TRANSCRIPT

The Need to Reset Economic Goals

Elaine Fernandez:

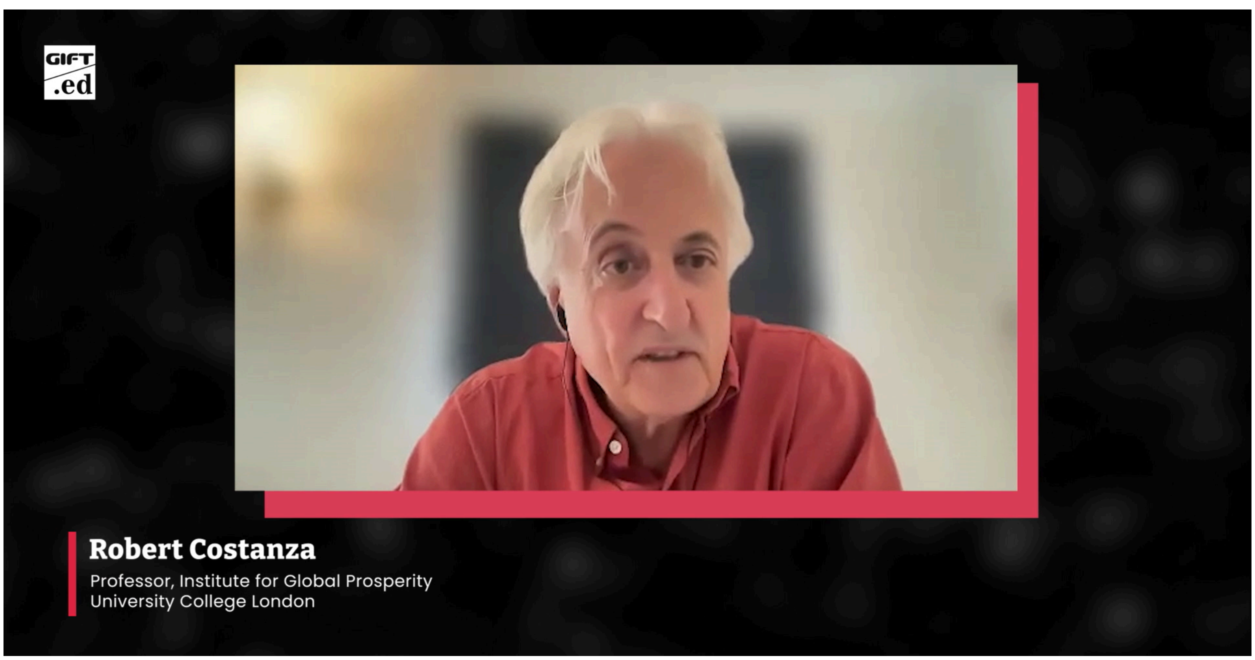
History teaches us that in any given society, the structure and goals of the economy will have a tremendous impact on that society's development and wellbeing.

And as we now live in what scientists call the Anthropocene, or "era of humans", it's increasingly important that we heed these lessons, because in a globalised world the ramifications of our economic pursuits impact not just individual nations, but humanity at large.

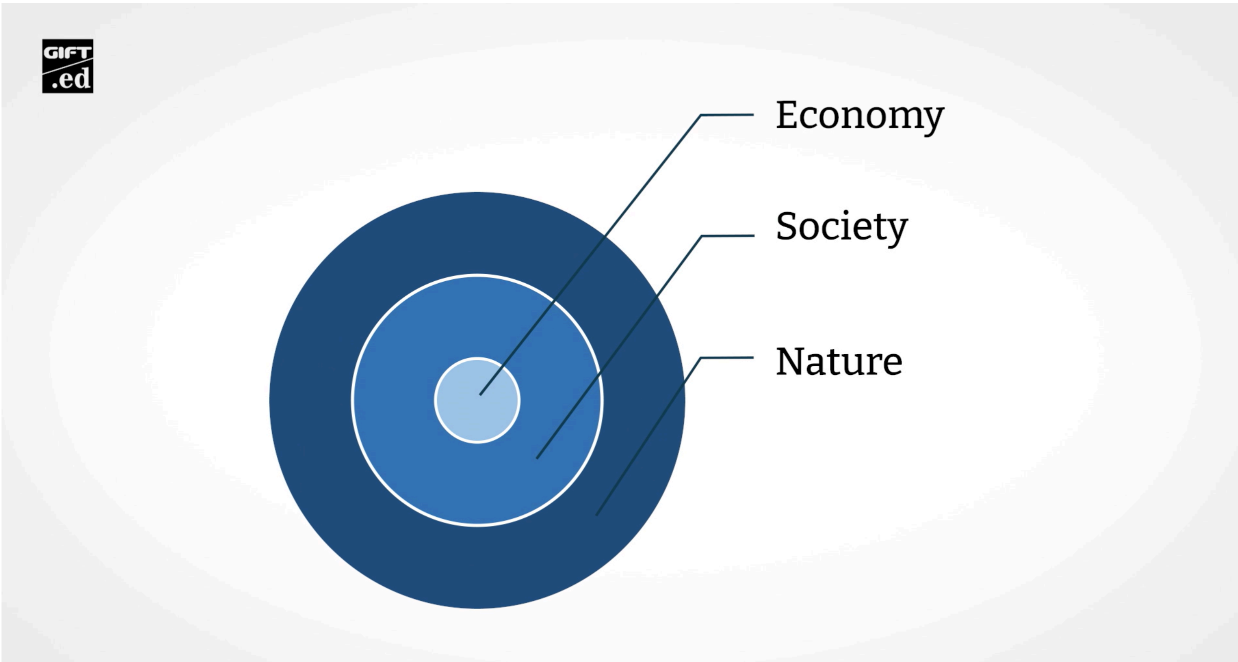
To provide more insight, let's hear from one of the world's leading ecological economists at the Institute for Global Prosperity, University College London, Professor. Robert Costanza.

