INTERNATIONAL SOCIETY OF SUSTAINABLE PROFESSIONALS

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Homo Economicus Interruptus: New principles for a sustainable economy

If we're not going to base our economy on consumerism and growth, what are we going to base it on?

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Jared Diamond, author of *Collapse: How Societies Choose to Fail or Succeed*, stated, "Perhaps the crux of success or failure of a society is to know which core values to hang onto, and which ones to discard and replace with new values when times change."

For the last hundred years or so, industrialized nations have been focused on economic growth as the main instrument to improve their citizens' lives. Economists invented a mythical human, Homo economicus, a completely rational person who pursues his or her own gain with the least effort or expense. Give these prototypical 'people' all the appropriate information, and a free market will provide the best results for the lowest cost. Focus on job growth and tax 'relief,' so the thinking went, and you put money in the pockets of the people so they can decide what is best for them.

Missing from this narrative is the fact that the public sector and private sector play different roles in our society. Want an iPhone or a Big Mac? Invest in the private sector. But if you want clean air and water, if you want to travel from one place to another, or if you want a good education for your kids, you have to invest in the public sector (though you have to wonder why Homo economicus would ever have children, given the expense and work involved). Rising business and personal income can increase tax receipts, thus increasing investment in the public sector, but government can also simply increase tax and fee rates. Nations differ dramatically in what their citizens consider a necessary and fair investment in the public sector, with Denmark at one end (personal income taxes ranging from 42 to 68 percent) and the United Arab Emirates at the other (no sales or income tax). What's important is that public services get funded somehow.

The recent economic collapse has left many questioning fundamental economic tenets in a way that would have been branded heresy just a few years ago. At least for now, there are some voices questioning the wisdom of unfettered free markets and the dexterity of Adam Smith's 'invisible hand.' The term 'regulation' has been uttered in the US Congress by representatives on both sides of the aisle as a solution, rather than as The Problem. But as the banking disaster recedes and Wall Street recovers, there is a real risk that we will dodge the hard work of examining what to keep or discard, as Diamond put it, leaving in place the underlying causes of our instability and unsustainability.

While most acknowledge that our economic train came off the tracks, there are those who want simply to put the train back on the tracks and stoke up the engine again. But before we do, we should consider whether we wanted to go where that train was headed. It's easier to change direction when momentum has flagged.

While so-called free markets and capitalism have certainly generated wealth and higher standards of living for many, we need to account for the impacts of that system. Western societies, especially the United States, are like the profligate young adult, living high on the hog, credit cards maxed out. For a while, the lifestyle seems appealing, but it is built on debt, importing resources—both monetary and environmental—

which need to be repaid with interest. We've just witnessed the destructiveness of that train of thought.

So before we put the engine back on the tracks, let's consider which way we want to go. This article pulls together the thinking of a number of different luminaries on the topic:

- Mark Anielski, author of *Economics of Happiness*
- Alan AtKisson, author of Believing Cassandra and *The ISIS Agreement*
- Erik Assadourian, Worldwatch, *State of the World 2010: Transforming Cultures from Consumerism to Sustainability*
- Rachael Beddoe, Rubenstein School of Environment and Natural Resources
- Robert Costanza, Gund Professor of Ecological Economics and Director of the Gund Institute for Ecological Economics at the University of Vermont
- Lawrence Glickman, author of *A Living Wage*
- Tim Jackson, author of *Prosperity without Growth: Economics for a finite planet*
- Tim Kasser, author of *The High Price of Materialism*
- Marque-Luisa Miringoff, executive director of the Institute for Innovation in Social Policy
- Helena Norberg-Hodge, author of *Ancient Futures* and founder of the International Society for Ecology and Cultures
- Elinor Ostrom, awarded the 2009 Nobel Memorial Prize in Economic Sciences for her work on protecting the commons
- Peter Victor, Canadian economist and author of *Managing without Growth. Slower by Design not Disaster*

Consumerism: How did we get here?

Right now the prevailing wisdom prescribes that we stoke the economic engine to create jobs. Since it's consumption that drives the economy, we need people to go out and buy more stuff. Never mind that they don't have a lot of money right now with the economy down, because they can always borrow money to pay for it. The underlying hope is that if consumers start buying, the engine will ignite and off we can go— tacketa tacketa —down the tracks. Of course, now the banks are more conservative, so here we still sit in the station instead.

For years, I asked, "Why in the world would you design a society such that its well-being was dependent upon how much stuff people buy?" Did someone plan this or did it just happen by accident?

According to Lawrence Glickman in his book *A Living Wage*, consumerism was a conscious public policy to improve living conditions. After the Civil War, people thought that working for someone else was akin to slavery. If you worked for a wage, it was thought by many to be just another form of bondage. Self-employment was equated with freedom, while working for a wage was equated, metaphorically and literally, with prostitution, a burgeoning industry at the time.

