage population and communities at every level in order to combine a state centred social policy planning and budgeting with grass root involvement in policy debate, design and implementation. (Ibid.: Ch. 3.)

A range of other issues have also been put on the agenda of social policies that are about sustainability of specific social policy projects like the greening of health or education infrastructure or micro level personal carbon trading. These issues are part and parcel of any debate on radical sustainable social policy, but important as they are, they go beyond our macro approach. Common to all these micro and meso level issues is how to achieve sustainability whilst minimising the impact on the lower income groups with a combination of direct provisioning and preferential taxes and subsidies to individuals and households.

Sustainability also has to the take note of the impact of demographic change that has important implications for the commitments of the welfare state overtime. All private or public pension systems enter into a legal and social contract with the working people according to which working people make regular contribution to a funded or pay-as-you-go pension system on the promise of a pension when they retire. A public state pension system based on the right of citizens to a pension is effective when citizens reach the landmark age of retirement. This means the right to pension effectively matures at retirement. Similar arguments hold for the right to medical care, social care, etc., at retirement. To fulfil these rights states, have to plan for a future based on the managed growth of national economy and distribution of national income; which are critical challenges when environmental concerns about growth has to be reconciled with extra resources needed to manage demographic change.

4 Growth or degrowth?

A sustainable social policy at macro level critically revolves around economic growth. The trajectory of human development around the world closely follows the trajectory of expanded production and economic growth.8 However, achievement of human development goals in different countries has depended on how the benefits of growth have been distributed, directly through social policy measures such as provision of health and education and indirectly by raising capabilities of population and by giving them access to resources.

A sustainable social policy is then about a sustainable growth and distributional issues related to it. A sustainable growth covers the spectrum of zero (or even negative) growth (degrowth) to moderate growth, both having

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8 For a good historical account of the importance of economic growth for the development of social policies and welfare state see Pierson (1989), Ch. 4.
the objective of preventing further depletion of the earth exhaustible resources, combined with reduction of greenhouse gas emissions. Moreover, in the degrowth literature degrowth ‘indicates the removal, descent, and reversal of economic growth’...and ‘is operationalized by the notion of matter/energy throughput, which measures the biophysical metabolism of an economy, that is, how much nature humans use and transform in absolute terms. An economy is degrowing when its matter/energy throughput reduces’ (Robra and Heikkurinen, 2019: p. 1). This raises fundamental issues on the limits of human activities and how to meet human needs. Degrowth literature also questions the validity of a growth-based welfare state for the ‘human and social costs of economic growth – stress-related illness, the diseases of affluence, unsatisfying labour and the direct economic costs of social ills – and the direct economic costs these social ills – [making] the “economy of the welfare state” self-defeating’ (Pierson, 1989, p. 184). If we also consider social movements built around the degrowth, which has raised important questions on the link between human well-being and prosperity on the one hand and increased production and consumption on the other, we have strong theoretical and social reasons to question economic and social systems predicated on ever expanding production and consumption. It is in this context that ‘a counter-hegemonic discourse to capitalism is... called for.’ (Robra and Heikkurinen, 2019: p. 9) That is in contrast to market-based approach of those in the Green movement (e.g., Pearce, et al., 1989, and Pearce, 1992) who rely on the efficiency of market solution for resource allocation. It is important to note that ‘consumer sovereignty’ is one of the fundamental core assumptions of any market-based approach to environmental management that may well come into conflict with citizen sovereignty and social citizenship that are foundations of distributive and progressive social policies of modern states.

The degrowth literature draws our attention to the limits, perhaps in the long-run, of a sustainable social policy, that takes us back to the issue of how to make growth sustainable in the short- to medium-run whilst meeting the goals of social policy. Some fundamental questions, however, still remain. In the debate on sustainability, social policies could not anymore be based on the re-distribution of a given level of the GDP; composition of the GDP matters for social policy. Moreover, negative environmental impacts of economic growth on the health and welfare of population should not be treated as simply a matter for compensatory social policies such as free hospital care in areas affected by noxious industrial emissions; or relocation of population with compensation for the lost land in order to, e.g., build a dam. Another important issue is the international implications of national growth both in terms of the international externalities of national economic decisions (e.g., polluting rivers that cross borders and global warming) and whether relative growth and resource use of national economies should be taken into account

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9 For further discussion of the human cost of capitalist growth strategies see also Patel and Moore (2017) and Hickel (2020).

