

**A report on practical steps for achieving the goals
stated in the Fuji Declaration in the sphere of
ECONOMY**

Executive Summary

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Problems and possibilities for taking practical steps in the *economy*

Obstacles

Between 2000 and 2030 the world population will grow by 2.5 billion; the demand for food will nearly double, industrial production and energy consumption will triple, and demand in developing countries will quintuple. The gaps will keep growing. There are countries with a GDP per capita over \$100.000 (Qatar, Luxemburg), and there are very poor countries with a GDP around \$1.000 (Bangladesh, Sub-Saharan Africa). In 1970, the income of the richest 20 percent of the world's people was thirty times more than that of the poorest 20 percent. By 2005 this gap had grown to seventy-five percent and it keeps growing. At the same time the global population is increasing. Demographic growth is an endemic characteristic of the poor regions.

The concept of sustainable development had an important impact in the economy, for example, by spreading environmentally friendly consumption habits, clean technologies, the valuation of renewable resources, and in defining development in qualitative rather than quantitative terms. But renewable and non-finite resources, the natural capital of the economy, still keep decreasing because there are hardly any efforts to replace what has been used up.

Sustainable development means ensuring the continuous existence of the necessary resources. This calls for radically new thinking. Development does not necessarily bring about the growth of wealth, and even less the increase of wellbeing. Wellbeing calls for the development of education, increases in levels of health and in life expectancy, the improvement of social security and growth in the level of personal freedom. Environment-conscious consumers are ready for some "self-limitation" (selective waste collection, turning off the tap, disconnecting the telephone recharger, etc.) but these have only marginal effects on their ecological footprint. While one would expect that the footprint of environment-conscious people will be smaller than those of non-environment-conscious individuals, empirical studies show that the ecological and carbon footprint of so-called brown (least environment-conscious) and green (most environment-conscious) consumers does not differ significantly. The ecological footprint correlates with income, but its correlation with environmental awareness is not demonstrated.

Taking feedback delays into consideration, without timely and radical change, the current economic system faces global disaster.

Alternative conceptions

Optimism in the belief in the power of economic growth to overcome environmental problems has been overshadowed by the fact that, even by 2030, most of the world will not reach the per capita GDP where the quality of environment could be expected to start improving. It is clear that in the case of easily externalize pollution with little chances to establish the polluter's liability (greenhouse gases, waste), or contamination that produces irreversible degradation (e.g. the accumulation of heavy metals and stable organic contaminants with their collateral effects), economic growth remains incapable of overcoming environmental pollution. The data show that without a radical change in the conditions of distribution, squalor will remain an obstacle to creating the necessary demographic and environmental changes.

There are economic models where economic growth serves sustainable development: these are models of structural economic growth. Eco-efficiency can be increased in ways that contribute to the increase of employment in society. Supported by the increase in labor, the consumption of services in the economy can develop while material consumption decreases. This would signify the gradual replacement of a stock economy with a flow economy.

In order to foster and encourage the implementation of the alternative models, the concept of ecological footprint may have to be replaced by the concept of "celestial" footprint. One of the great dangers of using GDP is that, as it is now widely recognized, it is not connected to wellbeing, which is a different and more complex concept. This can be avoided if we measure subjective wellbeing, which is a more important indicator than GDP, given that humans need more than material resources to achieve a state of wellbeing.

The resources that enter into the calculation of the size of the celestial footprint are not necessarily purely spiritual, although spirituality could be an important element. The celestial footprint measures the non-material content of wellbeing in a person or community. The higher the celestial footprint, the smaller is material consumption at the given level of wellbeing. The challenge is to be *happier with the same ecological load*; or *decrease the ecological load without diminishing happiness*. Of course, in these equations the numerator and denominator may change singly or simultaneously.

The measure of the celestial footprint is important in a materially limited unsustainable world, for the celestial resource pool is not limited. Using celestial resources does not depend on their availability, only on the skills and creativity of the users as shaped and promoted by their culture and their values.

Conditions for taking practical steps

There are thousands of ways to increase or maintain happiness but they all have common elements: (1) they use either earthly or "celestial" resources; and (2) these resources are used

either via markets (price tagged resources) or their use is outside the monetary system. There are three basic approaches to creating a long-term sustainable economy.

The first approach: using non-material (“celestial”) and non-price-tagged resources such as a warm family atmosphere, a high level of social capital, the enjoyment of natural beauty, and conditions for personal and community peace and empathy.

The second approach: using nonmaterial resources via the market mechanism. Eco-efficiency as a non-material source of GDP is an example of this, and so is economic development without material growth as well as livelihood gained through licenses, and legal or other cultural artifacts.

The third approach: using material resources not mediated by market mechanisms, that is, resources that are free in monetary terms. Breathing fresh air and drinking free and clean water are examples of such use.

(A fourth approach would correspond to the classical understanding of the economy. Material resources are used via market mechanisms for acquiring foods, clothes, etc. The critics of economic growth assume that (1) this way of pursuing happiness is the most typical and yet it is unsustainable in a materially limited world, and that (2) dollars in GDP (or any other category of indicators of economic performance) correlate with the ecological load of humanity. This approach is dominant, but it is not sustainable.)

The above approaches can be combined in a large variety of ways, offering many alternative development paths. There are, of course, both monetary and nonmonetary trade-offs in the various approaches, but market- and GDP-friendly economic scenarios can be delineated. According to these scenarios, the focus of the economy should be creating employment rather than profit, fulfilling needs rather than owning things, and producing durable and safe products and services rather than products of planned obsolescence. Implementing such scenarios can help to maintain and increase human wellbeing and the quality of life, and at the same time preserve the integrity of the natural environment.

However, in the last count only a fundamental change in the values that govern economic behavior could create an economy that is sustainable in the long term, and this is a new paradigm in the economy. The active advancement of this paradigm remains a precondition of the realism of practical steps toward achieving the goal stated in the Fuji Declaration.

Conclusion

In the sphere of politics and the economy it is too early to envisage taking concrete steps toward realizing the goals defined in the Fuji Declaration: first the ground needs to be prepared for taking the steps. This means loosening the hold of the currently dominant paradigm in the thinking of the dominant actors, allowing the rise of a new paradigm.

The first step here is to empower the cultures that are already emerging at the creative periphery. These cultures are not sufficiently united and hence not sufficiently powerful to displace the old paradigm. When the new cultures develop mutual ties and shared projects, they could affect the

centers of power with their values and aspirations. A paradigm shift would then get under way. Then, but very likely only then, will there be an opening in the political and economic systems of the planet to implement concrete steps toward the achievement of the kind of goals stated in the Fuji Declaration.