ANU PUBLIC POLICY 2013: Opportunity and Disadvantage

Equity, Social Capital, and Sustainable Well-Being in Public Policy

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THE ANTHROPOCENE

The Anthropocene defines Earth's most recent geologic time period as being human-influenced, or anthropogenic, based on overwhelming global evidence that atmospheric, geologic, hydrologic, biogeochemical, and other Earth system processes are now altered by humans. The line corresponding to 1960 highlights the Best Acceleration, the post-World War II worldwide industrialization, techno-scientific development, nuclear arms race, population explosion and rapid economic growth.

These graphs were compiled in a publication of the International Geosphere-Biosphere Programme (IGBP).
Donora Pennsylvania, USA
1948
Midday

Beijing, China
2012
Midday
Vision
How the world is
How we would like it to be

Tools & Analysis

Practical Problem Solving

Institutions/Policy/Implementation
PLANETARY BOUNDARIES: THERE ARE FUNDAMENTAL ECOLOGICAL CONSTRAINTS


We need a third movie...
We need a third movie...

A sustainable and desirable economy-in-society-in-nature
The Sustainable and Desirable “doughnut”

(after: K. Raworth. 2012. A safe and just space for humanity: can we live within the doughnut? Oxfam International)
Building a Sustainable and Desirable Economy-in-Society-in-Nature,

by: United Nations Department of Economic and Social Affairs (UNDESA)

This report is a synthesis of ideas about what a new economy-in-society-in-nature might look and how we might get there. The report argues that now is the right time for the transition to a new economic paradigm. It lays out a vision, objectives and concrete policies that could underpin a new model of the economy based on the worldview and principles of "ecological economics," including sustainable scale, equitable distribution and efficient allocation of resources. A model where GDP growth is not the ultimate goal. The report makes a case for a greatly expanded commons sector of the economy and new common asset institutions to adequately deal with natural and social capital assets.
“Empty World” Vision of the Economy

Property rights

Private

Capital (Built)

Perfect Substitutability Between Factors

Labor

Public

Land

Economic Process

GDP

Goods and Services

Consumption

Individual Utility/welfare

Cultural Norms and Policy

Investment

Perfect Substitutability Between Factors

Building

Education, Training, Research

Improvement

Property rights

Goods and Services

Cultural Norms and Policy

Economic Process

GDP

Consumption

Individual Utility/welfare

Investment
“Full World” Vision of the Whole System

- Solar Energy
- Restoration, Conservation, Education, training, research, Institutional rules, norms, etc.
- Building
- Natural Capital
  - Complex property rights regimes
  - Individual, Common, Public
- Human Capital
- Social Capital
- Built Capital
- Limited substitutability
- Substitutional forms
- Ecological services/amenities
- Economic Production Process
- GDP
- Goods and Services
- Wastes
- Well Being (Individual and Community)
- Consumption (based on changing, adapting preferences)
- Investment (decisions about, taxes, community spending, education, science and technology policy, etc., based on complex property rights regimes)

Materially closed earth system

Waste heat
A Sustainable and Desirable Economy Recognizes that:

• our material economy is embedded in society, which is embedded in our ecological life-support system, and that we cannot understand or manage our economy without understanding the whole, interconnected system;

• growth and development are not always linked and that true development must be defined in terms of the improvement of sustainable well-being (SWB), not merely improvement in material consumption;

• a healthy balance must be struck among thriving natural, human, social, and cultural assets, and adequate and well-functioning produced or built assets.
Fair distribution is essential to quality of life.

Health and Social Problems are Worse in More Unequal Countries

Index of:
- Life expectancy
- Math & Literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness – incl. drug & alcohol addiction
- Social mobility

A Harvard business prof and a behavioral economist recently asked more than 5,000 Americans how they thought wealth is distributed in the United States. Most thought that it’s more balanced than it actually is. Asked to choose their ideal distribution of wealth, 92% picked one that was even more equitable.

Source: Michael I. Norton, Harvard Business School; Dan Ariely, Duke University
The Rich Get Richer and Poorer Together

Income shares of the top percentile in Western countries, 1903-2004

Source: Jesper Roine and Daniel Waldenstrom
Health and Social Problems are Worse in More Unequal US States


Social Capital index by State
**Figure 7.4**
Violent crime is rarer in high social capital states