However, as the economy up-shifted into the Industrial Revolution, more and more people started working for a wage, so people shifted their concern from being employed to being paid fairly for the fruits of their labor. In the period between 1870 and 1925, some voices started calling for a living wage, one that allowed people to not only survive, but to also satisfy some wants along with basic needs. Economically-minded people began to realize that if citizens earned enough to spend on a few luxuries, it would drive the economy. Shorter work-weeks could ironically lead to higher wages because people would have time to go to movies, out to dinner, and shopping, creating a positive feedback loop. Henry Ford famously wanted his employees to earn enough to buy one of his cars. Economists considered excessive frugality a self-indulgence because it prevented other workers from earning a good wage.

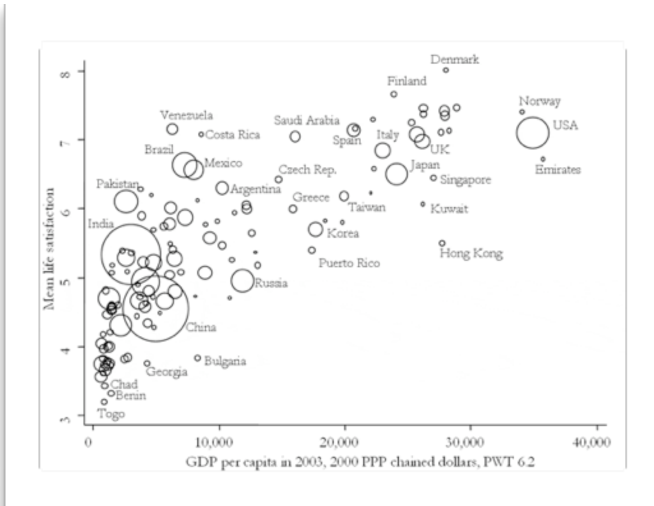
Voila: consumerism, the path to an improved standard of living.

But even back then, economists assumed that consumerism would eventually top out, that diminishing returns would set in and eventually people would have enough. Then, it was assumed, some other economic model would replace it. There are many indicators that perhaps we have reached (some might say, well passed) that point in time.

The more, the merrier?

There is a strong body of evidence showing that the incremental gains of happiness and livability in the industrialized world have reached the point of diminishing returns. A Gallup world poll shows a tenuous connection between a nation's per capita gross domestic product and happiness beyond a certain economic level. All roughly in line with the US in terms of happiness, but each dropping further on the per capita GDP scale are, in order, Italy, Spain, Saudi Arabia, Costa Rica, and Venezuela. Denmark has a significantly lower per capita GDP than the US, but higher happiness. And Hong Kong, with about the same per capita GDP as Denmark, has drastically lower levels of happiness.

Figure 1 *Mean life satisfaction v. per capita income*



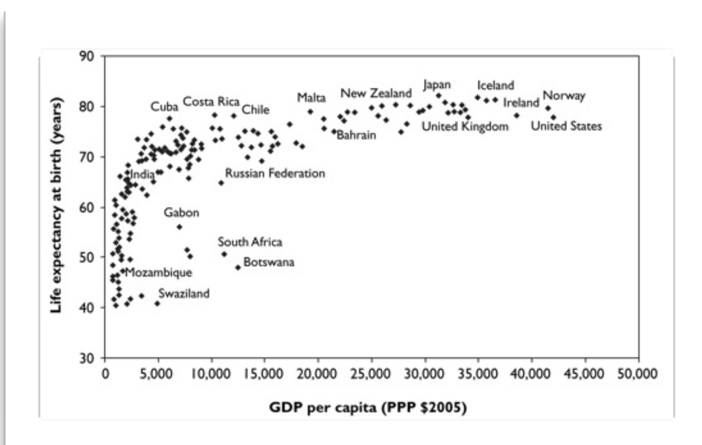
http://www.gallup.com/poll/104608/worldwide-residents-richer-nations-more-satisfied.aspx

After about $10,000 per capita GDP, the perceived happiness curve flattens. Some studies now challenge the Easterlin Paradox, which showed that increased income does not increase satisfaction, but even those studies show the same flattening curve.

If happiness seems too ethereal an indicator, consider longevity and infant mortality. Here too, a huge range of income levels produces roughly equivalent results. In Tim Jackson's book, *Prosperity without Growth*, he shows charts derived from UN Environment Programme data that shows the same flattening curve. The US, with an average income of about $40,000-45,000, has life expectancy rates that are in line with Cuba (at about $5000 per person), Chile, Malta, New Zealand, and Ireland.

Infant mortality rates show the same lack of a relationship between money and results. So more money doesn't necessarily make us better off, even by these basic measures.

