



Building a Circular Wellbeing Economy

WEAll Scotland's response to the Scottish Government's circular economy consultations
August 2022

A circular economy is an important part of building a Wellbeing Economy

In its *National Strategy for Economic Transformation*¹ (NSET) the Scottish government commits to a vision of creating a Wellbeing Economy that respects “environmental limits, embodied by our climate change and nature targets” (p. 5). The unsustainable levels of materials that are extracted to satisfy consumption in Scotland and the associated levels of waste produced by our economy are a key contributor to the breaking of several environmental limits. Building a circular economy that minimises extraction of new resources, in Scotland and abroad, and eliminates waste is a key part of the transition to a Wellbeing Economy.

We welcome the intention and proposals by the Scottish Government to move towards a circular economy as presented in both the *Circular Economy Bill*² and *Delivering Scotland's Circular Economy: A Route Map to 2025 and Beyond*³. The proposals present an important step in the right direction and are clearly based on a wide body of work done in this space, ranging from background research, previous consultation, and a broad range of wider discussion. The “do, develop and investigate” framework provides a route to making immediate change while also developing plans for policy implementation in the future. We recognise this good work, and we offer our feedback in the spirit of improving the proposals and reiterating our desire to deliver a Wellbeing Economy for Scotland.

The proposed actions are reasonable and an important (but small) step in the right direction

Overall, we consider the proposals in the two consultation documents to be reasonable and largely uncontroversial. They represent actions well within the powers of the Scottish Government and target the lowest hanging fruits, which presents a reasonable point to begin a transformation to a circular economy.

We note the following broad feedback:

- A lot of the responsibilities for delivery are pushed out to local governments and households, both of which are currently struggling with capacity in the climate of a cost-of-living crisis that is likely to continue over the next few years. **A bigger focus on the Scottish Government would be helpful, to provide an example and support, for example around procurement.**

¹ <https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/documents/>

² <https://consult.gov.scot/environment-forestry/scotlands-circular-economy-legislation/>

³ <https://consult.gov.scot/environment-forestry/scotlands-circular-economy-routemap/>

- Very little responsibility is put on businesses, especially the larger corporations that drive consumption, embed planned obsolescence in their products, and make a disproportionate impact on the nature and climate emergency. **A stronger focus on business responsibility in the upstream parts of the supply chain (i.e. the marketing and design of products) would make the challenge of reusing and recycling at the point of consumers and local authorities much easier.**
- Most of the planned interventions take the form of 'formal / control' part of government intervention. **This should be complemented by an equally strong focus on the listening, connecting, engaging, informing, which offers a softer approach and to longer-term behaviour change.**

The Proposals are missing out important principles of the circular economy

While the proposals are reasonable and a step in the right direction, we are concerned that they will not be sufficient, because they miss out some important aspects of a circular economy. The plans offer a sensible way to deliver increased recycling but will do little to deliver the wider economic changes needed to build a Wellbeing Economy that is regenerative and has the wellbeing of people at the heart of economic decision-making.

It is widely recognised that the Circular Economy is underpinned by three principles⁴:

- Eliminate waste and pollution
- Keep products and materials in use
- Regenerate natural systems

The proposals by the Scottish Government are largely focused on the first point, including measures such as increased recycling rates and bans on the worst kinds of waste products. But neither consultation makes any reference to the regeneration of natural systems and pays only limited attention to keepings products and materials in use. Where there is some focus on the latter, it is focused on the reuse of existing products rather than the upstream stage of designing new, circular economy, goods and services, which also represent higher value from an economic perspective.

While the policies and actions included in the consultation document will make a positive difference to recycling in Scotland, they will not make significant progress towards a circular economy as long two of the three principles are not a key part of the consultation and proposed actions.

Our economy needs to be redesigned to build in reuse and repair as the default

We recognise that the strong focus on recycling reflects the fact that it is easier to manage, and it is under more direct control of the Scottish and local governments. Ultimately, however, the need for recycling and waste infrastructure represents a failure to maximise reuse and repair further upstream. A circular economy needs to start by building in product longevity, ease of repair and ease of recycling at the design stage of products and services. Such a circular economy would not only have environmental benefits but can also provide important employment. The route map recognises that 10,000 tonnes of waste can support 296 jobs in repair and reuse versus 36 jobs in recycling (which is at least higher than the 1 job in incineration and 6 jobs in landfill).

