

Back Away from the Tipping Point

Ten crucial steps to attain an ecologically viable economic future

1. **Cap-auction-trade systems for basic resources** – Cap limits to biophysical scale according to source or sink constraint, whichever is more stringent. Auction captures scarcity rents for equitable redistribution. Trade allows efficient allocation to highest uses.
2. **Ecological tax reform** – Shift tax base from value added (labor and capital) and on to “that to which value is added,” namely the entropic throughput of resources extracted from nature (depletion), through the economy, and back to nature (pollution). Internalizes external costs as well as raises revenue more equitably. Prices the scarce but previously unpriced contribution of nature.
3. **Limit the range of inequality in income distribution** – A minimum income and a maximum income. Without aggregate growth, poverty reduction requires redistribution. Complete equality is unfair; unlimited inequality is unfair. Seek fair limits to inequality.
4. **Free up the length of the working day, week and year** – Allow greater option for leisure or personal work. Full-time external employment for all is hard to provide without growth.
5. **Re-regulate international commerce** – Move away from free trade, free capital mobility and globalization; adopt compensating tariffs to protect efficient national policies of cost internalization from standards-lowering competition from other countries.
6. **Downgrade the IMF-WB-WTO** to something like Keynes’ plan for a multilateral payments clearing union, charging penalty rates on surplus as well as deficit balances – seek balance on current account, avoid large capital transfers and foreign debts.
7. **Move to 100 percent reserve requirements** instead of fractional-reserve banking. Put control of money supply and seigniorage in hands of the government rather than private banks.
8. **Enclose the remaining commons of rival natural capital in public trusts, and price it**, while freeing from private enclosure and prices the non-rival commonwealth of knowledge and information. Stop treating the scarce as if it were non-scarce, and the non-scarce as if it were scarce.
9. **Stabilize population** – Work toward a balance in which births plus in-migrants equals deaths plus out-migrants.
10. **Reform national accounts** – Separate GDP into a cost account and a benefits account. Compare them at the margin, stop growing when marginal costs equal marginal benefits. Never add the two accounts.

This article is adapted from Towards a Steady-State Economy, a paper Herman Daly wrote for the UK Sustainable Development Commission in 2008. The complete text can be found at www.theoil drum.com.