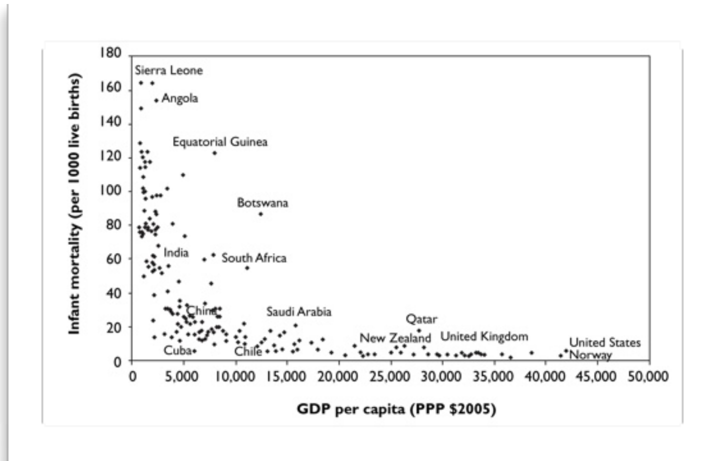
Figure 2 *Life expectancy at birth v. average annual income*



Note: PPP = purchasing power parity

Source: Data taken from statistics compiled for the Human Development Report, available online at the UNDP website: http://hdr.undp.org/en/statistics/

Figure 3 *Infant Mortality v. per capita income*



Note: PPP = purchasing power parity
Source: Data taken from statistics compiled for the Human Development Report, available online at the UNDP website: http://hdr.undp.org/en/statistics/

Equally telling are the statistics concerning the relationship between income disparity and social well-being. Richard Wilkinson and Kate Pickett in *The Spirit Level* show a linear relationship between health/social problems and income inequality. Japan, Norway, and Sweden are clustered on the chart with more income equality and few health and social problems.

Pushed too far, the individualistic American values of freedom and self-sufficiency lead to a dog-eat-dog world that undermines everyone's lifestyles. The rich build gated communities, fearful of the riffraff around them. Slums erupt in violence. Gangs show up in middle class neighborhoods and schools.

If you look at the socio-economic data, pushing the GDP ever-higher no longer seems a good track to follow. And if you consider the environmental impacts of our consumption, exporting the American Dream to almost 7 billion people is an unmitigated nightmare. According to *State of the World 2010*, we've already tripled world consumption per person since 1960, and according to the Ecological Footprint method, we're already exceeding the carrying capacity of the earth by about 1/3. Do you know where we can buy another earth?

Why do we need growth anyway?

Neo-classical economists have long argued that we need growth. This is for several reasons:

- **Population**—We need growth to provide housing and jobs for the expanding population.
- **Debt**—Since our economy is built on debt, and the banks are now just as likely to expand the money supply as the Federal Reserve, we need growth to pay off the interest when the loans and mortgages come due.

- **Productivity**—Our economy has long been focused on increasing human productivity. If, through improved technology and processes, we need fewer people to make a widget, then we need to make more widgets to keep people employed.

But what if some of these underlying forces change? A number of developed nations have flat or shrinking populations, which of course brings challenges during the transition. Population cannot just grow forever! Ain't gonna happen. All living systems run up against limits.

And what if we weaned ourselves off so much debt? Mark Anielski, in his book *The Economics of Happiness*, pointed out that "In reality, the total amount of outstanding debt is unrepayable out of our current production and labor." And this debt makes everything more expensive. He estimates that 30-50% of the cost of all goods and services are imbedded interest costs (for example, 12% for garbage collection, 77% for public housing).

Some Islamic societies weathered the economic downturn just fine, thanks to their laws against paying interest. As Nathan Schneider explains in his article *Can Islam Save The Economy?*:

> "Governments worldwide are struggling to manage the global financial crisis, with no end to the downturn in sight. But at least so far, one sector has been unscathed: the $1 trillion-and-growing business of Sharia-compliant banking.
>
> That's right, Sharia. The same combination of medieval Islamic law and modern post-colonialism that makes the terrorist clique supposedly so hateful of Western freedoms. Where finance is concerned, most muftis—Islamic religious scholars—agree that God prohibits charging any amount of interest on loans. Trading debt and risky speculation are off-limits too, as is investment in immoral enterprises like gambling, prostitution, and war profiteering. Transactions should be highly transparent and risk, as well as return, should be shared by all parties. You can't trap people into owing more than they can pay. Basically, most everything that caused the current mess isn't allowed. 'Given their constraints, they actually don't hold any conventional debt or conventional mortgages,' explains Samuel Hayes, emeritus professor of investment banking at Harvard. 'They don't have any of these derivatives or outright subprime loans. There's no doubt that they have weathered this better than the conventional banks.'"

Maybe we need to heed Shakespeare's warning in Hamlet, "Neither a borrower nor a lender be."

Our economy's focus on human productivity is at least partially a historical artifact of what Robert Costanza and his colleagues refer to as the Empty World, a time when there were few humans and plentiful natural resources. But now it's the reverse. We're in a Full World, where we need to focus on resource productivity instead.

If we change those three factors that necessitate economic growth, is there still a compelling need for economic growth? At a minimum, we should be able to agree that we could get by with less material throughput. We might be able to have development instead of growth. We can improve our community and livability through the arts, culture, and education. In *Believing Cassandra*, Alan AtKisson said, "Growth must cease. If human beings do not stop their growth willingly, Nature will stop it forcefully. Paradoxically, however, for Growth to cease, Development must accelerate."

