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The Solutions Generation

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The Solutions Generation

by Robert Costanza

The *Arab Spring*, and more recently the *Occupy* movement, are both indications of growing dissatisfaction with the world's current plight, especially among the younger generation, who see diminished hope for the future. Anger and protests can be an effective way of bringing the current system into question, and even toppling the existing regime, but they do little by themselves to lead the way to a better future. For that, we need a compelling shared vision and a focus on real solutions.

In 1776, a group of rebels in British North America had such a vision: a government of, by, and for the people. In spite of their rather narrow definition of "the people," this shared vision had profound implications, and helped solve some fundamental problems of human wellbeing by spreading participation in governance to the population and rewarding intelligence, hard work, and innovation.

In 1945, the fundamental problems facing society concerned rebuilding those nations devastated by the Great Depression and World War II. The vision that emerged from the baby boom generation involved a focus on capital gain, economic production and consumption, full employment, and an expanded middle class. The "great acceleration" that began at that time, driven largely by the consumption of oil and other fossil fuels, had profound implications and helped solve some of the significant challenges of the time¹. The 1939 World's Fair in New York City, *The World of Tomorrow*, was the



embodiment of that vision. But single-minded pursuit of this vision also created a new set of problems.

In 2011, our fundamental problems include the vast gap in income within and between nations²; the ecological limits we are exceeding or approaching (climate change, biodiversity loss, etc.)³; the peaking of global oil production⁴; the deterioration of natural and social capital; and the

consequent threats to human wellbeing and sustainability that all of these imply. What we need now is a new vision and a generational commitment to finding real solutions.

The “Solutions Generation” needs to think outside the box to create a vision of a better, more sustainable world for us all and for future generations. They will have to design new technologies, new institutions, and new societal norms in order to get there⁵, including new political and economic systems that can create shared prosperity without increasing demands on a finite environment.

This cannot be a top-down corporate or government vision, or a vision from one interest group in society – it must be shared. If anything, it will be “bottom-up”, and more inclusive - an approach that reflects the needs of the vast majority of the people, not just the economic elites.

Probably the most important element of this new vision will be a refocus towards the goal of sustainable human wellbeing instead of solely aiming to maximize conventional economic production and consumption (GDP). In 1945, GDP was the limiting factor to improving wellbeing. We know now that continued global growth in production and consumption in developed countries is not sustainable on a finite planet; it is also not desirable in that it provides only marginal improvements to societal wellbeing in wealthier countries.

As many have noted, GDP is fatally flawed as a measure of progress, and we are in desperate need of innovative measures of wellbeing⁶. GDP is further limited by the fact that it only measures marketed economic activity or gross income; it does not separate desirable, wellbeing-enhancing activity from undesirable activity that reduces wellbeing. For example, an oil spill increases GDP because someone has to clean it up, but it obviously detracts from society's wellbeing. From the perspective of GDP, more crime, sickness, war, pollution, fires, storms, and pestilence are all potentially good things, because they can increase marketed activity in the economy. GDP also omits many things that enhance wellbeing but are outside of the market. For example, the unpaid work of parents caring for their own children at home is not registered, but if these same parents decide to work outside the home to pay for childcare, GDP will suddenly increase. The non-marketed work of natural capital in providing clean air and water, food, natural resources, and other ecosystem services is not adequately considered either, but if those services are damaged and we have to pay to fix or replace them, then GDP will again increase. Finally, GDP does not factor the distribution of income among

individuals, but it is well documented that a \$1 increase in income produces a higher level of wellbeing if one is poor than if one is rich. It is also clear that a highly skewed income distribution has negative effects on a society's social capital.

There are several alternative measures of progress to GDP which draw very different results; for example, the Genuine Progress Indicator (GPI) addresses these problems by separating positive components from the negatives of marketed economic activity while including estimated values of non-marketed goods and services provided by natural, human, and social capital, and adjusting for income-distribution effects. While it is by no means a perfect representation of the real wellbeing of nations, GPI is a much better approximation than GDP. As Amartya Sen and others have noted, it is much better to be approximately right in these measures than precisely wrong. Comparing GDP and GPI for the US shows that, while GDP has steadily increased since 1950, with the occasional dip or recession, GPI peaked in about 1975 and has been flat or gradually decreasing ever since. From the perspective of the real economy, as opposed to just the market economy, the US has been in recession since 1975. This picture is also consistent with survey-based research on people's stated life-satisfaction. The US and several other developed countries are now in a period of what Herman Daly has called "un-economic growth," where further growth in marketed economic activity (GDP) is actually reducing wellbeing rather than enhancing it.

We know from both the latest psychological research and from history that wellbeing and happiness depend on the appropriate balance of assets and opportunities⁷. These

include those supplied by marketed goods and services but also those supplied by social and natural capital. It is clear from the work of Richard Wilkinson and Kate Pickett,¹ for example, that countries with wide income discrepancies have higher rates of a range of social problems, such as crime and imprisonment, as well as shorter lifespans. The existence of greater income gaps makes building social capital more difficult, which ultimately leads to lower societal wellbeing.

