



Methodological and Ideological Options

Galtung meets Daly: A framework for addressing inequity in ecological economics

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ARTICLE INFO

Article history:

Received 10 January 2013

Received in revised form 4 June 2013

Accepted 13 June 2013

Available online 3 July 2013

Keywords:

Inequity

Core periphery

Capital stock

Dual capital structure

ABSTRACT

Since World War II, economic growth has been the leading policy goal in efforts to eradicate poverty. There is strong evidence that this strategy has gone hand in hand with increasing inequity and environmental degradation. We need concepts that will help us understand the inadequacies of the current economic system. We propose drawing from the ideas of sociologist Johan Galtung on social power structures, and those of economist Herman Daly on the physical features of the economy. A fusion of these perspectives creates a novel framework for analysis and a basis to formulate alternatives to the current growth strategy.

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1. Introduction

1.1. Observations on our Economic Behaviour

It is almost unconditionally accepted that economic growth over the past half-century has improved living standards around the world. However, not everyone has received a fair share; along with a six-fold increase in global average income over the past half a century, the gap between rich and poor has widened substantially. Already in the early 1970s, Johan Galtung observed ‘two of the most glaring facts about this world: the tremendous inequality,¹ within and between nations, in almost all aspects of human living conditions, including the power to decide over those living conditions; and the resistance of this inequality to change’ (Galtung, 1971, p. 81). After forty years, his observation earned further validity; with some fluctuations, the ratio of the income (as GDP per capita) of the richest 20% countries to that of the poorest 20% rose from 21 to 1 in 1960, to 121 to 1 in 2008 (based on data from World Bank, 2011) (Fig. 1). The gap is also growing when incomes are adjusted for differences in costs of living (UNDP, 2010).

Fig. 1 indicates an increase in the relative gap in living conditions; it does not tell us what is happening to poverty as absolute deprivation. According to the World Bank, the total number of poor has remained relatively steady. The number of extreme poor (living on

less than US\$ 1 a day) rose from 1.2 billion in 1987 to 1.3 billion in the early 1990s (World Bank, 2000). It then declined to a little under 1.1 billion in 2003² (World Bank, 2007). Whether or not to rely on economic growth (in GDP) as the main engine for improving living standards is a question that generates considerable debate, but one thing should be quite clear: economic growth has not resolved the poverty problem. On the contrary, such a persistent and widening gap as we see today is alarming.

A second observation is the degradation of our natural environment. Almost forty years ago, Meadows and Forrester called attention to the resource limits of the Western way of life based on on-going economic growth (Meadows et al., 1972). A few years later, Herman Daly noted that alongside a doubling of world consumption every 17–18 years, ‘the biophysical facts have asserted themselves in the form of increasing ecological scarcity: depletion, pollution and ecological disruption’ (Daly, 1977, p. 3). Growth in the demand for food, water, timber, fibre and fuel over the past fifty years has led to land degradation, eutrophication, loss of coral reefs, water depletion, increasing deforestation, loss of biodiversity, species extinction, and so on (UNDP, 2011). A reasonable proxy for measuring these ecological impacts is the carbon footprint per capita. National contributions to this problem vary greatly, both historically and globally (Fig. 2) but the overall increase in per capita carbon emissions over a long period of economic growth is indisputable.

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¹ Equity refers to distributive justice and fairness while equality refers to the state of being the same in terms of income or life expectancy, for example (UNDP, 2011).

² These estimates are likely to be too optimistic. If China is excluded, for example, the number of extreme poor in the world has been trending upward since 1990 (World Bank, 2007). Moreover, this data is based on statistical methods that have been criticised for underestimating actual levels of poverty (Pogge, 2010; Reddy, 2008).

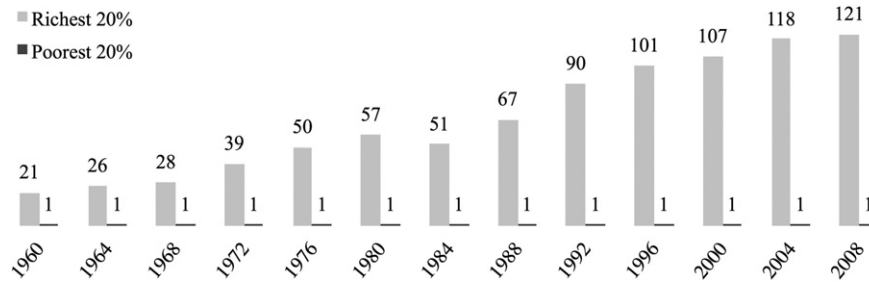


Fig. 1. Income gap between richest and poorest 20% countries.³ Based on data from World Bank (2011).