Others argue that we are deluding ourselves. What we gain in efficiencies we outstrip in consumption. Our cars are more efficient, but there are more of them on the road and we drive farther. We buy compact fluorescent bulbs, but also a big screen TV. Nature doesn't care that we're more efficient per capita or per dollar of GDP. Nature deals in absolutes, and the trends are absolutely threatening.

We need an economy that focuses on enabling us to get what we need and want that we can't provide ourselves. That gives us four variables to address:

- Needs
- Wants
- What we can do for ourselves
- What we need to buy

> *Growth must cease. If human beings do not stop their growth willingly, Nature will stop it forcefully. Paradoxically, however, for Growth to cease, Development must accelerate.*

Suddenly the economy doesn't seem like the be-all and end-all. Jobs and 'the economy' suddenly seem like weak levers to improve our quality of life because buying goods and services actually comes last in this list. You don't need to buy anything if you don't need it, don't want it, or can provide it yourself.

You can also use this list as a guide to becoming more sustainable. We can meet our basic needs in more sustainable ways, often yielding other benefits. We all need to eat, for example, and choosing organic, local produce is more sustainable and more healthy than eating processed foods. We can moderate the voracity of our wants: we can scale back the impact of our vacations by camping in our nearby wilderness instead of jetting all over the world, saving money and the aggravation of air travel. And we can do more for ourselves: if you plant a vegetable garden, you don't need to buy as much food, and you can get some exercise at the same time.

What we need instead

It seems we can't get to there (sustainability) from here. We can't make this up on volume. With an expected population of 9 billion by mid-century, we can't just buy more and more green stuff. As Jared Diamond points out in Collapse, societies need to adapt to new realities if they want to survive. It's time for some radical rethinking. Here are some of the solutions that experts are mulling. Collectively they address the four variables to differing degrees: needs, wants, what we do for ourselves, and what we buy.

New measures

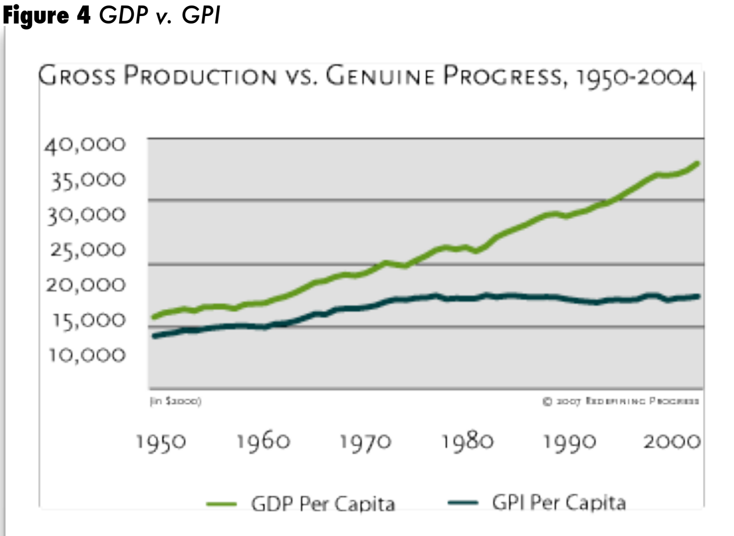
Former World Bank economist Herman Daly said that the GDP is like a calculator with only a plus sign. Have dinner. Plus. Pay for kids' education. Plus. Clean up a toxic spill. Plus. Lock up people with a substance abuse problem. Plus. Katrina wipes out New Orleans. Plus, Plus! So the GDP treats good things and bad things the same. Also, the GDP leaves out transactions if no money changes hands. Stay-at-home parent takes care of kids. Zero. Grow a vegetable garden. Zero. Help the elderly widow get to her doctors' appointments, or volunteer in the neighborhood. Big Zero.

> "The crisis doesn't only make us free to imagine other models, another future, another world. It obliges us to do so."

The GDP was never meant to be the main measure of our well-being, but in the absence of anything better, it's what gets tracked and reported.

Rachael Beddoe suggests, "GDP does belong in indicators of economic efficiency, but only in the denominator. The more efficient we are, the less economic activity, raw materials, energy, and work it requires to provide satisfying lives….Our goal should be to minimize GDP, subject to maintaining a high and sustainable quality of life."

Figure 4 *GDP v. GPI*



Source: From The Genuine Progress Indicator 2006 by Dr. John Talberth, Clifford Cobb, and Noah Slattery.

How little economic activity is necessary to have a great life? Or put more personally, how little can you work and still have a great life?

Others are working toward measures like the Genuine Progress Indicator, which adds and subtracts such that it measures how much time and money are spent on things we want, not cleaning up messes. French president Nicolas Sarkozy supports this idea: "For years statistics have registered an increasingly strong economic growth as a victory over shortage, until it emerged that this growth was destroying more than it was creating." Sarkozy said. "The crisis doesn't only make us free to imagine other models, another future, another world. It obliges us to do so."

