

Book Review: The Economics of Enough: How to Run the Economy as if the Future Matters

Joan Wilson reviews Diane Coyle's wonderful discussion on the future environmental and economic successes of society.

The Economics of Enough: How to Run the Economy as if the Future Matters. Diane Coyle. [Princeton](#). March 2011.

How can we ensure that we leave behind enough of an environmental, economic and societal legacy for future generations? This is the crux of the discussion behind Diane Coyle's wonderful book, *The Economics of Enough*, which places a firm emphasis on our need to give weight to the future when making decisions about the organisation of our societies today.

Economic problems lying in wait

In the wake of the deepest recession since the Great Depression, brought on by the near collapse of the global banking system, Coyle reminds us that the financial crisis is just one of the many economic challenges we face. More pressing is the instability in our natural environment, as [consumption](#) demands by an ever-expanding world population continue to put strain on the earth's resources. Add to this burgeoning [government debt](#) – already high in the face of demographic change and exacerbated by the [bailouts](#) of big banks – for which the burden of repayment rests on workers of the future.

Consider too that growing economic prosperity has primarily benefited the few, with those at the top end of the income dispersion gaining more than their due in financial bonus rewards and inflated salaries, while [low-to-middle-income](#) households have seen their disposable earnings drop. [Inequality](#) is rife in countries such as the US and the UK. Furthermore, an uneven distribution of the returns to economic growth is intensifying the corrosion of trust, the 'social capital' that forms the fabric of our society.

Should we give up on growth?

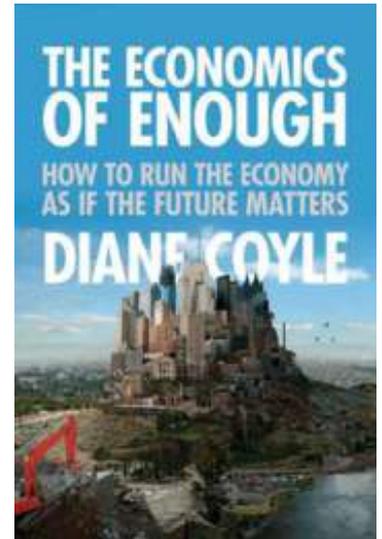
In all of these areas we have reached the stage of enough, we are on the brink of unsustainability. How can we redress the imbalance created by these challenges and deliver a positive future legacy? Many would argue that our relentless pursuit of higher economic growth, indicated through [Gross Domestic Product \(GDP\)](#) statistics, is at the heart of our current dire circumstances.

Happiness-related research has risen in stature following the finding that when incomes reach over \$15,000 per head we arrive at a satiation point, beyond which gains in earnings bring us no additional well-being. Because of this the task of economic policy should be diverted towards [targeting greater happiness](#) rather than more growth, so the argument goes. Then, if our appetite for joyless extra spending can be discouraged, the pressures we are putting on the environment as well as on society through increasing debt, inequality and decaying trust will become more manageable.

If only things were that simple. As Coyle argues, it would be a fallacy to replace the goal of GDP growth with a quest for well-being, when, in periods of recession characterised by the absence of growth, unhappiness prevails. Additionally, [revised empirical testing](#) of the growth-happiness relationship has highlighted that the two are, in fact, positively linked. People in prosperous countries derive ever-more satisfaction from the breadth of choice and access to an array of intangible provisions (such as live music) and ['weightless'](#) features (including design and quality) that economic growth enables them to have. What is more, at a time when government debt is at untenable levels in countries across [Europe](#), we need productivity gains and technological advances to ensure that we can keep up the repayments on our liabilities.

Measuring up to our economic challenges

So what changes could we work towards to avert catastrophe? Or at least what are some plausible solutions to our economic challenges? For one thing we need better measurement. If the statistics on which we



formulate our policies are grounded in a more detailed and better understanding of the current state of our economy and our potential legacy then this will add legitimacy to policy goals that take account of posterity.

To this end, as the main indicator of growth, GDP data itself needs revision and substantiation to incorporate the value of our legacy. Economic activity statistics need to account for changes in the stock of goods and services, for comprehensive wealth in the form of natural resources, and both human and social capital, as well as for advances in the quality of our purchases and our rising consumption of intangibles.

Secondly, we need to reverse the decline in trust by restoring morality at the core of our institutions – including our markets, political organisations, households, and firms – and thus to regain “the richly woven tapestry of shared values and the sense of virtue” that previously featured in Western societies (pp. 48).

In harmony with this solution is the third suggestion, that establishments – especially political and governing groups responsible for managing our collective organisation – must realign themselves with the mass transformation of society led by huge advances in information and communications technology (ICT). Nowhere is this more necessary than in the [public sector](#), where years of reform have failed to produce a system capable of dealing with the structural developments of the economy.

Education is simply the soul of a society

There is only one stone that the reader felt needed further turning in this intriguing book, and that is *how* we can ensure that individuals internalise their responsibility to bequeath equivalent welfare as we currently possess to future society. Or, to put it plainly, how can we entrust individuals to care for the future?

Coyle devotes a whole chapter to addressing the notions of fairness and altruism, and, based on psychological, evolutionary and primatology-based research, concludes that these compassion-related traits are innate to our being. Despite this, a yearning for a greater grasp of how the global nature of society is affecting our concept of altruism and our concern for the future remains. In this sense, uncertainties about the full shape of our future society and the pathways of humanity – which, of course, depend on the worth of the world’s legacy – abound to create an ambiguous ‘return’ (for want of a better word) to due thought for posterity.

Perhaps the answer to this question lies in one final point raised by Coyle – that our success in giving enough importance to the future depends on education. Then here the happiness debate and economic growth can be reconciled. If we can teach young children the principles of well-being such as empathy, mutuality and patience, then we can equip them with the forethought to embrace and safeguard sustainability in society alongside growth, to the benefit of all generations to come.

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