10 For further discussion on the importance of continuing role of state in implementing a progressive green agenda see Pierson (1989), Conclusion, pp. 201-208.
in order to allow low- and middle-income countries to meet their economic and human development challenges.

Finally, there is the all-important issue of financing national social policies. Could nation states rely on national tax capacities in the face of the need to increase social spending on an ageing population, increasing cost of medical technologies and other social needs? Tax capacity critically depends on rate of economic growth that in turn raises the question of compatibility of a sustainable social policy with growth.

The next section will discuss some of these macro-level concerns of a sustainable social policy.

4.1 What kind of growth?

Is growth necessary for a reduction in inequality and improved living conditions and welfare of population? The answer to this question is in the negative, because at zero growth a given level of output could be distributed more equitably and economic resources could be used more appropriately (whilst reducing waste) to achieve higher welfare. However increased population as well as increased needs and demands especially in societies that start from a low level of human and economic development require some increase in national output. What concerns us here is the character – in terms of technology and composition of output produced – of this growth and distribution of that output and broader distributional issues. Let us recall that an important objective of progressive social policies is to reduce inequalities of income and wealth. It is in this context we need to discuss limits to growth.

The question of limits to growth and resource use in orthodox approach to macroeconomics is simply about providing the correct price signals to the market, combined with appropriate taxes and ‘cap and/or trade’, and regulation policies on energy use and greenhouse emissions. It is argued that a supply-side approach, based on rational behaviour and perfect markets, directs resources towards energy and resource savings technologies. This is challenged by ecological and post-Keynesian economists who have argued that not only growth has to be based on higher levels of resource productivity, but waste has to be minimised to reduce or keep throughput constant. Moreover, these economists argue that low growth should be treated as a policy objective which requires directing the volume and composition of investment using regulatory power of the state as well as harnessing financial resources for sustainable investment. (Rezai and Stagle, 2016)

We also need to consider the relationship between growth, distribution and inequality. Picketty (2014) argued that lower economic growth in the long-run would increase inequality in favour of capital; as share of capital in national income would increase. The key to the increasing share of capital is the substitution of capital for labour to increase the productivity of labour and increase the rate of exploitation and increase the rate of profit and hence increase the share of capital in total output. Tight labour markets also contribute to the substitution of capital for labour. As a result, and over time, capitalists would accumulate more wealth. In short, low economic growth
aggravates both inequality of income and wealth, which however can be corrected with appropriate redistribution policies of progressive taxation. (Jackson and Victor, 2016) But this crucially depends on relative strength and influence of workers in the design and implementation of tax and spend policies. Moreover, a degrowth strategy should also deal with the distribution of wealth to reduce inequality.

In orthodox market-based sustainable growth strategies environmental mitigation measures such as carbon taxes and cap/trade schemes play an important role to incentivise less energy use through price mechanism. By raising the cost of energy, whether directly or indirectly, these measures have been found to have regressive distributional impacts in high-income countries where share of expenditure on energy for low-income households is larger than that for high-income households. This calls for compensation measures such as introduction of differential energy prices and targeting support to services, such as public transport, which are used more intensively by lower income groups. It has been argued that in low-income countries energy is a ‘luxury good’ for the poorer households, and therefore taxing energy use would be progressive. (Buchs, et al., 2011)