We also need more refined measures of social well-being. Marque-Luisa Miringoff, Ph.D. executive director of the Institute for Innovation in Social Policy (see ISSP Insight December 2008) asserts that three indicators are a good gauge of overall community health:

- Childhood poverty
- High school completion
- Health insurance coverage

These are not the only things that matter, of course, but they are like indicator species: if these numbers are healthy, then the other measures of well being are likely going in the right direction as well. She emphasized that in the US, we have access to many of these numbers, but they come out at different times and after delays, such as the recently released statistic for teenage pregnancy that applies to four years ago. What Miringoff thinks should happen instead is that these numbers should be pulled together and reviewed by the legislature at specific points in time, in the same way that the Federal Reserve meets to go over economic data. Then perhaps we'd see the relationships between them and could take appropriate action. We need to give the same attention to social well-being metrics as we do economic ones and stop assuming that if the economy is doing well, then everything else is hunky-dory too.

New limits

Closely related to establishing new measures is establishing new limits. When it comes to nature, we have been living off the principal, not the interest. Nature Magazine published an article on the concept of Planetary Boundaries. Using a diagram similar to a polar diagram, they chart safe limits (where they are known) and our current status for resource extraction and emissions. Specifically, they track:

- Climate change
- Ocean acidification

- Ozone depletion
- Nitrogen
- Phosphorus
- Fresh water
- Land use changes
- Biodiversity
- Atmospheric aerosols
- Chemical pollution

This method and associated statistics then provide a framework for managing the health of the planet. Similar methods can be used to manage regional resources such as fisheries or forests.

More sensitive is the issue of population control, but there too we may need to set limits. Individual countries can try to limit immigration and also promote policies that lead to lower birth rates (e.g., women's rights and education, access to family planning services, etc.) But as so many countries can attest, illegal immigration will be a persistent problem as long as there is a large gap in relative well-being. Ultimately this is a global challenge.

New institutions

To manage new limits, we will need new institutions. The planetary boundaries described in the section above are examples of the 'commons,' things we all benefit from but no one entity owns. The answer to the Tragedy of the Commons doesn't have to be either to regulate or privatize. Elinor Ostrom, who won the Nobel Prize in 2009 for economics, found that "It is becoming clearer that community management, under direct ownership, government concessions, or other long-term co-management arrangements, has the capacity to be as effective or, under certain conditions, more effective than public, strictly protected areas." So we need institutions and community practices to protect the commons as well.

(http://www.pnas.org/content/103/51/19224.full)

Ostrom identifies eight "design principles" of stable local common pool resource management:[4]

- Clearly defined boundaries (effective exclusion of external unentitled parties)
- Rules regarding the appropriation and provision of common resources are adapted to local conditions
- Collective-choice arrangements allow most resource appropriators to participate in the decision-making process
- Effective oversight by monitors who are part of or accountable to the appropriators
- A scale of graduated sanctions for resource appropriators who violate community rules
- Mechanisms of conflict resolution that are cheap and easily accessible
- Community self-determination that is recognized by higher-level authorities
- In the case of larger common-pool resources, organization in the form of multiple layers of nested enterprises, with small local common-pool resources at the base level.

Robert Costanza thinks that one option is to use trusts. Trusts are already an accepted legal framework for protecting resources. Many people are familiar with land trusts that protect property for the common good. In Oregon, the Energy Trust takes a public purpose fee from utility bills and uses it to pay for energy efficiency projects, and the Oregon Water Trust helps manage scarce fresh water stocks amidst the dysfunctional effects of Western Water Rights.

Costanza is intrigued with the concept of an Earth Atmospheric Trust. Here's how it might work. The trust would be given the authority to cap and auction carbon credits, and its mission would be to protect the earth's climate system for current and future generations. The trust might distribute a portion of those funds to every person on earth, particularly bolstering the well-being of those in the underdeveloped world. The remainder of the money generated by the carbon credit sales would be used to fund restoration and research. The current Cantwell-Collins CLEAR Act in the US Congress is a 'cap and dividend' program loosely based on this idea.

New investment

Every society invests in its future. However, in the last century, much our investment went toward private benefit instead of public good. In the US, our bridges and water systems are collapsing, we have limited passenger rail service, and no high-speed trains such as those in Japan or Europe. The big money went into corporations to make gadgets and guns.

But your well-being probably has a lot more to do with public assets. Are your roads well maintained so that you can get from her to there in a timely fashion? Do you have clean water to drink and air to breathe? How far is your nearest park? Is it safe to walk the streets at night? Do your kids get a decent education? Whether you know your neighbors often has a lot to do with urban planning and neighborhood design. No matter how much money you have or how many gizmos you own, you are affected by the investment in public assets.