**Figure 7.3**
Kids watch less TV in high social capital states

**Figure 7.1**
Schools work better in high social capital states

**Figure 7.6**
Health is better in high social capital states
Life Satisfaction and Per Capita GDP around the World

Source: Deaton, 2008.
<table>
<thead>
<tr>
<th>Goal</th>
<th>Marketed</th>
<th>Economic Income</th>
<th>Strong Sustainability</th>
<th>Economic Welfare</th>
<th>Human Welfare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Framework</td>
<td>value of marketed goods and services produced and consumed in an economy</td>
<td>1 + non-marketed goods and services consumption</td>
<td>2 + preserve essential natural capital</td>
<td>value of the welfare effects of income and other factors (including distribution, household work, loss of natural capital etc.)</td>
<td>assessment of the degree to which human needs are fulfilled</td>
</tr>
<tr>
<td>Non-environmentally adjusted measures</td>
<td>GNP (Gross National Product)</td>
<td>MEW (Measure of Economic Welfare)</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>GDP (Gross Domestic Product)</td>
<td>HDI (Human Development Index)</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>NNP (Net National Product)</td>
<td></td>
<td></td>
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<tr>
<td>Environmentally adjusted measures</td>
<td>NNP+ (Net National Product including non-produced assets)</td>
<td>ENNP (Environmental Net National Product)</td>
<td>SNI (Sustainable National Income)</td>
<td>ISEW (Index of Sustainable Economic Welfare)</td>
<td>HNA (Human Needs Assessment)</td>
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<td></td>
<td>SEEA (System of Environmental Economic Accounts)</td>
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<tr>
<td>Appropriate Valuation Methods</td>
<td>Market values 1 + Willingness to Pay Based Values (see Table 2)</td>
<td>2 + Replacement Costs, + Production Values</td>
<td>3 + Constructed Preferences</td>
<td>4 + Consensus Building Dialogue</td>
<td></td>
</tr>
</tbody>
</table>

Genuine Progress Indicator (or ISEW) by Column

Additions
- Column A: Personal Consumption Expenditures
- Column B: Income Distribution
- Column C: Personal Consumption Adjusted for Income Inequality
- Column D: Value of Household Labor
- Column E: Value of Volunteer Work
- Column F: Services of Household Capital
- Column G: Services Highways and Street
- Column H: Cost of Crime
- Column I: Cost of Family Breakdown
- Column J: Loss of Leisure Time
- Column K: Cost of Underemployment
- Column L: Cost of Consumer Durables
- Column M: Cost of Commuting
- Column N: Cost of Household Pollution Abatement
- Column O: Cost of Automobile Accidents
- Column P: Cost of Water Pollution
- Column Q: Cost of Air Pollution
- Column R: Cost of Noise Pollution
- Column S: Loss of Wetlands
- Column T: Loss of Farmland
- Column U: Depletion of Nonrenewable Resources
- Column V: Long-Term Environmental Damage
- Column W: Cost of Ozone Depletion
- Column X: Loss of Forest Cover
- Column Y: Net Capital Investment
- Column Z: Net Foreign Lending and Borrowing

Subtractions
- Built Capital
- Human Capital
- Social Capital
- Natural Capital
GDP/capita and GPI/capita in the United States
Maryland Genuine Progress Indicator

Consistent with other States and nations, Maryland’s GPI is near the States GSP until the early 1980s wherein they begin to separate. Because of our many strengths and resources, though, Maryland’s GPI has fared much better than the U.S. GPI.
Maryland GPI Grows More Than 2 Percent Last Year

by kkking

GPI updated with 2011 data

Governor Martin O’Malley today announced that the State has updated Maryland’s Genuine Progress Indicator (GPI), the first state government sanctioned tool of its kind, to include 2011 data. According to the new data, Maryland’s GPI – a measure of statewide well-being – grew more than 2 percent since last year; the highest increase since 2005.

“The GPI is one of the best ways to evaluate our progress as a State because it provides a comprehensive look at our economy, natural resources and community,” said Governor O’Malley. “With these results we are able to see where we need to focus our efforts, and create the necessary policies.”
GPI/capita for the 17 countries for which it has been estimated.
Global GPI/capita & GDP/capita

The dimensions of the new economy include:

A. **Sustainable scale:** respecting ecological limits

B. **Fair distribution:** protecting capabilities for flourishing

C. **Efficient allocation:** building a sustainable macro-economy
PROTECTING CAPABILITIES FOR FLOURISHING

• Sharing and redefining work
• Tackling systemic inequality
• Strengthening human and social capital
• Expanding the “commons sector”
• Removing communication barriers and improving democracy
A no-growth disaster

A better low/no-growth positive economy

12 things we need to change to create a better world

1. New meanings and measures of success
12 things we need to change to create a better world

2. Limits on materials, energy, wastes, and land use
12 things we need to change to create a better world

3. More meaningful prices
12 things we need to change to create a better world

4. More durable, repairable products
12 things we need to change to create a better world

5. Fewer status goods. More community assets.
12 things we need to change to create a better world

6. More informative advertising
12 things we need to change to create a better world

7. Better screening of technology
12 things we need to change to create a better world

8. More efficient capital stock
12 things we need to change to create a better world

9.

