Sustainability the next evolution of the science?

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Right off

- Economics is pretty boring.....
- What is new is not always right or wrong...
- Ishmael is more than your ordinary Gorilla!
- Everything is one... at least there are a lot of connections!
Wombat speak truth!
What is Economics?
Where did it originate?
What have been the milestones of modern economics?
What is Sustainable Development?
‘Big Box’ and modern concept of retail and our local economy
What can we do?
Origins of Economics

- The term **economics** comes from the Ancient Greek *oικονομία* (oikonomia, "management of a household, administration")
- from *οἶκος* (oikos, "house") + *νόμος* (nomos, "custom" or "law"), hence "rules of the house(hold)".
Economics, at its core, studies the ways in which societies allocate limited resources, such as land, to provide for their needs.

Getting Sleepy Yet?
The works of Aristotle had a profound influence, who in turn influenced the late scholastics of the 14th to 17th centuries.

Joseph Schumpeter described the latter as "coming nearer than any other group to being the 'founders' of scientific economics"
Origins of Economics

- The philosopher Adam Smith (1776) defined what was then called political economy as "an inquiry into the nature and causes of the wealth of nations", in particular as:
  - a branch of the science of a statesman or legislator [with the twofold objectives of providing] a plentiful revenue or subsistence for the people ... [and] to supply the state or commonwealth with a revenue for the public services.

- J.-B. Say (1803), distinguishing the subject from its public-policy uses, defines it as the science of production, distribution, and consumption of wealth.
Alfred Marshall provides a still widely-cited definition in his textbook *Principles of Economics* (1890) that extends analysis beyond wealth and from the societal to the microeconomic level:

- Economics is a study of man in the ordinary business of life. It enquires how he gets his income and how he uses it. Thus, it is on the one side, the study of wealth and on the other and more important side, a part of the study of man.
The 18th century English philosopher and economist Thomas Robert Malthus expressed concern about sustainable growth in his 1798 work, "An Essay on the Principle of Population." Malthus predicted that population growth would outpace society's ability to produce food, creating unsustainable conditions with too many people crowded onto limited land, resulting in famine, war and death.

Economics became known as "the dismal science" in part because of Malthus's pessimistic forecast.
Counter to Malthus

- Food production is still growing, and prices are falling. According to Rose, research and science will enable us to feed more billions.

- Malnutrition and starvation reflect political incompetence or war, not problems with the food supply.

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Discussion Question

- Was Malthus right?
- Was he wrong?

Let’s Discuss for 10 minutes
Current View of Economics

- Neoliberalism...
  - It was an attempt to formulate an anti-capitalist, anti-communist Third Way. Neoliberalism was originally established as something quite different from the free market radicalism with which it is usually associated today.

- The term “neoliberalism” was coined in 1938 by the German scholar Alexander Rüstow.
NeoLiberalism

- The concept of neoliberalism as “the priority of the price mechanism, the free enterprise, the system of competition and a strong and impartial state.”

- Aimed at promoting the growth of national economies and gross world product.

In the model the individual is a utility maximizer with insatiable material demands.
NeoLiberalism

- NeoLiberalism is ... a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade.
Let's Discuss

- Pro’s and Con’s to Neo-Liberalism

- In 2006 Allen Greenspan (former head of the Federal Reserve) stated that an economy can grow forever.

What do you think? Is that possible?
Myths and the Economic System?
Myths of the Modern Age

Myth is a universal property of human societies and plays a vital role in every culture.
This assertion becomes easier to accept when we consider myths not as mistaken views but as comprehensive visions that give shape and direction to life.”
Myths of the Modern Age

Virtually all ‘official’ international agencies and national governments share a comprehensive vision of global ‘sustainable development’ centered on unlimited economic expansion and fuelled by more liberalized trade.

At the heart of this vision (also called the ‘dominant economic paradigm’) is the belief that human welfare can be all but equated with ever-increasing material well-being (income growth).
Vision is the belief that human welfare can be all but equated with increasing material well-being (income growth). This has been a force giving shape and direction to political and civil life on every continent since the 1960s.
If we continue privatizing resources and eliminating barriers to trade, a new round of growth in both rich and poor countries will provide the wealth needed both to redress and to generate the economic surpluses needed, particularly in the developing world, better to husband the natural environment.

- In short, mainstream thinking holds that “...the surest way to improve your environment is to become rich” (Beckerman 1992, 491 as cited in Ekins 1993, 267).
An ever-expanding economy even the poorest of the poor will eventually enjoy a materially adequate life. ‘A rising tide raises all ships’—
Break!
EXTERNALITIES
TRANSACTION SPILLOVER
Illegal Drugs
Addiction
Family harm
Prison
Birth Defects
Etc
These cost not a burden to the dealer but to society.

