



Analysis

Potentials for prosperity without growth: Ecological sustainability, social inclusion and the quality of life in 38 countries



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ABSTRACT

Recent contributions to ecological economics and related social sciences indicate that issues such as climate change, resource depletion and environmental degradation cannot be effectively addressed under conditions of continued economic growth. This paper aims at empirically identifying structural potentials and policy challenges for prosperity at scales where economic development remains within ecological carrying capacities. Building on the growing literature that interprets prosperity 'beyond' economic growth, the paper presents a three-dimensional concept to operationalise prosperity in terms of *ecological sustainability*, *social inclusion*, and the *quality of life*. These dimensions are measured using data from sources such as The World Bank, the Global Footprint Network and the OECD. The results of cluster and correspondence analyses indicate the existence of five 'prosperity regimes' and demonstrate that all aspects of prosperity – including (unsatisfactory) ecological performance – are linked to economic development. However, our findings also indicate that in order to achieve a decent minimum of prosperity moderate levels of the material living standard are sufficient. Further increases in the material living standard do not lead to significant additional prosperity; instead they cause greater environmental harms. The paper concludes by highlighting potentials for prosperity for each of the 'prosperity regimes' and corresponding policy challenges.

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1. Introduction

Issues such as climate change, resource depletion and environmental degradation cannot be effectively addressed at current Western consumption and production levels, let alone under conditions of continued economic growth (The Royal Society, 2012; Victor, 2008). Indeed, in the absence of evidence for absolute decoupling of GDP growth, material resource use and carbon emissions, it is remarkable that most policy approaches do not question the priority placed on GDP growth. Assuming that the basic function of economic development is to provide conditions for humans to prosper in their personal and social lives, we ask whether there is potential for such prosperity at lower levels of economic development than in the leading OECD countries and whether prosperity indicators are to some extent independent from GDP growth. The theoretical approach builds on the growing literature that interprets 'prosperity' in other ways than or beyond economic growth (Jackson, 2009) and instead highlights ecological sustainability, social inclusion as well as individual wellbeing and the quality of life (Sustainable Development Commission, 2007). Reflecting its multidimensional character, we operationalise prosperity in terms of these three dimensions.

When debating economies and societies, where GDP and economic growth are de-prioritised or replaced by other parameters, the literature critical of growth has rarely considered that sustainable societies in the future are not only likely to have different institutional features but that the trajectories towards such societies will need to depart from the different institutional structures of contemporary societies. A significant exception to this rule has been put forward by Buch-Hansen (2014), who discusses potential degrowth trajectories towards steady-state-economies (SSEs) from the point of view of capitalist diversity and institutional change. In the same direction but with a stronger empirical focus, we argue in the present paper that such transitions to SSEs are facilitated if the different degrees of success to which existing countries are promoting prosperity are empirically identified. In-depth institutional analyses could then depart from the empirically identified 'best' or 'worst' cases and discuss possibilities for institutional learning. We collected information for 38 advanced capitalist countries about eleven indicators measuring the three dimensions of prosperity as well as general economic indicators. On this empirical basis, we carry out cluster and correspondence analyses to create a typology of prosperity regimes and to examine the relations between economic performance, ecological sustainability, social inclusion and the quality of life. Hence, we aim to identify countries that combine decent levels of prosperity with comparatively low levels of GDP per capita and GDP growth: If over-developed countries are characterised by high

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levels of socio-economic prosperity but at the cost of severe ecological damage, we ask whether there are also countries that combine decent but lower levels of economic development with relatively high levels of social cohesion, quality of life and comparatively low levels of ecological stress. We conclude with a discussion of the implications of the empirical results for future research and policy making.

2. Theorising Prosperity and Economic Development

Prosperity is commonly conceptualised in socio-economic terms, highlighting equity and distributive issues within growing economies in terms of GDP. Despite growing evidence that Western welfare standards cannot be generalised to the rest of the planet (Gough, 2011; Jackson, 2009), if environmental concerns such as resource depletion or climate change are considered, and despite increasing doubts in the capability of GDP as an appropriate measurement of societal development and the associated need to complement it with other types of management (Stiglitz et al., 2009), most scholars do not question continuous economic growth as an essential requirement for human prosperity. This is remarkable, because there is still no proof of an absolute decoupling of material resource use and particularly CO₂ emissions from GDP growth (Jackson, 2009; Koch, 2012). Since ecological sustainability as a central dimension of prosperity is not achieved in growing economies for the time being, growth-critical scholars discuss the feasibility of providing ecological sustainability in non-growing economies. Beyond the neoclassical tradition, economics has not always been interpreted as synonymous with a science of prices and the growth of monetary value (De Gleria, 1999; Koch, 2013). Herman Daly's SSE is a useful theoretical perspective for an adequate consideration of ecological sustainability in the economic cycle (Daly, 1977). Instead of GDP growth, which is a value index of the physical flows in an economy, the point of departure of a SSE, a primarily physical concept, is that of a relatively stable population and 'artifacts' (stock of physical wealth) and the lowest feasible rates of matter and energy throughput in production and consumption. The scale of the economy does not erode the environmental carrying capacity over time. Daly is not in favour of abandoning growth in all sectors of the economy but of viewing this as a 'process to be consciously and politically monitored and regulated' (Barry, 2012: 133). This is reflected in Daly's distinction between 'growth' and 'development', whereby the former refers to a quantitative increase of GDP, and the latter to qualitative change. Continued technological advances in combination with shorter working hours facilitate the maintenance of high living standards with relative low resource consumption and carbon emissions (Jackson and Victor, 2011; Koch and Fritz, 2013). The goal of a SSE is supported by environmental economists and much of the degrowth-research community. Although some authors have stressed the differences between degrowth and SSE, the emerging consensus seems to be that 'degrowth is a process whose end goal is a steady state economy' (Martínez-Alier et al., 2010; O'Neil, 2012). Kerschner (2010), who compared the two concepts, came to the conclusion that the concepts of degrowth and a global SSE are complementary, whereby the global North would need to embark on a degrowth path to a SSE, while the global South would need to 'follow a path of decelerating growth' (O'Neil, 2012: 222).