Notwithstanding the contribution of progressive mitigation and compensation policies to a sustainable social policy agenda in the short-run, what matters most in the long-run is a progressive low-growth or degrowth strategy which has to focus on the composition of output following the theory of human needs. In this regard Kalecki’s writing on the composition of output during the course of development in low-income countries provide important insights. (Kalecki, 1976, Stewart, 1985, Fitzgerald, 1990 and Ghose, 2011) Kalecki was not directly concerned with environmental and sustainability issues but how to manage the competing demands of an economy for consumption goods and investment goods, with the latter being crucial for growth. He argued that the production of consumption goods (wage goods) should be at a level to ensure well-being of population and allow sufficient resources to be diverted to investment. Note that we distinguish between ‘essential’ and ‘non-essential’ consumption goods; however, the essentials are not limited to, e.g., food, shelter and clothing but, in line with Kalecki’s formulation (see Fitzgerald, 1990, p. 187, FN: 3.), would include health, education and most manufactured household goods. Moreover, ‘essentials’ would vary across different cultures and countries and overtime. In the context of a sustainable social policy within a degrowth or zero growth debate, we could argue that production of essential goods needed for achieving social objectives must be maintained whilst resources are directed towards investment in the non-essential sectors and more importantly towards technologies that would reduce the use of exhaustible resources and greenhouse gas emissions (Berr, 2015).

Degrowth or zero growth, however, may well result in unemployment and low utilisation of labour resources especially in countries which are in their early stages of demographic transition and have a growing working age population as is the case in low- and middle-income countries. The high-income countries with large structural unemployment would also have to deal
with rising unemployment of a degrowth or zero growth strategy. Some of these results are formalised in a demand-led growth model developed by Fontana and Sawyer (2016) that track the paths of growth rates of output, labour resources, capital stock and natural capital depletion. In such an economy in which investment is financed by credit, a high rate of output growth will be matched by a high rate of growth of labour resources (which would lead to a high rate of labour absorption and employment). But this high rate of growth will be at a very high cost of the depletion of natural capital. Lower rates of growth, including zero or negative growth will achieve a low rate of depletion of natural capital but at a low rate of labour absorption and high rate of unemployment (Ibid., figure 1, p. 192). The authors correctly argue that the conflict between output growth, on the one hand, and depletion of natural capital and labour absorption, on the other, will not be resolved by the market forces and price signals but require government intervention in regulating credits and directing investment as well as managing the social implications of unemployment.\textsuperscript{11} In similar fashion Taylor, Rezai and Foley (2016) use a demand-driven macroeconomic model linking capital accumulation, economic growth and greenhouse gas accumulation to show that climate change mitigation policies such as a 1% expenditure of world GDP could achieve the greenhouse gas reduction target.

Let us recall that past and on-going substitution of capital for labour has important implications for the level and composition of employment that could be compounded by a degrowth strategy; especially if we note that the impact of degrowth could be cumulative through multiplier effect and impact of growth in the future. It has also been argued that the elasticity of substitution between labour and capital varies with the level of economic development – the lower the level of development or the poorer the country the lower the value of elasticity. It is therefore easier to counter the inequality impacts of degrowth in poorer countries. (Jackson and Victor, 2016) Be as it may, it does not reduce the need for higher growth in the low- and middle-income countries, a view shared by all sides of the argument of growth versus degrowth.

According to Jackson and Victor (2016) there are potential for maintaining employment in labour-intensive (e.g., health and personal care, education, crafts, catering and culture) sectors in the services industry. Another important policy to reduce the negative impact of low-growth or degrowth on employment is reduction in the working-week and work-sharing. Zwickle, et al. (2016) have argued that ‘at a given level of aggregate labour demand, the employment rate might be increased through distributing hours and jobs more equally within the labour force, making work-sharing an important economic policy tool in a low-growth economy.’ (p. 246) There are also social externalities of health and well-being of workers due to shorter hours and shorter working-week and narrowing down of the gender wage-gap. The argument against work-sharing is focused on the cost to employers who would

\textsuperscript{11} For a radical sociological critic of market-based approach which has the objective of ‘resilient communities’ for a ‘green welfare’ see Catney and Doyle (2011).
be incentivised to replace capital for labour resulting in lower overall employment. But empirical evidence on the negative impact of work-sharing on employment is mixed. In the Great Recession of Germany and Great Depression of US work-sharing had a positive impact on employment, while in more recent work-sharing schemes of 1980s in the Europe the result has been mixed. (Ibid.)

In my view and in terms of potential for employment the health and personal care sectors provide the most potential for increased employment especially if the labour-intensive care of an ageing population is also factored in. A similar argument can be made for a country with a young age structure which could improve the care of its young by devoting more labour to their education and care, particularly for pre-school early education.

