

Economics for the 21st Century: Creating a collective vision for a sustainable future

Speaker: Joshua Farley, PhD

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Joshua Farley is a professor of Community Development and Applied Economics at the Gund Institute at the University of Vermont. He earned a Ph.D. in Agricultural, Resource and Managerial Economics with concentrations in development economics, quantitative methods and ethics from Cornell University in Ithaca, NY in 1999. He also holds a Masters in International Affairs (specialization in Economic and Political Development) with a Certificate in Latin American Studies from Columbia University. Though formally trained in neoclassical economics, Dr. Farley is an ecological economist--an approach to economics far more complementary to his background in biology and international development, and his extensive experience working, studying and traveling in developing countries. His major research interests are eclectic, including the problem of market failures and the policies required to address them, the role of the public sector in resource allocation, international development, economic globalization, envisioning a sustainable and desirable future, and system sustainability, among others. Dr. Farley co-authored the book, *Ecological Economics: Principles and Applications* with Dr. Herman Daly.

For more information on Dr. Farley, visit www.uvm.edu/%7Ecdae/Bios/Farley.htm

David Korten is co-founder and board chair of the Positive Futures Network, which publishes *YES!* Magazine. His books include *The Great Turning: From Empire to Earth Community*, the international best seller *When Corporations Rule the World*, and *The Post-Corporate World: Life after Capitalism*. Korten has M.B.A. and Ph.D. degrees from the Stanford University Graduate School of Business, served as a Harvard Business School professor, and for thirty years worked as a development professional in Asia, Africa, and Latin America.

For more information on Dr. Korten, visit www.davidkorten.org

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Summary written by Dr. Farley

Our society currently faces a perfect storm of problems: global climate change, an end to cheap oil, natural resource depletion and biodiversity loss, the threat of global pandemics and economic recession. The only one of these crises that the United States seems to be taking seriously is economic recession, which is defined as two quarters in a row without economic growth. Our concern with recession emerges from our society's guiding vision of what is desirable and what is possible. Continuous economic growth, the doubling of per capita consumption every generation, dominates our vision of what is desirable. Such a goal is only possible on a planet for which there are no biophysical limits to growth, which explains our unwillingness to tackle the other crises we face. Our vision of infinite economic growth, while perhaps suitable for a less crowded planet, has in fact created the crises we now face. The best way to confront these crises is to develop a shared vision of a sustainable and desirable future. For insights into how to generate such a vision and what it might look like, you can visit www.uvm.edu:80/giee/ESDA/.

Our vision of what is possible must be based on the laws of physics and ecology. It is physically impossible to make something from nothing. Energy is required to do work. The raw materials that provide the building blocks for all economic production alternatively serve as the structural building blocks of ecosystems. Ecosystem structure generates function, including life support functions without which we could not survive. The use of fossil fuels spew waste into the ecosystem, which further threatens ecosystem structure and function, hence human survival.

Our vision of what is desirable must not confuse means with ends. What most people want is a satisfactory and perhaps continually improving quality of life, measured in terms of health, education, happiness, and richness of culture. The cost of achieving this goal is GNP. For example, the goal of healthcare is a long healthy life. GNP measures the costs of healthcare, but we should be striving to minimize the costs of achieving our goals, not maximize them. In 1969, per capita income in real terms was 1/3 of what it is today, yet people expressed greater satisfaction with their lives than they do today. Reducing consumption by 2/3 by itself would go a long way towards addressing our current ecological crises. If we dedicated 2/3 of our income to solving these crises, we could do it, with negligible sacrifice of welfare. In fact, taking serious strides towards solving global problems is likely to provide more fundamental satisfaction and happiness than material consumption ever could.

This presentation will explore some of the differences between our current vision of what is possible and desirable, and what an alternative vision might look like. It will then examine how we might address our current economic crisis if this alternative vision gained sway.

Readings and resources suggested by Dr. Farley

Envisioning a Sustainable, Desirable America: www.uvm.edu:80/giee/ESDA/

The (un)Happy Planet Index: www.happyplanetindex.org/

Readings and resources suggested by Dr. Korten

Yes! Magazine: www.yesmagazine.org/

Why It's the New "Great Depression", an interview with Fortune's Allan Sloan:

http://marketplace.publicradio.org/display/web/2008/03/31/sloan_great_depression/

Banks Deep into Unregulated "Gambling" with Marketplace Senior Business Correspondent Bob Moon:

http://marketplace.publicradio.org/display/web/2008/04/01/credit_default_swaps_q/

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