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Shifting the balance: equity and sustainable consumption

On our finite planet, the dictates of ecology and technology limit growth. Yet a key element of this issue – consumption – has until recently hardly figured on policy agendas. Now there is growing recognition that transformation towards a low-carbon, resource-efficient economy means tackling consumption as well as production. Governments and businesses are beginning to make concerted, if uncoordinated, efforts to reduce energy and resource use. Rethinking consumption could, however, drive an even bigger wedge between rich and poor. Any new agenda for consumption needs to factor in equity as well as environmental benefit.

Policy pointers

- **World consumption is** highly skewed, with the poorest consuming the least and the richest, by a massive percentage, the most.
- **There is huge scope to** manage global consumption. Evidence shows that wellbeing can be delinked from consumption, economic growth from rising resource use, and local development from international trade.
- **Initiatives to tackle** overconsumption need to deliver a fair deal to poorer people who consume little, guaranteeing a decent basic level to all.
- **Consumption needs to** be repoliticised, with the emphasis on inclusion of the world's poor majority, and collective decisions over individual consumer choices.

An overlooked challenge

Just over a decade ago, the 1998 Human Development Report, *Consumption for Human Development*, laid bare the inequity in global consumption. It revealed that the world's richest fifth use 58 per cent of energy, and the poorest fifth less than 4 per cent; and that the richest fifth own 87 per cent of all vehicles, and the poorest, less than 1 per cent.[1] These contrasts apply as much within as between countries: in Brazil, the wealthiest use 18 times as much energy per year as the poorest.[2]

Today, consumption is firmly back on the agenda. The UN-coordinated Marrakech Process, which supports sustainable consumption and production, has been increasingly active since 2003. Governments are turning rhetoric into legislation. China, for example, introduced the Circular Economy Law in 2008; its ambitious goal is a tenfold increase in resource-use efficiency.

But amid renewed attention to overconsumption and mis-consumption is a worrying reticence on equity. Around 80 per cent of the world lives in poverty, surviving on less than US$10 per day.[3] For them, the need is to consume more, not less. So is it possible to reduce global overconsumption – transform to a low-carbon, low-material, low-water economy – in ways that create opportunities for the poor to raise their standards of living?

Consumption, wellbeing and sustainability

Our current global economic model is predicated on the assumption that higher consumption, driven by economic growth, begets greater wellbeing. Supplies of natural resources drive any rise in consumption, but increasingly also limit it. With climate change threatening to dampen economic growth and the UN predicting that the global population will swell to 9 billion by 2050, policymakers must question whether consumption and wellbeing can rise indefinitely.

Evidence shows that poorer people do benefit from higher incomes and associated boosts in consumption, but that at higher income levels, the connection between greater consumption and greater wellbeing falls away.[4]

The links between consumption of different resources and their environmental impacts, such as pollution, are difficult to quantify. As a result, consumer campaigns often target high-visibility rather than high-impact areas of consumption (such as air-freighted vegetables and low-energy lightbulbs, rather than road transport and household insulation).

A key question for national policymakers is whether and how economic growth can be decoupled from material consumption and its environmental impacts. Examples of 'relative decoupling' – reducing increases in environmental impacts relative to economic growth – are common. For example, in 2006-2007 India delivered a GDP growth of 8 per cent with only 3.7 per cent growth in its total primary energy consumption.[5]

On the other hand, 'absolute decoupling' – increases in economic growth alongside actual reductions in material consumption and environmental impacts – are technically and economically possible, but have not yet proved politically possible.[6]

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Consumption, trade and development

It is often argued that low-income countries benefit greatly from trade with high-value markets such as the European Union. But if wealthy nations reduce their consumption – and by implication, their trade – will this have a significant negative impact on the world's poorest?

A look at the pros and cons of trade shows that this is a complex area. Trade does bring benefits, stimulating changes to national, regional and local economies. Prices shift for local goods that can be produced more cheaply elsewhere, and the values associated with skilled labour often increase. Opportunities arise to upgrade skills and technology, with spillover benefits for the broader economy.