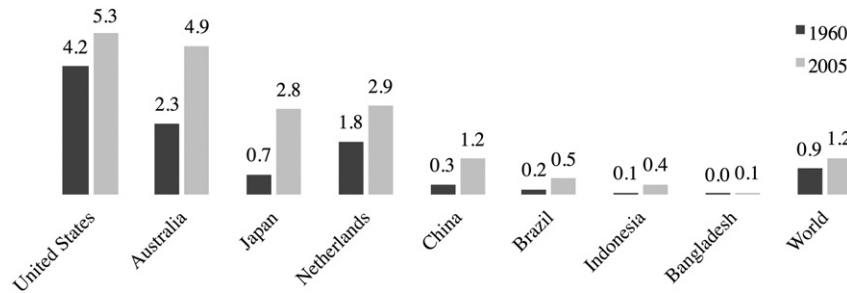


Fig. 2. Carbon dioxide emissions in metric tons per capita for 1960 and 2005.⁴ Based on data from Andres et al. (2011).

The data charted in Figs. 1 and 2 supports a striking, yet long-established observation that economic growth is positively correlated with rising inequity and ecological degradation.

It must be noted that these charts show the average per capita income and carbon emissions, respectively. They do not account for the unequal distribution patterns within nations. The gap between, say, a typical rural Bangladeshi and a typical wealthy urban American is therefore much wider than in Figs. 1 and 2. The UNDP (2010) states that rising income inequity within countries (as Gini coefficient) is the norm: for every country where inequity has improved in the past thirty years, in more than two it has worsened.

This gives rise to a serious dilemma because our main framework for addressing these detrimental trends is based on the promotion of further economic growth. It is unlikely that this will change any time soon. Today's dominant economic system does not just promote growth, it 'can no more be "persuaded" to limit growth than a human being can be "persuaded" to stop breathing' (Bookchin, 1990, p. 94). When growth falters, companies are outcompeted, a recession looms, banks collapse, businesses foreclose and people lose employment. Economic growth is indispensable to prevent collapse of the current system of production and consumption. It has therefore been the most important policy goal, both nationally and globally (Blauwhof, 2012; Jackson, 2009). This seems to imply that in the absence of very fundamental systemic changes, the social and ecological harm is likely to be perpetuated as well.

Here we must dwell briefly on the issue of population growth, which is often conveniently put forward as a scapegoat, obviating the more uncomfortable necessity of examining our economic system. Many argue that the current environmental crisis results from the impact of a growing number of poor taking on the same habits of resource exploitation as the rich. The growing levels of carbon

emissions in China, Brazil and India are often regarded as writing on the wall. The flaw in this argument is that the (increasing) ecological footprints in those countries are largely the result of industrial and agricultural production to supply a disproportionate amount of goods to the rich (including those nations' wealthier urban centres). We therefore take the view that growth of globalised production is the cause for much of the environmental disruption in the South. This contributes to highly insecure living conditions for the poor (UNDP, 2011), which is, in turn, at least partly responsible for high rates of population growth. On this note, we revert to the issue of economic growth.

1.2. Comments on the Quality of Growth

There have been several attempts to measure the simultaneous occurrence of economic growth and increasing social and ecological costs (O'Neill, 2011). While it has limitations, the Index of Sustainable Economic Welfare (ISEW) is possibly the most comprehensive instrument (it is now called the Genuine Progress Indicator). It combines social factors, income inequities and environmental deterioration (Daly et al., 1990). For a range of countries, ISEW and GNP run parallel for a while, after which they uncouple and ISEW declines or even drops. While the specific periods and levels of deterioration vary per nation, the general picture can be seen in Fig. 3. The US surpassed its optimal point in the early 1970s, after which the ISEW plummeted; the UK and Australia peaked in the mid-1970s; Germany, Austria and the Netherlands in the early 1980s (Lawn, 2006; Max-Neef, 1995).

Economist Manfred Max-Neef proposes a 'Threshold Hypothesis' that states that 'for every society there seems to be a period in which economic growth (as conventionally measured) brings about an improvement in the quality of life, but only up to a point—the threshold point—beyond which, if there is more economic growth, quality of life may begin to deteriorate' (Max-Neef, 1995, p. 117). The findings suggest that economic growth is qualitatively better in the earlier rather than in the latter stages. There is a point in a country's economic evolution where quantitative growth must metamorphose into qualitative development (Daly, 1977; Max-Neef, 1995).

³ Data for later years have intentionally been left out because fewer countries were reported for those years in the World Bank database. It is possible that the fluctuations in inequity are due to omissions in particular years, but what matters here is the overall trend.

⁴ Data represents the national carbon dioxide emissions from Fossil-Fuel Burning, Cement Manufacture and Gas Flaring. The 1960 estimate for Bangladesh is not available; the 1972 estimate is used instead.

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