Enrique Peñalosa, former mayor of Bogota, understood the importance of public infrastructure. His administration built parks, bike lanes, public transportation, and pedestrian streets as a way to bring more equality to their community.

> "There are two kinds of equality. One is the equality of quality of life for children. All children should be able to have music lessons or sports fields or access to green spaces without having to be members of a country club. The other one, which is more important, is that public good prevails over private interest. If so, public transport should have a priority in the use of road space over private cars."
> (http://www.smithsonianmag.com/travel/Colombia-Dispatch-11-Former-Bogota-mayor-Enrique-Penalosa.html?c=y&page=1)

While he did this to help the poor, ironically, it seems to have helped almost everyone. Peñalosa says that 90 percent of the people have shorter travel times.

But this is not just a public sector endeavor. Tim Jackson emphasizes the need for 'ecological macro-economics.' This involves investing in:

- "Investments that enhance resource efficiency and lead to resource cost savings (for example energy efficiency, waste reduction, recycling)"
- "Investments that substitute conventional technologies with clean or low-carbon technologies (for example renewables)"
- "Investments in ecosystem enhancement (climate adaptation, afforestation, wetland renewal and so on)"

> **"All children should be able to have music lessons or sports fields or access to green spaces without having to be members of a country club."**

Jackson also promotes more 'ecological enterprises,' low-footprint, community-based local businesses that enhance quality of life. These include local services such as "food, health, public transport, communication education, maintenance and repair, recreation."

New currencies of exchange

Few people want to become entirely self-sufficient survivalists, so we need modes of exchange. Over the centuries, there have been many mediums of exchange, and money is only one. But our monetary system has created gigantic inequities and unintended consequences. Imagine I invite you over for dinner. There is a social expectation to return the favor at some point. I scratch your back, you scratch mine. Our relationship is enhanced through this 'relational' transaction. Now imagine how you would react if I offered to pay you for your meal. Now it's a financial transaction. Likely I will have offended you by offering, but also, if I did pay you for the meal, now there is no need for a quid pro quo, no need for you to repay the favor. You put food on the table. I paid. We're done.

A number of municipalities are finding that local currencies and time banks can be powerful contributors to a local economy and the sense of community. Ithaca Hours is one of the more famous systems. Because the exchange can only happen within the community, it encourages local commerce, getting people to buy locally. There is also a leveling effect. Under normal circumstances, the gardener might not be able to pay for a lawyer to draw up a will. But through barter or time banks, the gardener might be able to mow lawns for a couple hours and get an hour with an attorney.

This idea seems even more popular in areas hard hit by the recession. Cash-strapped Detroit has initiated a local currency (scrip) called Detroit Cheers to reinvigorate the community. One of the owners calls this their own Stimulus Package. Owner Jerry Belanger of Park Bar says, "Spending Cheers is almost like giving a secret handshake."

Exchanging money for products and services is so enmeshed in our culture, we need to visit a very different culture to see what we may have lost. As sociologist Helena Norberg-Hodge described in her book *Ancient Futures* about Ladakh, monetizing an economy can undermine the well-being of a community. Prior to Westernization, the people in Ladakh seemed happy. During the summer, they worked together in the fields, children by their side, and for the other eight months, work was minimal: feeding animals and enjoying festivals. They built their own homes and made shoes from their yaks. When ecotourism and development began, it broke up families and destroyed the social relationships that supported their way of life. Men left their families to find work in the cities, leaving behind women and young children to tend the fields alone. Suddenly there were wide discrepancies in wealth and the connection between population and the carrying capacity of their land was broken. Self-esteem dropped. Some now felt poor. Time banks and local currencies can give us back a little of what we have lost.

New culture

In Worldwatch Institute's new *State of the World 2010* report, Erik Assadourian focuses on the need to change our culture. Whether we consume a lot or a little, whether we eat bugs or cows, whether dogs are pets or in the stock pot, whether we return our dead to nature or douse them with chemicals and lock them in boxes—these are all behaviors driven by our culture. It's not some force of nature that we need a Big Mac or a diamond wedding ring or a flight to see family for the holidays.

Assadourian proposes using our institutions to drive a change so that cultures are oriented on sustainability instead of consumerism. Here is a sampling of how they might do that:

- **Business & the economy—**Social enterprises can redefine the mission of business, working toward maximizing social goods rather than profit, and in the process push existing businesses in that direction.
- **Media—**The media can promote greener lifestyles or less consumption altogether and change the rules around advertising. Tim Kasser in The High Price of Materialism reminds us that Norway and Sweden both outlaw advertisements for children under 12, and Greece bans toy ads from 7am-10pm.
- **Education—**Our educational system needs to teach children that we are dependent upon the health of the earth. Ecological literacy will be key, which can be taught not just in classrooms but in school gardens, in extracurriculars, and even in lunch rooms, by offering healthy, organic foods, which can shape dietary norms from a young age.
- **Government—**Government has long used its power for 'choice editing.' We increase taxes on cigarettes to make it harder for people to buy them. Assadourian proposes that government apply choice editing to sustainability. Banning things often leads to a backlash. But a tax or fee that makes incandescent bulbs more expensive than LEDs or CFLs would change behavior without an outright ban. Beyond this, governments are incorporating rights for Earth into laws, as Ecuador has done, prioritizing preventive healthcare, which has both societal and ecological benefits, and developing cities that reinforce sustainable living.
- **Traditions—**In the West, holidays are based on buying stuff: Christmas, Valentine's Day, Mother's Day. It's never ending. How we get married, how many kids we have, or how we bury a loved one are driven by social mores. Assadourian talks at length about burials. Why do we spend a fortune to embalm someone and put them in a sealed casket? Green burials are finding ways to harness the funeral rite to improve nature; they buy degraded land and use the nutrients from our bodies to restore it—to forest, to parkland.
- **Social Movements—**In some cases, social movements have transformed behavior in about a decade. Think about drunk driving, smoking, using seat belts and children's car seats. These changes occurred in less than a generation.

New defaults

Most people will generally follow the default. You're at a conference and what's for lunch? Chicken. If you're a vegetarian, you have to request a meal that likely has a lighter footprint. When one conference organizer experimented, they found that about 80 percent of the attendees ate the default meal, even when they swapped the default to a vegetarian entrée.

How hard would it be to make buying green power the default? Imagine the non-organic section of the grocery tucked away in a back corner somewhere. Why not make you hunt for toxic paint and caustic cleaners?

In addition to changing the default for product choices, we may need to move away from the 5-day work-week. In an earlier article, I advocated a 4-day work week (4 eight-hour days, not 4-tens) as a solution to the economic crisis. Keep everyone employed but instantly take 20 percent of the capacity out of the economic system. Everyone keeps their place in the pecking order. It might even create more jobs for critical industries needing staffing round the clock, such as public safety and nursing. Everyone would have a little less money, so consumption would drop. Maybe they'd even get to know their neighbors, play with their kids, and plant a vegetable garden. This is a wonderfully insidious idea. It doesn't require worrying about polar bears and it doesn't even sound 'greeeen.' Want more free time with your family or friends? Feeling over-worked? Want more vacation? This is an idea that could catch on!

Interestingly, this isn't such a wacky idea. Assadourian said that work-hours was the one strategy that came up more than once in their research on consumerism, and Tim Jackson highlighted this as well. This is how he puts our options:

> "Macroeconomic growth is linked to if not driven by the pursuit of labor productivity. Slowing down the economy has then two options, one is to accept labor productivity growth and reduce working time. Keynes spoke about this option and assumed it would be the outcome of development. Peter Victor and NEF (the New Economics Foundation) take this route in their 21 hours report [promoting a 21 hour work week. The other option is to pursue policies that deliberately promote jobs in labor intensive sectors and by default sacrifice labor productivity growth. In reality, it isn't clear which of these strategies would prevail in a non-growth or low-growth economy."

Can we get there from here?

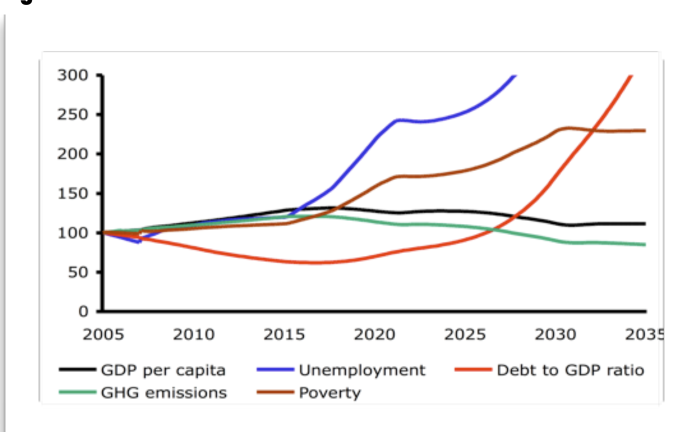
Peter Victor, a Canadian ecological economist, lays out three assertions:

1. Global economic growth is not an option because of environmental and resource constraints, so developed countries should leave room for those that benefit the most from growth.
2. Beyond a point that has been passed in developed countries, growth does not bring happiness.
3. In developed countries, growth is neither a necessary nor a sufficient condition for achieving such objectives as full employment, elimination of poverty, and environmental protection.

Using the modeling software Stella, he experimented with how to move from a growth to a no-growth economy. When he set the model to play out ten years of a no-growth scenario (net investment, productivity, population, labor, and trade balance all decline to zero), the results were 'very unpalatable.' That's Canadian for devastating. Victor explains:

> "Economic growth is desired not only for what it offers in terms of increased living standards, but also out of fear of what might happen if a modern economy deliberately tried to wean itself off growth. Such fears are well-founded. Modern economies and their public, private, and not for profit institutions, as well as individual citizens, have come to rely on growth. They expect it, they plan for it, they believe in it. Adjusting to life without economic growth could be a wrenching experience and a lot could go wrong..."