⁴ <https://emf.thirdlight.com/link/5bli4i8yq0dv-1ovkaa/@/#id=0>

But our current economy, designed around profit maximisation and the bottom line, incentivises the extraction of resources, the production of cheap products with short longevity, and a throwaway culture. Practices of environmental regeneration, repair and reuse go 'against the grain' of the system. That is because natural resources can be accessed at less than their full value, when the environmental costs of extraction, pollution and waste are taken into account⁵. Similarly, it is often cheaper to buy new goods rather than repair them, because the production of new goods can be automated and offshored to benefit from cheap labour, while reuse and repair infrastructure is more labour-intensive and requires higher-skilled and higher-paid work locally.

It is therefore important to recognise that the implementation of a circular economy would come with real costs for many current business practices, even though it delivers social and environmental benefits for society.

Creating a truly circular economy requires a redesign of the rules of our economy to make practices of environmental regeneration, repair and reuse the normal and sensible choice. Such a redesign must be an important part of the Scottish Government's approach to building a circular economy. While we recognise that many of the relevant levers are reserved, the Scottish Government could do more. For example, circular economy conditions could be attached to public grants, similar to fair work conditions. The repair sector should be assigned a key sector in the NSET. And circular economy practices should become a key feature in any work to mainstream support for purposeful businesses following from the report of the Business Purpose Commission.

A circular economy cannot be realised in a growth-based economic model

Finally, one of the most important drivers of material use, waste production and environmental degradation has been the relentless growth in consumption of goods and services over the past decades. Achieving a Wellbeing Economy requires limits in material use, energy generation and extraction (driven by consumption) and a focus on collective wellbeing. A circular economy will be essential in achieving that, but it will not be successful as long as the gains from increased circularity are continuously offset by overall growth in production and consumption. As a result, a circular economy cannot become an apologist for continuing to pursue a growth-based economy.

- Many materials cannot be recycled at all, and even those that can be recycled, cannot be recycled forever. In addition, many materials and goods are currently not designed for circular practices.
- That means that even if we can recycle effectively, there will always be some need for top up with virgin material. Growth in the economy will therefore always require increased use and extraction of materials. This is an opportunity for Scotland to lead by example and establish firm limits on material use. Zero waste Scotland produced research on Scottish Material Flow Accounts in 2021⁶ – which subject to its limitations, offers a useful place to start to track reduced material usage over time.
- Not all consumption is equal regarding its material impact. Of the biggest importance here is the production and consumption of manufactured goods, which is unnecessarily inflated through practices of planned obsolescence, single use goods and relentless marketing. A Wellbeing Economy requires an economic and cultural

⁵ Jason Hickel, *Less is More: How Degrowth Will Save the World* (2020), William Heinemann

⁶ <https://www.zerowastescotland.org.uk/research-evaluation/material-flow-accounts-mfa>

shift away from material consumption and towards a higher value on important services as highlighted throughout the Covid-19 pandemic, such as care.

The two consultation documents recognise this challenge to some degree, and we welcome the proposal for statutory targets for material reduction. But we are concerned that many of the aims of the proposed roadmap stand in direct tension with the goals of NSET:

- Despite its incongruence with the principles of a Wellbeing Economy, higher rates of economic growth are an explicit goal of NSET. NSET also has a particular focus on manufacturing sectors and exports which tend to be more material intensive.
- A key challenge for the circular economy is to build a successful reuse and repair sector, which can provide meaningful jobs but often suffers from low levels of labour productivity (as conventionally defined). The overarching focus of NSET on sectors that score highly on conventional measures of labour productivity growth is not helpful.

Conclusion

We welcome the proposals by the Scottish Government to work towards a circular economy in Scotland. The proposals present a welcome step in the right direction, with sensible ideas to promote better recycling and ban the worst waste products and practices. But the proposals are not giving sufficient attention to the regeneration of nature and the repair and reuse of products, two important aspects of the circular economy. The extraction, consumption and waste of materials is deeply embedded in our current economic system focused on growth, productivity and profits and pursuing a circular economy within the existing economic model will not be successful. In order to be successful any efforts to pursue a circular economy need to be embedded in a wider effort of economic transformation towards a Wellbeing Economy that prioritises environmental integrity and collective wellbeing. We are strongly concerned that the current economic priorities of the Scottish government, as reflected in the National Strategy for Economic Transformation, are at odds with the goals of a circular economy.

This consultation response was prepared by Vincent Percy and Lukas Hardt for the Wellbeing Economy Alliance Scotland. If you have any questions, please get in touch with Lukas at lukas@scotland.weall.org.

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