Legal Drugs
Heart Attack
Cancer
Sudden Death
Dude Stuff....
Etc
These cost not a burden to manufacturer but to society.
Extra! Extra!

- Externality & Regulations

- What is the link here?

- Regulation is sort of a way to compensate for externalities....
What is the alternative?

Sustainable development?

An increasing number of economists have realized that:

- Infinite growth on a finite planet is fundamentally flawed
- A new economic system that is sustainable and serves the needs of people and planet.

Alternative Economy?
What do you think of this new economic idea?

Is it possible?
Some interesting debates

- Concerns about climate change, poverty and dwindling supplies of fossil fuels, among other issues, raise concerns about the effects of resource allocation on society's ability to sustain itself and future generations.

Sustainable development, in short, has emerged as a significant issue in economics.
Ecological economics sees the human enterprise as:

- A fully-contained, dependent subsystem of the non-growing ecosphere;
- A equilibrium structure subject to the second law of thermodynamics.
Expansionists treat the economy as an open, growing, independent system lacking any fundamentally important "connectedness" to an infinite environment.
Ecological Economic Vision

Unsustainability is an inevitable emergent property of the interaction between incompatible systems—the economy, as presently conceived, and the ecosphere.
What the scientist’s and the lunatic’s theories have in common is that both belong to conjectural knowledge. But some conjectures are much better than others… (Popper 1972).

The prevailing economic ‘construct’ does not map well to biophysical reality.
In contemporary mythology, the cornucopia of human ingenuity has clearly displaced nature as the great provider.

Our current system - based on the notion of perpetual economic expansion on a finite planet -
Beyond a certain point—further material growth can occur only at the expense of the depletion and pollution of the ecosphere.

Corollary: There are clear limits to material growth (throughput of energy and matter) and the scale of economic activity.
Ecologists see the economy as an open, growing, wholly dependent subsystem of a materially-closed, non-growing, finite, ecosphere (Daly 1992).
Ok....

So what does all that mean?
If the moon only looked like Brazil?

Ecologists see the economy as an open, growing, wholly dependent subsystem of a materially-closed, non-growing, finite, ecosphere (Daly 1992).
From Present Economic Model
- Growth
- Efficiency
- Maximum scale
- Capital accumulation
- Minimal interference in markets
- Ignoring Externalities

To Sustainable Development
- Steady state
- Inter- and intra-generational equity
- Qualitative improvement
Ben Bernanke has a question for you: Are you happy?

In that speech, he said research has found that once basic material needs are met, more wealth doesn't necessarily make people happier. "Or, as your parents always said, money doesn't buy happiness," Bernanke said then. "Well, an economist might reply, at least not by itself." CNBC

The Kingdom of Bhutan has been tracking happiness for four decades. The tiny Himalayan nation stopped tracking gross national product in 1972 and instead switched to measuring Gross National Happiness.
Challenge: Where to start?

The economics of sustainable development considers issues related to land use, demography, energy, the environment and conservation of natural resources.

- **Economic Conference @ Bretton-woods-minute 11**
Discussion Question

- Can a new model be developed?
- What are the constraints?
- How do you think we can do this and how?
- Let’s take 10 minutes to discuss
- If today’s entire world population enjoyed the same consumer lifestyles as residents of North America, it would take three to four additional Earth-like planets to accommodate everyone sustainably!

  **Steve Colbert!**

- Problem: “Good planets are hard to find.”
Many countries ‘occupy’ ecologically a water and land-base scattered all over the planet that is much larger than their domestic territories. with other countries and the global commons.

Such countries are running ‘ecological deficits’

We are witnessing an increasingly unsustainable entanglement of nations.
What is the alternative?

There is enough for everybody’s need but not enough for anybody’s greed.

Mahatma Gandhi
What can we do locally?

**TRIPLE BOTTOM LINE & LOCAL BUSINESSES**
Local Business... vs

Big Box Retail

- Support your neighbor
- Keeps money in your community
- Creates a greater sense of community
- Develops overall responsibility
Local Vs Chains

- Food
- Products
- Services

- Not always possible but do what you can!
- Visit a local artisan, food producer or business
- Develop a relationship!
Reactions

- How has your opinion of our Malthus discussion changed? Or has it?
- Are you more or less inclined to buy local?
Credits

- Dr Rees, University of British Columbia, School of Community and Regional Planning
- John Ikerd, University of Missouri