But there are risks. Industries in some exporter countries can be outcompeted by more efficient businesses elsewhere. Supply chains within liberalised economies become increasingly buyer-driven. In the agrifood sector, for example, retailers demand that suppliers meet requirements of scale, quality, safety and packaging, which can exclude the smallest and poorest producers.[7]

Leading thinkers now challenge the assumption that trade will bring automatic trickle-down benefits for development.[8] It is an open question whether trade with the richest benefits the poorest. A sharper focus on regional trade and value-addition, backed by strong development strategy, may help poor people secure livelihoods while decreasing their reliance on consumption in rich nations.

A new politics of consumption

International discussion round consumption continues to emphasise voluntary, individual consumption choices. To date, a variety of public and private policy initiatives have aimed to change the consumption patterns of individuals by encouraging domestic energy efficiency and locally grown food, for example. But there are three key limits to the possible impacts of such solutions.

First, consumers' individual choices are limited by infrastructure, such as urban design centring on car use, or by policy trade-offs such as the need to balance food safety against food waste. Secondly, we buy not raw materials but goods and services, derived from complex value chains that are difficult to understand or influence. Finally, at least a quarter of global consumption cannot be attributed to household end-users, which reveals the importance of government procurement and public policy.[9]

In seeking solutions to overconsumption, we need to concentrate on societies and structures as a whole. Shorter-term solutions may rely on improving efficiencies within existing modes of production and consumption ('reformist' changes). In the longer term, however, what's needed is a rethink of how and what we consume ('transformist' changes). Either way, real shifts in patterns of consumption will challenge ideals of maximum individual choice. Instead, we will need collective 'choice editing', and to seriously consider emerging recommendations of per capita quotas for carbon, water, meat or ecological footprints.[10]

Critical too is providing a fair deal for poorer consumers. The 1998 Human Development Report suggested overarching principles to guarantee a basic level of consumption for everyone while reducing the negative impacts of global overconsumption. While many governments have acted to reduce overconsumption nationally, there are far fewer examples of initiatives that provide incentives for redistributing consumption patterns.

The opportunities, however, are tremendous. Governments and businesses have yet to take advantage of the bounty of easy wins where environmental gains and long-term savings in cost converge.[11] Delivering a fair deal to poorer consumers requires careful use of pricing mechanisms as a means to reduce consumption to avoid exclusion from access to goods and services. Pro-poor enterprises also need support to cover the initially capital-intensive and carbon-intensive investments that longer-term resource efficiency often needs.

A global agenda for tackling consumption must incorporate the ideas and agency of the world's poor majority. We need to move beyond Northern agendas to recognise inequalities among people and not just among countries – and to return the emphasis firmly to collective decisions rather than individual consumer choices.

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Notes

■ [1] UNDP. 1998. *Consumption for Human Development.* Human Development Report 1998. Oxford University Press, New York. ■ [2] Cohen , C., Lenzen, M., Schaeffer, R. 2005. Energy requirements of households in Brazil. *Energy Policy* 33: 555-562. ■ [3] World Bank. 2008. *World Development Indicators 2008.* World Bank, Washington DC. ■ [4] Layard, R. 2006. *Happiness: Lessons from a new science.* Penguin Group, London. ■ [5] Report to the UN Security Council by Ambassador Nirupam Sen, April 2007. ■ [6] Ekins, P. 2008. *Policies to Achieve Dematerialisation.* Sustainable Development Commission UK, London. ■ [7] Vorley, B., Fearne, A. and Ray, D. (eds). 2007. *Regoverning Markets: A place for small-scale producers in modern agrifood chains?* Gower Publishing, Aldershot. ■ [8] Rodrik, D. 2007. *One Economics, Many Recipes.* Princeton University Press. ■ [9] Jackson, T. (ed). 2006. *The Earthscan Reader in Sustainable Consumption.* Earthscan, London. ■ [10] Ohl, B., Wolf, S. and Anderson, W. 2008. A modest proposal: global rationalization of ecological footprint to eliminate ecological debt. *Sustainability, Science, Practice and Policy* 4: 1-12. ■ [11] RiskMetrics Group. 2008. *Corporate Governance and Climate Change: Consumer and technology companies.* Ceres, Boston.

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