Researchers also point to the link between ecological sustainability, social equity and individual wellbeing by defining 'degrowth' in terms of 'an equitable downscaling of production that increases well-being and enhances ecological conditions at the local and global level, in the short and long term' (Kallis, 2011; Schneider et al., 2010). The Paris Declaration emphasised the quality of life, the fulfilment of basic human needs, equity, increased free time, conviviality and participatory democracy (Research and Degrowth, 2010). Indeed, respect of the principles of sustainability in the economic cycle is not the only dimension of prosperity. Recent contributions from disciplines as different as equality and consumption research, the psychology of wellbeing and the philosophy of needs and capabilities suggest that prosperity should be

understood by considering two additional dimensions: social inclusion and equity as well as individual wellbeing and the quality of life. There is ample evidence that people in more equal and socially inclusive societies are better-off and report greater amounts of wellbeing than in more unequal ones where status competition is particularly pronounced (Wilkinson and Pickett, 2010). Consumption researchers argue that in rich countries buying things is not in the first place about the goods themselves but rather about the symbolic message that the act of purchase conveys (Soper et al., 2009). What Hirsch (1976) called the competition for 'positional goods' is mediated through a genuinely social logic that Bourdieu (1984) referred to as 'distinction'. This general societal race to determine the legitimate taste is by definition short-term, does not contribute anything to human prosperity in the long-term and contradicts the principal reproductive needs of the earth as an ecological system, since consumption practices are normally bound to matter and energy transformations and necessitate the burning of fossil fuels.

Wellbeing and quality of life research assumes that humans must have certain psychological needs satisfied in order to flourish and experience personal wellbeing (Kasser, 2009). These needs include feeling safe and secure as well as competent and efficient. People also require love and intimacy and struggle under conditions of loneliness, rejection, and exclusion. Yet where 'economic growth is a key goal of a nation' (Kasser, 2011: 195), with its encouragement of self-enhancing, hierarchical, extrinsic and materialistic values, the fundamental needs required for human wellbeing are undermined. The theme has been taken up by Doyal and Gough's theory of human need (Doyal and Gough, 1991) and Nussbaum's philosophy. Nussbaum (2006) proposes a list of ten central human capabilities needed for the quality of life of each and every person, ranging from physical health and integrity to the control of one's environment.¹ Understood as the basic elements of a good human life, many of these needs are interrelated and complementary and some of them are limited and finite. It is worthwhile noting that most of the elements on Nussbaum's list of central human capabilities require few, if any, material resources, allowing for a surplus in prosperity for one person or one generation while still leaving room for the development of others. Hence, as Page (2007: 466) argues, 'consumption patterns and lifestyles which harm the central functioning capabilities of others' are incompatible with Nussbaum's perspective, which can indeed serve as a 'platform for discussion' (Muraca, 2012: 539).

While a great deal of work remains to integrate these diverse approaches into a coherent theory of human prosperity, the present paper addresses some more practical issues in the transition towards a society, where GDP growth is de-prioritised in policy making and the ecological, social and individual dimensions of prosperity are respected. Since knowledge on the degrees to which contemporary societies promote prosperity may facilitate institutional learning processes to a SSE, we aim to empirically identify present 'regimes of prosperity' and to investigate these in relation to economic development.

3. Concepts and Indicators

Following the theoretical discussion above, we operationalise 'prosperity' as ecological sustainability, social inclusion and quality of life (Table 1). Similar approaches include efforts to measure social progress or happiness combining different indicators and dimensions in order to build an index which estimates the levels of 'prosperity' for each indicator and as a total score for each country (Abdallah et al., 2012; Porter

¹ As Muraca (2012: 539) clarifies, Nussbaum's concept of a 'good life' does not overlap with self-reported happiness since it claims a certain extent of 'objectivity': Regardless of how people assess their situation, 'lacking one or more of the basic capabilities is an issue of justice'. While we agree on the necessity of defining a set of 'objective' minimum indicators for the good life, we would not follow from this that subjective assessments of wellbeing are irrelevant for the understanding and measurement of prosperity.

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