Besides distributional and employment issue a strategy of low growth or degrowth must pay attention to the composition of output. Recalling our earlier discussion on the theory of human needs, composition of output should closely relate to the package of needs and the requirements for their satisfaction at macro level. Since most ‘needs satisfiers’ have social and cultural specificity, food and education are just two examples, composition of output would well vary across different countries; that depending on local resource availability may well require cooperation, exchange and sharing of resources at international level. Moreover, considering the large energy use and greenhouse impact of intensive agriculture and its commercial distribution there is a need to shift to lower energy use organic agriculture. However, since yield per hectare of organic agriculture currently is lower than chemically driven intensive agriculture, a sustainable agricultural strategy has to plan for increased food production for a growing population but without deforestation and land set aside for preservation. This calls for a sustainable and radical strategy with the objective of moving away from large scale monoculture of industrial agriculture and towards environmentally sound agricultural production and technology. Such a strategy would focus on biodiversity taking note of local knowledge, synergy and cooperation. (Altieri and Nicholls, 2005, EU, 2019) Moreover, there is also a need to change the composition of agricultural output away from production of feed for the meat industry and towards production of food for human consumption. Such a strategy should also be backed up with promotion of vegetarian diet.12

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12 For further discussion of the centrality of human needs to a progressive degrowth strategy as well as the need to change composition of output see Koch, et al., (2017). See also, Wise (2018) for a detailed discussion of the role of biodiverse small-farms in food production and food security around the world, that should be backed by active institutional (technical and financial) support for small farmers as well as paying attention to the role of science and technology in sustainable agriculture to improve productivity and income of farmers and agricultural workers (Baksi, 2019).
5 Conclusion

Social policy is by definition societal in the sense that individuals and communities organise activities to achieve certain social objectives, with an implicit or explicit goal of achieving social justice. In the broadest and most positive sense, social policy is about improving human welfare and meeting human needs, as well as being concerned with the distribution of resources and assets that would enable individuals to realise their potential, develop their capabilities and contribute to the economic and social life of a country. Social policy thus not only covers the provision of health and education which are about promotion of human capability but also laws, rules and regulations that protect human capability. It is in this context that a sustainable social policy has to be developed that can both address well-being of people and protect the environment.

At macro level a sustainable social policy has two important dimensions: growth and time. The growth dimension has to deal with several distributional issues: composition of output and distribution of resources to produce them; and distribution of output and resources among different social classes. The time dimension has to deal with needs of the present and future generations. The two generations have common interest bearing in mind their long temporal and socio-economic overlap and relationships between the two. (Stewart, 2019 and Raworth, 2017) The future generation include the un-born and more importantly the children and youth of today. It should be noted that all generations are heterogenous – socially, economically and culturally; and as such may not share the same understanding of environment problems and sustainability and have the same interest in sustainable social policies. However, cohorts of generations have worked together for millennia because they share a ‘common present’ and have needed to create a ‘common future’. The economic, social and cultural legacies of the current generation provide a socio-economic foundation for the future generation. There exists an inter-generational contract which is reflected in the culture of ‘filial piety’ in all societies based on bequest and legacies of the older to the younger generation, household care and mutual support, and formal pension and state/socialised care. Extension of this social contract should be one of the objectives of a sustainable social policy.

Working towards such a society requires a growth strategy that is centred on ‘human needs’ backed up by a distributional strategy to deliver on people’s needs to ensure well-being of current and future generations. This raises important questions on the composition of output under a low growth or a degrowth strategy and policies for the distribution of output.

None of the macro-level mitigation social policies of degrowth would be possible without an activist state policy to direct and redirect resources with the engagement and participation of local and citizen-based organisations to ensure the transparency and accountability right through the policy cycle.

The theoretical case for a needs-based growth strategy and a progressive distributional policy is very strong. The organisational, regulatory and financial tax raising power of state play an important role in delivering on these
objectives. We need to build on the current generation of the young and not-so-young who have put sustainability on the political agenda and work towards a sustainable social policy agenda in order to create a better sustainable future. We need a paradigm shift in our thinking about economy and society that have been dominated, for far too long, by the economics of consumer sovereignty and individual choice.
References


