

Notes and quotes from 'The Economics of Sustainability' Panel Discussion
Sustainable Living Festival Saturday 12 November 2016, Hobart.

Professor Jamie Kirkpatrick (Ecologist, University of Tasmania)

- "Our society is characterised by gross inequality...Our economic system is about turning nature and communities into trash... how can we turn this around into a sustainable future?"

Phil Harrington (Economist, strategy & policy research)

- "What's a social externality? – when you lose your job. What's an environmental externality? – climate change"

Stuart Barry (Tas Ethical financial adviser):

- "Growth in perpetuity doesn't add up in a finite world"
- "GDP as a measure of success just doesn't make sense in terms of what people actually value...we need a more balanced 'score card' approach, e.g. based on the United Nations' Sustainable Development Goals"

Millie Rooney (Source Community Wholefoods):

- "Carers and communities are not valued in this society which measures only economic growth"

Mark Dibben (UTas Business & Economics):

- "Oikonomia" is a Greek word and the origin of our word 'economy'. 'Oikos' means a house and 'nemein' means to manage or control. The meaning applies to various levels of human organization (individual, family, community, and society).
- Graphs of socio economic trends and earth system trends show inverse relationship – e.g. see Johan Rockstrom (Ted talk at <https://www.google.com.au/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#q=johan%20rockstr%C3%B6m%20ted>)
- Mary Robinson got it right when she said: "The industrial revolution must give way to an ecological revolution" (from *Something Understood*, 4 September 2016).
- We need a radical re-imagining of what we mean by growth, and how we think of economics. We need to look to E.F. Schumacher's *Economics as if people mattered* for our economics.
- Management not for corporations, but for people.
- For more information, see Mark's presentation notes.

Saul Eslake (Economist):

Accepted Givens:

1. The economy exists within, and is a subsidiary of, the natural world (rather than the other way round).
2. Resources of the natural world are finite. That is, it is possible to deplete them entirely.
3. GDP and similar statistics are incomplete and inadequate measures of well-being – not only because of what they do and don't include, but also because they take no account of the distribution of benefits (fairness or equity etc). Nonetheless they are all that we have, particularly for making comparisons across countries or over time.
4. We need a more intelligent conversation that incorporates use and depletion of finite natural resources in economic accounts.

That's why my 'one suggestion' for something 'practical that can be done now' is that more effort be put into creating and publishing measures of economic activity which take account of the use and depletion of finite natural resources, in the same way that they already comprehend the depreciation of man-made assets. Indeed, the Australian Bureau of Statistics is at the forefront of international efforts by statistical agencies to that end – and, as it happens, the ABS' work is being led by a team based here in their Hobart offices.

5 Propositions:

1. Most people have strong instincts for seeing improvement in their own or their children's circumstances - their 'well-being' - over time.

In particular, they want to feel confident that their children will have 'better lives' they have had. As we have seen in a number of different places around the world this year, most recently in the United States, when people begin to think that their circumstances aren't improving over time, or indeed are going backwards – and that their children might not have 'better lives' than they've had – politics can turn ugly.

2. The idea that people in 'rich' countries should willingly accept a lower standard of living (or even a slower rate of improvement in their standard of living) in order to support people in 'poor' countries improving their living standards doesn't enjoy much support by those in rich countries.

'Globalization' has done more to improve the living standards of a greater number of people in 'poor' countries than anything else in human history – but we are now seeing a savage political reaction to it in 'rich' countries.

3. The intensity of resource use goes down as GDP per capita goes up.

There is a lot of evidence to suggest that as countries get richer in a material sense (i.e. real per capita GDP goes up) the proportion of GDP represented by the production and consumption of services goes up, while the intensity of resource use (per \$ of GDP) starts to decline - at least above a certain point, typically \$18,000-\$25,000 per head.

4. As countries get richer and as women gain more equal status with men, the birth rate declines and population growth slows down.

This means that improvements in per capita GDP (average material living standards) can be achieved with slower growth rates of total or aggregate GDP. And from a sustainability perspective, this is a 'Good Thing'.