Professor Costanza will share his thoughts on why a sustainable future necessitates a drastic reimagining of the purpose, structure and goals of our economies.

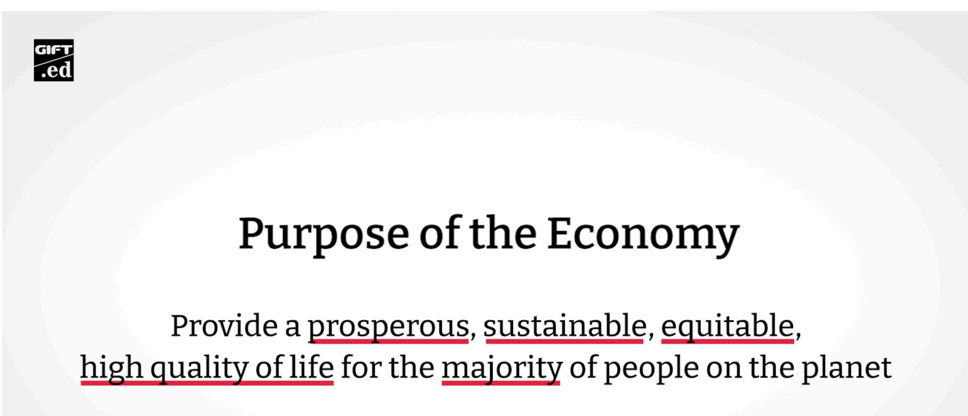
Professor Robert Costanza:



I think that the fundamental problem is that we've set the wrong goals for the economy and we fail to recognise that the economy is embedded in society, which is embedded in the rest of nature. And to recognise that we are all part of this complex, interdependent system, particularly now in what's been called the Anthropocene epoch, or the magnitude of the human influence on our life support system, on the functioning of the biophysical world, but also the functioning of the social world, are much more interdependent and highly interconnected.



So I think we need to fundamentally change our view of what economics is and what it's about and what it's for. I think we need to reestablish that the purpose of the economy is to provide a prosperous, sustainable, equitable, high quality of life for the majority of people on the planet. And that's going to require that we recognise that interdependence and we think about the health and quality of the rest of nature as well. Not just humans, but all the species that we share the planet with.



I think we've known the solutions for many decades. So the question then becomes, why haven't we made more progress? What's holding us back? And how do we make this transition happen before it's too late? Because I think we are at a critical point in the evolution of humanity and the evolution of the earth, and it could end up in a very bad situation. And certainly the history of civilisations has shown us that they do collapse routinely. If anything, that's the rule rather than the exception. So can we take a different course? Can we create a world that's more to our liking and is more sustainable and desirable?

A New Development Paradigm: Beyond Trickle-Down Economics

We need a new development paradigm, and that paradigm should be based on wellbeing rather than on growth per se. And that wellbeing requires that the vast majority of the population have a secure livelihood, access to food and water and shelter and education and et cetera. I see no reason why that should be impossible. I think the reason that we're not getting that is because of the old development paradigm. It's growth at all costs and we're not really worried about how that growth is distributed, we're not worried about the sustainability of it. We need a much more ecological approach to economics that does take all of those things into consideration. That whole idea needs to be rethought and that we need to bring distribution much more to the centre of the goals, rather than being something that's given lip service at best.