Figure 5



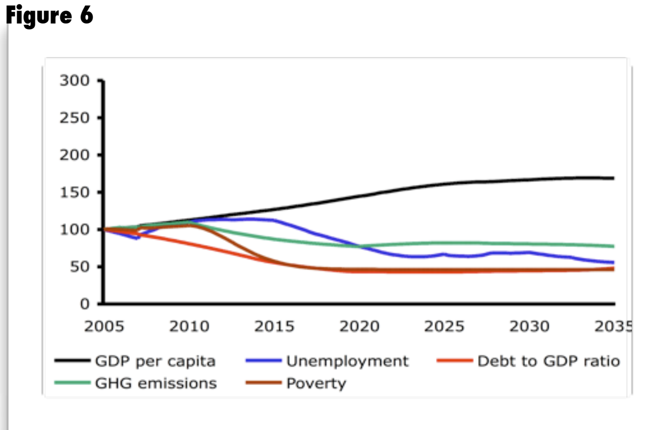
From Managing without Growth: Slower by Design, Not Disaster by Peter Victor (Edward Elgar, 2008). Reprinted with permission.

But some scenarios did seem to work. One scenario (where the work week shortened 3 percent, tax rates were increased, and the government redistributed income such that no one lived below the poverty line) resulted in positive results. Starting the simulation in 2007:

> "Compared with the business as usual scenario, GDP per capita grows more slowly, leveling off around 2028 at which time the rate of unemployment is 5.7%. The unemployment rate continues to decline to 4.0% by 2035. By 2020 the poverty index declines from 10.7 to an internationally unprecedented level of 4.9 where it remains, and the debt to GDP ratio declines to about 30% to be maintained at that level to 2035. Greenhouse gas emissions are 31% lower at the start of 2035 than 2005 and 41% lower than their high point in 2010. These results are obtained by slower growth in government expenditure, net investment and productivity, a positive net trade balance, cessation of growth in population, a reduced work week, a revenue neutral carbon tax, and increased government expenditure on anti-poverty programs, adult literacy programs and health care."

(http://www.sd-commission.org.uk/publications/downloads/Peter_Victor_thinkpiece.pdf)

Figure 6



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Victor emphasizes, "This is not to say that zero growth should itself become a policy objective. Rather that the dependence on and defense of economic growth should not be an obstacle to fulfilling more specific welfare enhancing objectives of full employment, eliminating poverty, and protecting the environment."

All aboard?

So, we know we have a problem. Consumerism is not leading us to a more secure or even fulfilling future. There are solutions in view. According to the models of Peter Victor, we might be able to transform our society without catastrophic consequences. And the consequences of not transforming our society do, indeed, appear to be catastrophic. So the only question remaining is, Are we ready to change?

I have not come across anyone who seems to have a clear strategy that would make the existing power bases (in government and business) want to make this shift. The US Congress is in gridlock, US-China relations are strained, and

Copenhagen was a disappointment. Other than perhaps a campaign for a 4-day work week, a lot of these strategies still seem politically and culturally out of reach, at least at a global scale. Individual municipalities and regions are experimenting with new ideas. But while it is not likely that we will have a collective, global eureka moment any time soon, at least we have a clearer picture of what we need to do when a large-enough crisis moves us to action.

Costanza put it this way: “This cultural transition is already in process and may be happening faster than we think. My personal expectation is that we’ll get back on the old track for a while. But then we’ll run into energy and fossil fuel constraints. That will drive prices back up, which will cause another recession. It may take a couple bumps up against that ceiling before we get the message, before the tipping point.”

A policy wonk in government once told me that his job was to develop good ideas, so when those teachable moments happen, he’d be ready with answers. So that is where we are, standing in the station in front of the reader board, trying to decide which way to go. Let’s hope we choose wisely.

Darcy Hitchcock - Bio

Darcy Hitchcock is president of AXIS Performance Advisors, a sustainability consulting firm based in Portland, Oregon. She and her business partner, Marsha Willard, have been in business for 20 years and bring to the sustainability field an expertise in organizational change, facilitation, teaching and team building. Darcy has written numerous business books and *The Business Guide to Sustainability* (2006, 2009) won the American Library Association’s Best Academic Title award. A companion book, *The Step by Step Guide to Sustainability Planning* (2008) is a cookbook for how to create sustainability plans and reports.

To help spread sustainability throughout the world, Darcy and Marsha split their time between working with individual clients, teaching others how to implement sustainability, and managing the International Society of Sustainability Professionals. They developed and license people to use their sustainability assessment, SCORE, and their Sustainability Planning and Reporting Kit (SPaRK). For the over two years, they also hosted the Sustainable Today TV show.

Darcy teaches at Bainbridge Graduate Institute’s MBA and certificate programs as well as at the University of Oregon’s Sustainability Leadership professional certificate program. For more information, go to http://www.axisperformance.com.