More local, less global
12 things we need to change to create a better world

10 Reduced inequality
12 things we need to change to create a better world

11 Less work, more leisure
12 things we need to change to create a better world

Education for life, not just work
To create a sustainable and desirable economy-in-society-in-nature requires:

• Breaking our *addiction* to the "growth at all costs" economic paradigm, to fossil fuels, and to over-consumption

• Envisioning a more sustainable and desirable future that focuses on quality of life
Solutions

Rio+20: The World We Want

Bringing Mozart to the Masses: Venezuela’s Music Revolution
by María Páez Victor

Fight the Status Quo
by Bill McKibben

Sustainable Consumerism in China
by Peggy Liu

After Financial Collapse, A New Green Economy
by Vani Jans

The UK Asks, How Happy Are Its Citizens?
by Christina Aguil

Why Everyone Should Be a Futurist
by William S. Becker

Visions of a Sustainable Future

Why Everyone Should Be a Futurist
by Bill Bostick
For Rio+20: A Charter for a New Economy
by Jayme Gurley Fry
Think Like an Ecosystem, See Solutions
by Joao Nogueira
The Way Forward: Survival 2100
by William Ross

The Big Picture

The Next Transition: The Evolution of Humanity’s Role in the Universe
by Alan Shuman Aker and Brian Thomas Steelman
It’s time to fight the Status Quo
by Bill McKibben
Can We Avoid the Perfect Storm?
by David V. Rio
How to Apply Resilience Thinking — In Australia and Beyond
by Brian Walker
Endangered Elements: Conserving the Building Blocks of Life
by Herm Satterl

Setting New Goals

Sustainability and Happiness: A Development Philosophy for Bhutan and the World
by Lobsang Tsering, Prime Minister, Royal Government of Bhutan
Flourishing as a Goal of International Policy
by Martin Seligman
Green Accounting: Balancing Environment and Economy
by Peter B. Driscoll
Working Less for a Sustainable Future
by儘o尾人
Millennium Consumption Goals Seek to Protect the Poor and the Planet
by Ellen MacArthur
Happiness and Psychological Well-being: Building Human Capital to Benefit Individuals and Society
by George V. Kavoussi

Building a New Paradigm

After Financial Collapse, A New, Green Economy
by Vani Jans
A World That Works for All
by Moises Naim
Fighting Poverty by Healing the Environment
by Christine Grin
Three Steps to a Sustainable Economy
by Claire Welsh
Raising Gross National Happiness through Agroforestry
by Paul Hawken
Building Bridges between Scientists and Policymakers to Reach Sustainability
by Kimberley Rasmussen and B. W. Nozick

Focusing on the Next Generation

Bringing Mozart to the Masses: Venezuela’s Music Revolution
by María Páez Victor
Creating the Schools of the Future: Education for a Sustainable Society
by Peter M. Swag
Values and the Next Generation
by Jayme Gurley Fry
Teaching a University Course in Sustainable Happiness
by Annable O’Brien
Sustainable Consumerism Begins with China
by Peggy Liu
Predicting the future is impossible. But what we can do is lay out a series of plausible scenarios, which help to better understand future possibilities and the uncertainties surrounding them. Scenario planning differs from forecasting, projections, and predictions, in that it explores plausible rather than probable future, and lays out the choices facing society in whole systems terms.

Course convenor and participants:

Professor Robert Costanza is Chair in Public Policy at the Crawford School of Public Policy at the Australian National University. His transdisciplinary research integrates the study of humans and the rest of nature to address research, policy and management issues at multiple time and space scales, from small watersheds to the global system. He is co-founder of the International Society for Ecological Economics and founding editor in chief of Solutions (www.thesolutionsjournal.org). He is author or co-author of over 500 articles and 23 books, including scenario planning exercises at the regional and global scale. Other participating faculty include: Dr Ida Kubiszewski, Dr Steve Cork, Dr Paul Atkins, and Dr Geoff Gomers. The course is supported by the HC Coombs Policy Forum and a grant from DAFF/Australia21.

Course overview:

This course will engage students and faculty in an interactive, solutions-focused format to:

- Review and synthesize the literature on scenario planning in Australia and the world
- Develop a set of plausible future scenarios for Australia and describe those futures in a number of ways that communicate with a broad audience, including: narratives, graphics, and video
- Design and pre-test public opinion surveys and deliberation methods about the scenarios
- Prepare publishable articles about the results

Further information about the course: anu.campusconcourse.com
Thank you