Solutions

After the crisis: two possible futures

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IF REVISION THE FUTURE

COVID-19 is a horrible global crisis. Yet, like previous horrible global crises, including WWI and WWII, it also presents an opportunity and an obligation to rebuild our global society to adapt to changing conditions. The question is what kind of changes societies do want? One comparable to WWI's vindictive Treaty of Versailles or one more akin to the post WWII reconstruction of Europe, Japan, and the beginnings of modern economic growth?

The two power restructuring strategies were indeed very different from one another. The Treaty of Versailles attempted to exact revenge for the devastation the war caused. Germany was held responsible for starting the war and the treaty imposed harsh penalties, including reparations payments, loss of territory, and forced demilitarization. The Treaty humiliated Germany while failing to resolve the underlying problems that had led to war in the first place. The economic chaos and public resentment it caused within Germany helped fuel the rise of the Nazi Party, which ultimately led to WWII.

The post WWII reconstruction of Europe, Japan, and the global economy, by contrast, was much more constructive. It was based on the Marshall Plan and the Bretton Woods system. Aids powers in a more democratic, resilient and stable way. It also included the creation of the United Nations, the World Bank, and other global institutions aimed at ensuring peace, stabilizing trade, full employment, and promoting economic growth globally. Gross Domestic Product (GDP) was endorsed as the key measure of progress toward these goals. This approach was the opposite of the vindictive Treaty of Versailles and led, in the end, to 70 years of relative peace and prosperity (the cold war and regional conflicts notwithstanding).

COVID-19 is a crisis similar in magnitude to the two 20th century world wars, albeit with very different causes, implications, and solutions. Unlike the two world wars, this crisis has essentially shut down the global economy, prompted governments to hold hundreds of thousands, and it is presenting us with similar decisions about how to rebuild our society. Do we try to restore the previous system as it was, like the Treaty of Versailles attempted to do, or do we rebuild in a better, more robust and resilient way, like the Marshall Plan and the positive, progressive agenda of the post WWII reconstruction? What would these two futures look like?

Build back as before

There is not much imagination required for this vision. A return to business as usual would see governments scrambling to catch up on the time "lost" during the lockdown by adopting market-friendly reforms aimed at stimulating economic growth at all costs. Reacting to the demands of powerful industrial sectors, the crisis would allow government and corporate sector control over public life, relax environmental regulations and environmental impact assessments, and suspend labour protections and workers' rights, accelerating the trend to the gig economy. Can we reboot our economic and operating system to one that can account for the new conditions of the Anthropocene?

The post WWII reconstruction represented a radical restructuring of the world. It was inspired by the ideas introduced in Franklin Roosevelt's proposal for a "Second Bill of Rights" proposed during his State of the Union address in January 1944. Although the Bill of Rights had turned in the Allies' favour, Roosevelt argued that the first US Bill of Rights had "proved inadequate to assure security in the pursuit of happiness". He merely sought to declare the need for an "economic bill of rights". His text still resonates today:

"We have come to a new realization of the fact that true individual freedom cannot exist without economic security and independence. Necessitous men are not free men. People who are hungry and out of a job are the stuff of which dictatorships are made. In our day these economic truths have become accepted as self-evident. We have accepted, so to speak, a second Bill of Rights under which a new basic security and prosperity can be established for all—regardless of station, race, or creed.

Among these are:

- The right to a useful and remunerative job in the industries or shops or farms or mines of the nation;
- The right to earn enough to provide adequate food and clothing and recreation;
- The right of every farmer to raise and sell his products at a return which will give him and his family a decent living;
- The right of every businessman, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad;
- The right of every family to a decent home;
- The right to adequate medical care and the opportunity to achieve and enjoy good health;
- The right to adequate protection from the economic fears of old age, sickness, accident, and unemployment;
- The right to a good education."

Roosevelt's list of rights was a precedent to the UN's 1948 Universal Declaration of Human Rights[1] and the 17 UN Sustainable Development Goals (SDGs) which were adopted by all UN member states in 2015 (Figure 1). The SDGs include eliminating poverty and hunger, ensuring good health and well-being, providing quality education, gender equality and housing, good health and education, responsible consumption, urgent climate action and protection of the biosphere, peace and justice. For example, the EU Green Deals[2], and the US Green New Deal[3] incorporate proposals that address many of these rights and goals.

Changes needed

Similar major changes in vision and policies are necessary now to transform to a sustainable and desirable future for humans and the rest of nature (see also Table 1). These ideas are not new and are not sum alone. Many individuals, groups, NGOs, businesses, and even a few vanguard governments have been recommending such changes.

Rebuilding after the COVID-19 crisis will require intelligent short term investments and careful attention to the transition. Obviously, no set of policy recommendations will work for all countries and the transitions must be managed in a just and transparent way.

The crisis also demands that we finally act on the longer-term changes to the system needed to reduce the GDP crisis and create a sustainable and desirable future. The Club of Rome[4] and The Wellbeing Economy Alliance (WEAll)[5] are ongoing initiatives to coordinate and amplify all of these efforts. Under the auspices of WEAll, the Wellbeing Economy Governments (WEGo)[6] coalition has started with the initial participation of Scotland, New Zealand and Iceland.