Likewise, it is clear that natural capital provides a range of ecosystem services that are hugely important, but largely unrecognized contributors to sustainable human wellbeing.⁸ These services include everything from maintaining a stable climate, to producing soil and water, or providing spectacular and inspiring views. These ecosystem services are being increasingly recognized. I recently attended *Accounting for Sustainability*, a forum organized by Prince Charles to address the “economic invisibility of nature.” The forum brought together over 200 representatives from the international accounting and business communities, investors, government, academia and civil society⁹. The forum highlighted the growing recognition among all of these sectors that natural capital is becoming increasingly scarce and valuable. It also highlighted the substantial progress being made in estimating and communicating that value and incorporating it into decision-making across all sectors of society.

Ultimately, we will have to create a new vision of societal goals and the technical and institutional solutions necessary to achieve them⁵. This vision will involve a better understanding of what actually contributes to human wellbeing and sustainability. There is a substantial and growing body of new research on this new “science of happiness”,

which clearly demonstrates the limits of conventional economic income and consumption in contributing to wellbeing. For example, as psychologist Tim Kasser¹⁰ points out, people who focus on material consumption as a path to happiness are actually less happy and even suffer higher rates of both physical and mental illnesses than those who do not. Material consumption beyond real need is a form of psychological “junk food” that only satisfies for the moment and ultimately leads to depression. Economist Richard Easterlin, has shown that wellbeing tends to correlate well with health, level of education, and marital status, but not very well with income under a certain low threshold. He concludes¹¹ that, “[p]eople make decisions assuming that more income, comfort, and positional goods will make them happier, failing to recognize that hedonic adaptation and social comparison will come into play, raise their aspirations to about the same extent as their actual gains, and leave them feeling no happier than before. As a result, most individuals spend a disproportionate amount of their lives working to make money, and sacrifice family life and health, domains in which aspirations remain fairly constant as actual circumstances change, and where the attainment of one’s goals has a more lasting impact on happiness. Hence, a reallocation of time in favor of family life and health would, on average, increase individual happiness.” British economist Richard Layard synthesizes many of these ideas and concludes that current economic policies are not improving happiness and that “happiness should become the goal of policy, and the progress of national happiness should be measured and analyzed as closely as the growth of GNP.”¹²

These are indeed exciting times. This new world will have to address several difficult challenges, and make significant changes in the current ways of doing things, including:

- creating and sharing a vision of a future with zero fossil fuel use and a quality of life higher than today. That will involve understanding that GDP is a means to an end, not the end itself, and that in some countries today more GDP actually results in less inhabitant wellbeing. It will require an entirely new and broader vision of what the economy is, what it's for, and how it functions
- establishing new measures of human wellbeing needed to replace GDP, and new or radically reformed international institutions to replace the World Bank, the International Monetary Fund, and the World Trade Organization
- shifting primary national policy goals from increasing marketed economic activity (GDP) to maximizing national wellbeing. This would allow us to see the interconnections between built, human, social, and natural capital and build wellbeing in a balanced and sustainable way
- reforming tax systems to support incentives by taxing negatives (pollution, depletion of natural capital, overconsumption) rather than positives (labor, savings, investment)¹³
- expanding the commons sector by developing new institutions that can “propertize” the commons without privatizing them. Examples include various forms of common asset trusts, like the atmospheric (or sky) trust proposed by Peter Barnes¹⁴, coupled with payments for depletion of natural and social capital and rewards for protection of these assets¹⁵

- reforming international trade to promote wellbeing over purely GDP growth. This implies protecting natural capital, labor rights, and democratic self-determination first and then allowing trade, rather than promoting the current trade rules that ride roughshod over all other societal values and ignore non-market contributions to well-being

Creating this new sustainable and desirable future for people on earth is a huge challenge that will require a generation to accomplish - the *Solutions Generation*. Many groups and communities around the world are already involved in building this vision and developing real solutions. There are far too many to list, but here are a few:

Solutions journal: www.thesolutionsjournal.org

Transition town movement: www.transitionnetwork.org

Great Transition Initiative: www.gtinitiative.org

Wiser Earth: www.wiserearth.org

Center for a New American Dream: www.newdream.org

The Ecosystem Services Partnership: www.fsd.nl/esp

Sustainable Cities International: www.sustainablecities.net

Portland, Oregon, Bureau of Planning and Sustainability:

www.portlandonline.com/bps/index.cfm

It might also be worth pointing out that nature (including humans) operates with a subtle dynamic between competition and cooperation. In “empty world” times of resource

abundance, competition is favored. The great acceleration powered by abundant fossil fuels favored individualism, competition, and acquisition-based capitalism. When resources are abundant, it pays to get what you can before others do.

However, the world has changed. The “full world” favors cooperation and networking. Mature individual organisms and mature ecosystems (and mature economies) are not growing in material terms. They are however, quite diverse, complex and highly interconnected. We can now, as a global society, communicate, network, and cooperate as never before in the history of the planet. It will be the great work of the Solutions Generation - *Gen S* - to use this new capacity to envision and build a better, more sustainable, just, and prosperous society within the planetary boundaries of Earth.

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