5. Awareness of the environment and sustainability increases as per capita well-being rises.

People who aren't sure where their next meal is coming from, or whether their children will outlive them, typically don't care all that much about pollution, endangered species or global warming – no matter how much we in 'rich' countries think they should.

Concluding remarks

- Reductions in standards of living can't readily be imposed in free and democratic societies.

“I have a great faith in the capacity of the combination of human ingenuity and ‘market forces’ to solve problems great and small.”

What is needed is

- Ingenuity and market forces operating through public policy/government intervention.
“The kind of interventions governments make should seek to bend ‘market forces’ so that human ingenuity will be motivated to change patterns of economic behaviour away from activities which are more likely to result in rapid depletion of finite natural resources (including clean air and water), towards ones which are less likely to have those results, or indeed towards ones which might help to replenish the supply of those resources where that’s possible.
- Change economic settings to achieve reduction in consumption of finite resources.
“I’m all in favour of governments charging higher prices for the use of finite natural resources, and imposing higher taxes on various forms of pollution, including carbon emissions. And I’m all in favour of reducing, or abolishing, subsidies for the use of finite natural resources.
- Encourage sustainability – and this will support achieving economic processes that are also politically sustainable solutions.

“My most fundamental point is that the goal of achieving levels and patterns of economic activity which are environmentally sustainable is more likely to be achieved in ways that are also politically sustainable if the path to that goal is one that people can be incentivised to choose freely, rather than being compelled by some kind of arbitrary force.”

In response to a question from the audience on the implications of population growth on sustainability:

- Roughly half of all GDP growth in Australia is driven by population growth.
Since the turn of the century (i.e. between the 2000-01 and 2015-16 financial years), Australia’s GDP has risen at an average annual rate of 3.0% while its population has increased at an average annual rate of 1.5% pa, so in Australia’s case, half of the increase in our GDP has been attributable to population growth and half to an increase in *per capita* GDP. (Obviously for somewhere like China, a much higher proportion of the increase in GDP has been attributable to per capita GDP growth. For somewhere like Iran, Saudi Arabia or Papua New Guinea, the reverse would be the case.)

Key concluding comments (from all Panellists)

- **WRITE, SPEAK AND VOTE TO BRING ABOUT THE CHANGE YOU WANT.** Run for office; live by example; urge for the changes you want to see.
- **Write letters to banks/politicians explaining why you are ditching them** (e.g. for supporting Adani coal mining)
- **Exert your power by who you vote for and how you spend your money** (e.g. buy free range, sustainable certified etc).
- **Distinguish wants from needs.**
- **We need to control corporations so they don’t overly influence politics.**
- **We need to count wealth in different ways from GDP** (e.g. social capital, courage capital).
- **We need to embrace a social wage.**

- **What gets measured gets valued.** We need to change the way we measure economics (preferably in a way that is internationally comparable). Different measurements will give rise to different conversations and different approaches.
- **Plan and manage for sustainability.**

Recommended Reading (by Panellists)

- **Article: *The steady state economy – life after growth*:** <http://www.global-briefing.org/2012/07/the-steady-state-economy-life-after-growth/>
- **Book: Tim Jackson: *Prosperity without Growth***
https://en.wikipedia.org/wiki/Prosperity_Without_Growth
- **Book: Charles Eisenstein: *Sacred Economics*** <http://charleseisenstein.net/project/sacred-economics/>
- **Book: Kerry Higgs: *Collision Course – Endless Growth on a Finite Planet***
<https://mitpress.mit.edu/books/collision-course>
- **Ted talk: Johan Rockstrom** at <https://www.google.com.au/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#q=johan%20rockstr%C3%B6m%20ted>
- **Colin Tudge's *Economic Renaissance*:** <https://www.greenbooks.co.uk/economic-renaissance> and/or his ***6 Steps Back to the Land***: <https://www.amazon.com/Six-Steps-Back-Land-millions/dp/0857841238>
- **Schumacher College:** <https://www.schumachercollege.org.uk/> and the **Schumacher Institute:** <http://www.schumacherinstitute.org.uk/>
- **Schumacher Center for New Economics:**
<https://www.google.com.au/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#q=schumacher%20centre%20for%20new%20economics>