In a conventional paradigm, it's “Oh yeah, we'll make the pie bigger and then we'll figure out how to split it up.” In fact, that's backwards. I think basically we have to start with how do we stay within planetary boundaries and then how do we distribute our abundant, relatively abundant wealth and resources in a way that's fair and equitable and that basically can support the majority of the population. And then once we've done that, then we can start thinking about how to, how to efficiently allocate those resources. So the conventional model has kind of got it backward.

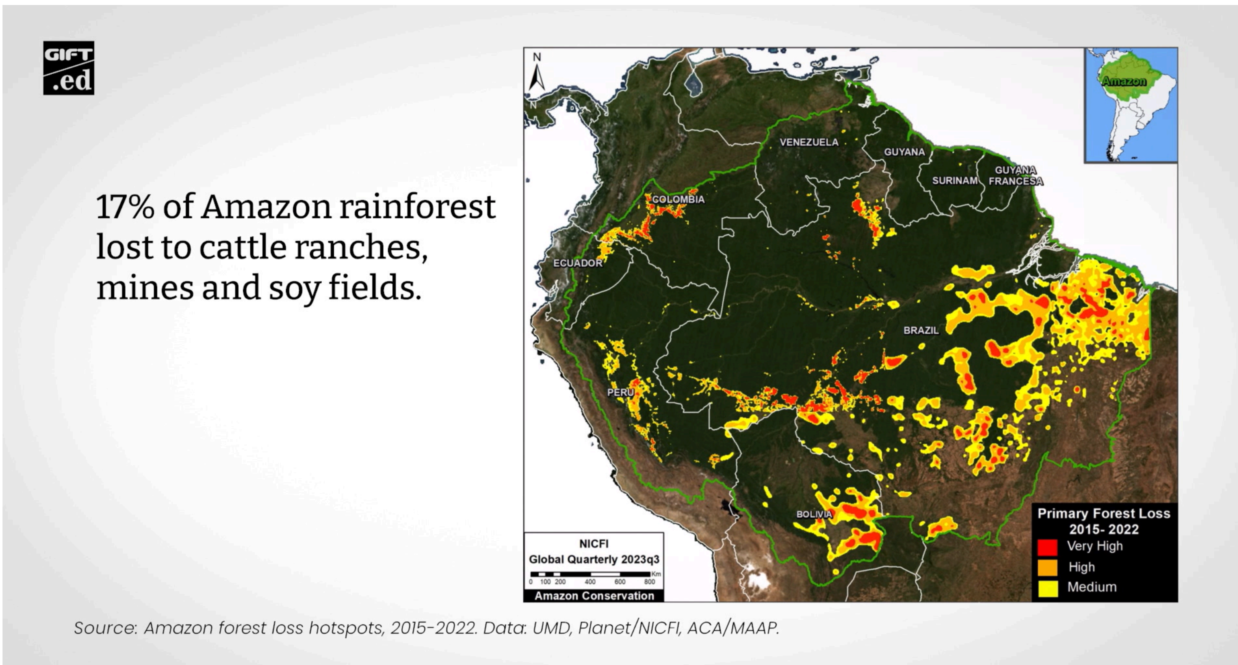
You could argue that in the past, when this model was being developed, specifically in the post World War II period, the limiting factor was probably rebuilding the built capital infrastructure that had been destroyed during the war. But those days are long past and the limiting factors now are our social and our natural capital.

And the other way of looking at it too, is that the natural evolution of things on earth is for organisms to grow for a while, but then to level off and stop growing in physical terms, but can continue to improve in quality terms. And I think that's the condition that we are in now, or at least should be in to recognise that the physical growth in magnitude of population, of resource use, extraction, et cetera, needs to level off and need to refocus more on distribution, on quality of life, on well being, and make that our fundamental goal rather than growth.

Elaine Fernandez:

As Professor Costanza has shared, we are now at a pivotal moment in history, where human activities are significantly impacting the Earth's ecosystems and geology.

In recent years, we've seen how commercial deforestation, both legal and illegal, has claimed 17% of the Amazon rainforest, one of the world's most important carbon sinks. For humanity to survive this era, we'll need to leave the old, extractive economic models behind.



While trickle-down economics and “growth at all costs” have improved the lives of many, these paradigms are ill-suited to a globalised and interconnected world, especially in addressing the existential threats of our time.

Instead, our approach to the economy, and its purpose, should be one that prioritises the wellbeing of societies, the equitable distribution of resources, and safeguarding the environment.