

## Towards a Steady State Economy

*“Humanity’s 21st century challenge is to meet the needs of all within the means of the planet.”*

- Kate Raworth, Doughnut Economics.

The New Liberals are committed to meeting the needs of all Australians within the means of our natural environment by transitioning Australia to a *steady state* economy.

Our goal is to reshape Australia’s economic system, to bring us into the 21<sup>st</sup> century and equip our country to tackle the key challenges of our time, while delivering long term prosperity and progress to all Australians.

We aim to simultaneously improve well-being while restoring our damaged ecosystems. By making key transitions towards a *steady state economy* The New Liberals aim to supercharge social services, reduce inequality and improve quality of life for all Australians while relieving a broad sweep of ecological pressures including climate change, extinctions, and water and soil stress.

Under the current system, social costs such as homelessness, the mental health crisis, housing inflation, and ecological costs such as emissions, pollution, habitat loss, over-extraction of water, and soil degradation are all too easily ignored or worse, celebrated as a positive component of Gross Domestic Product (GDP), wrongly conflating GDP growth with success.

Our current leaders focus far too much on the short-term GDP figure and hold a deep, but misplaced faith that perpetual growth is both possible and desirable. They see GDP as some sort of sorcerer’s stone, as the gift which just keeps giving. The never-ending pursuit of GDP growth, which underlies the governing parties’ economic strategies, is promoting a dangerous disregard for ecological consequences. An economy working against nature is an economy working against itself, and therefore will become increasingly unproductive, inefficient and perilous.

The New Liberals is the only party willing to think big, think long term, and question the status quo. By facing up to the challenge of tackling the fundamental economic reforms, so badly needed at this point in Australia’s history. The New Liberals will catapult Australia into the 21<sup>st</sup> century, with an upgraded economic system designed specifically to tackle the key challenges of our time, while simultaneously delivering long term prosperity to all Australians.

## Key actions:

- Challenge the continuing reliance on GDP as our prime performance indicator.

Highlight the fact that GDP does not measure well-being. It says nothing about the distribution of wealth, the health and happiness of the people, nor their quality of life. Neither does it measure the state of our environment, which after all, is our life support system, the very foundation of our economy and of our existence.

- Promote the *steady state* economy as the powerful and sustainable alternative to endless *growth*.

The New Liberals will openly acknowledge that we are in ecological overshoot, that the cost of inaction now far outweighs the cost of action. The New Liberals will introduce metrics known as *Genuine Progress Indicators* to more broadly measure our performance, inform policy and guide us forward towards a modern, resilient and sustainable *steady state* economy.

## *Priority Reforms*

- Move to quickly establish a new set of metrics targeting desirable social, ecological and sustainable economic outcomes to supplement the GDP figure to guide us toward a *steady state* economy- with people, environment and our long term economic viability in mind.
- Interpret GDP as a measure of the size of the economy, and not its health. Recognize it, too, as an indicator of environmental impact.
- Establish a Federal Independent Commission Against Corruption (ICAC) with *teeth*: this will weed out the corrupting influence of powerful interests entrenched within the status quo and unwilling to adapt to our new path, a path which encourages the economy to work for Australians, not vice versa!
- Allow childcare expenses to be eligible for tax relief such as salary sacrificing or taxable write-off: this will incentivise female workforce participation which increases economic diversity, household income and reduces inequality.
- Better funded and targeted education including boosting TAFE funding and better support for apprentices. The goal being to give all Australians an active role in the new economy.
- Boost foreign aid. Australia cannot embark on the *steady state* path alone. We must, by partnership, assistance and example, share our experience with others, in particular the developing world who are currently most susceptible to misinformation and exploitation under the current *GDP Growth* based system.

First the New Liberals will establish the goal- a *steady state* economy. Then we will establish a set of *GPI's (Genuine Progress Indicators)* to guide Australia in this direction. The goal is clear, the process is available, now all our country needs is the visionary political leadership to take us on this journey. The New Liberals will provide that leadership.

*The below is provided as additional information (not part of policy document):*

## What a steady state economy is, and how we get there.

A steady state economy is an economy of stable or mildly fluctuating size. An economy can reach a steady state after a period of growth or after a period of downsizing or degrowth. To be sustainable, a steady state economy may not exceed ecological limits<sup>1</sup>.

We must be honest with ourselves, Australia has now entered a critical state of ecological overshoot, a period of *degrowth* will be necessary. This is not the same thing as a recession which is a failure of the *growth* based economy to operate when not expanding. This is a carefully managed process designed to reduce the scale and impact of our economy on our environment. *Degrowth* relates only to the physical size and ecological impact of an economy *not* the quality of outcome for both people and ecosystems, nor the diversity, resilience and capacity to create jobs of an economy. In fact, these are the very things that are actually given space and time, and encouraged to grow and prosper, when the pressures and strains of attempting to expand our economy ever further into overshoot are relieved.

The goal of the New Liberals is to construct a creative and sustainable economic environment within which we can innovate, produce, and thrive, over the long term, in so many new ways. When viewed with a positive mindset, this is perhaps the most exciting challenge we, as a nation, have ever faced.

If it helps, you can think of a *steady state* as simply redefining what it means to “grow”- no longer about merely the perpetual expansion of the monetary value of an economy (and associated impacts) within an ageing *GDP growth* based economic paradigm, *growth* becomes about a much wider range of human and ecological outcomes within a new and sustainable operating system.

---

<sup>1</sup> <https://steadystate.org/discover/definition/>