The current neoliberal economic paradigm that has dominated national and global reforms since the late 1970s emphasizes financial deregulation, privatization of healthcare and education, labour market flexibility, and trade liberalization. It was devised as an understanding of planetary boundaries and the ecosystem services of nature. Believing that markets are self-correcting, and that individuals are rational actors mainly devoted to increasing their own (material) utility, neoliberalism has not only ushered in the greatest inequality and ecological destruction humankind has ever known, but also failed to deliver economic growth. Instead, it has created economic crises, and has made societies more unsustainable and unbearable (yet). This post WWII paradigm has not delivered better than another World War, especially when the world was relatively empty and we knew less about the impacts of uncritical growth. However, times have changed, and, like during the post WWII reconstruction, we need to embrace a bold new direction to create a better world.

To make the transition to a just and sustainable wellbeing economy will require[7]:

1. A fundamental change of worldview to one that recognizes that we live on a finite planet and that sustainable well-being requires more than material consumption;
2. replacing the present goal of limitless growth with goals of material sufficiency, equitable distribution, and sustainable human well-being; and
3. a redesign of the world economy that prioritizes natural systems essential to life and well-being and balances natural, social, human, and built assets.

The dimensions of the new wellbeing economy include, but are not limited to:

Sustainable scale: Respecting ecological limits

- Establishment of systems for effective and equitable governance and management of the natural commons, including the atmosphere, oceans, and biodiversity.
- Creation of cap-and-auction systems for basic resources, including quotas on depletion, pollution, and greenhouse gas emissions, based on basic planetary boundaries and resource limits.
- Ecological tax reform on resources, such as fossil fuels, to faster than we develop renewable substitutes.
- Investments in sustainable infrastructure, such as renewable energy, energy efficiency, public transit, watershed protection measures, green public spaces, and clean technology.
- Promotion of regenerative agriculture, stronger regulation of factory farming, and a ban on wild animal eating and trading.
- Dismantling incentives towards manufactured consumption, including banning advertising to children and regulating the commercial media.
- Linked policies to address population and consumption.

Fair distribution: Protecting capabilities for flourishing

- Guaranteed fulfilling employment or income, and more balanced leisure-income trade-offs.
- Reducing systemic inequalities, both internationally and within nations, by improving the living standards of the poor, limiting excess and unearned income and consumption, and preventing private capture of common wealth.
- Ensuring access to the benefits of the commons, including governance and management of the social commons, including cultural inheritance, financial systems, and information systems like the Internet and air waves.
- Tax/expenditure taxation, elimination of tax havens, taxing speculative financial transactions, and broader use of common asset trusts and sovereign funds.

Efficient allocation: Building a sustainable macro-economy

- Use of full cost accounting measures to internalize externalities, value nonmarket assets and services, reform national accounting systems, and ensure that prices reflect actual social and environmental costs of production.
- Fiscal reforms that reward sustainable and well-being-enhancing actions and penalize unsustainable behaviours that diminish collective well-being, including carbon tax reforms with compensating mechanisms that prevent additional burdens on low-income groups.
- Systems of cooperative investment in stewardship (CIS) and payment for ecosystem services (PES).
- Increased financial and fiscal prudence, including greater public control of the money supply and its benefits and other financial instruments and practices that contribute to the public good.
- Ensuring availability of all information required to move to a sustainable economy that enhances well-being through public investment in research and development and reform of the ownership structure of copyrights and patents.

The ongoing COVID-19 crisis may have a silver lining if it opens the door for the long overdue transition to a just and sustainable future in the sustainable wellbeing of humans and the rest of nature – the entire web of life.

Goal	Brief	Brief & Basic Series: Sustainable Wellbeing Economy
Primary policy goal	Basic Resources growth is the primary goal of economic policy, followed by GDP. The assumption is that growth will eventually lift the entirety of all other problems. Mine is always better.	Relate Prosperity and well-being to the ecosystem services of nature and assess of improvement in sustainable well-being and ecological footprint. Goods have significant negativity for produce. Mine is not always better.
Primary measure of progress	GDP	Genuine Progress Indicator (GPI), Sustainable Wellbeing Index (SWI), and Ecological Footprint
Relationship, capacities of government	Not an issue, since markets are assumed to be able to overcome any problems (including climate technology), and substitutes for resources are always available	A primary concern as a demonstrated ecological sustainability. Natural capital is considered essential to human sustainability and prosperity. Substitutes are boundless exist.
Distributionism	Group by sector, but designed to "fertilize" and "trickle down" policy, a rising tide lifts all boats	A primary concern, where it directly affects quality of life and social capital. Tax and other policies aim to lift the bottom and reduce the top, while increasing small losses.
Economic efficiency allocation	Markets are efficient, allocating resources to the production of goods and services (GDP) and product substitutions	A primary concern, but including both market and non-market goods and services, and efficient. Emphasis on the ecosystem services of nature, and social capital as/from our allocative efficiency.
Property rights	Emphasis on private property and contractual markets	Emphasis on a balance of property rights between private, public, and the scale of the system, and a linking of property rights to responsibilities. Large role for consumer property institutions in addition to private and public. Conventional plus a variety of cooperative institutions, including facilitiesc, and broker in a new order of commons asset institutions
Principles of government	Laissez-faire market regulation.	Linkage principles of sustainable governance.

Figure 1. The 17 SDGs, comparing the conventional Brief, a variant by a variety and the Brief of a basic series: Sustainable Wellbeing Economy

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