

## Environment and the economy – helping Scotland to flourish

### Executive Summary

This paper is a plea for a national consensus on a new goal of government.

Government faces an array of challenges, in social, economic and environmental spheres. Getting the relationship between these right is crucially important in a time of crisis and upheaval.

LINK<sup>1</sup> argues that the current pre-occupation with economic growth is unduly distorting priorities; a shift of emphasis is required in the government's 'core purpose'.

The natural environment is the envelope in which we all live, relying on its many goods and services; all social and economic progress depends on the healthy functioning of this global commons.

Scotland shares a responsibility of environmental stewardship with other countries in the world. Failure of this stewardship means that the whole world now faces a catastrophe of mounting ecological debt, for which there is no bail out available.

Scotland's consumption patterns (double our fair share) are unsustainable and morally indefensible. Government acknowledges that this cannot continue; and yet it continues.

As we wrestle with a crisis of financial debt, the pre-occupation with economic growth is allowed to take precedence over our duty to the rest of the world and future generations. In what may seem an honourable quest for prosperity to fulfil our aspirations and meet our obligations, we are making matters worse.

Scotland is not alone in this; it is a real dilemma for governments everywhere - how to reconcile development aims with environmental obligations. But Scotland's government aspires to lead the world, and in some respects is doing so.

Taking the government at its word, LINK challenges it – and of course aspiring future governments - to do better, to match rhetoric with more effective action, starting with a re-definition of the core purpose of government to focus on sustainable wellbeing.

This is LINK's contribution to an urgent and important debate about getting priorities right, and getting the economy back in perspective.

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<sup>1</sup> Reference to "LINK" should be taken to indicate the member bodies of Scottish Environment LINK identified as supporting this paper on the title page

## Environment and the economy – helping Scotland to flourish

Final draft

*Dog says to dog, “I’ve got the bowl, the bone, the big yard. I know I should be happy”<sup>2</sup>*

### Introduction

Everyone wants to live a good life. For many people, however, recent events have cast fresh doubt on old assumptions about how to achieve it. What do we really mean by success and prosperity? Is it all about money and possessions? And is economic growth the answer to all our desires?

A thriving economy is clearly vital as the means to meet our material needs, but in order to flourish<sup>3</sup>, rather than just survive, other things matter too – things which can’t be bought.

The natural environment is a case in point. The pleasure that many of us take in the wildlife and landscapes around us is only part of a much more far-reaching role that nature plays in people’s wellbeing. Materially too, we depend profoundly on nature’s goods and services for our daily lives.

To its credit, the Scottish Government is committed to protecting natural assets, and using them sustainably. But this is poorly reflected in its measures of progress, where GDP (gross domestic product) is still king.

Along with a growing chorus of international commentators<sup>4</sup>, LINK believes this should change, giving more emphasis to measures which chart the creation of a better society, and a more sustainable future.

Most importantly of all, the top line in the Scottish Government’s Performance Framework should change. This one highly influential statement sets the tone for all that happens in government and much beyond; the emphasis it currently gives to ‘increasing sustainable economic growth’ is confusing and unhelpful.

The core purpose of government should be defined with much more clarity and relevance for the challenges of the 21<sup>st</sup> Century.

Scotland is not alone in this respect – the same challenge remains unresolved at UK and EU levels - but it has shown it can lead, and more leadership is badly needed.

In a time of crisis and upheaval, society needs its leaders to be especially clear about the meaning of success; and better at making decisions which properly reconcile social, economic and environmental goals in achieving it.

Nor is this a matter for governments alone. In order to lead, they need ‘political space’, and that is a matter for civil society. This is therefore a plea for a growing consensus around an important shift of emphasis in the core purpose of government, starting here in Scotland. LINK makes its case in the following pages.

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<sup>2</sup> Cartoon in New Yorker magazine, quoted by Lynne Truss in ‘Talk to the Hand’ 2005

<sup>3</sup> See The Meaning of Life; Terry Eagleton 2012

<sup>4</sup> [http://www.stiglitz-sen-fitoussi.fr/documents/rapport\\_anglais.pdf](http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf)

## What kind of Scotland do people want?

Our society increasingly set its goals around money. But money is only a means to an end. So what is the end? ‘Success’ and ‘prosperity’ – strongly linked to income in many people’s minds - don’t seem to capture the whole picture.

Wherever it is studied, the concept of ‘wellbeing’ tends to sum up what people actually want to achieve. This includes the meeting of material needs, for which cash is the key, but it also covers a range of other factors which are vital for people to have an enduring sense of wellbeing – ie to ‘flourish’.

In the preparation of Oxfam’s excellent ‘Humankind Index’<sup>5</sup>, people in Scotland identified the following as being the most important assets in their lives, in order of priority (our highlights):

1. An affordable, decent and safe home and good physical and mental health;
2. Living in a neighbourhood where you can **enjoy going outside and having a clean and healthy environment;**
3. Having satisfying work to do (whether paid or unpaid); having good relationships with family and friends; feeling that you and those you care about are safe; **access to green and wild spaces;** and community spaces and play areas.

“Economic factors are important too,” Oxfam says, “but not overwhelmingly so. Security, stability and sufficiency are what people care about when it comes to jobs and money, not making millions at all costs.”

First Minister Alex Salmond MSP captured many of these aspects of wellbeing when he noted: **“history shows us that a truly equal, fair and kind society is built on good education, good health, and the strength and integrity of public services. It values happiness higher than money and sees that people share a bond with one another, connecting them from house to house, community to community, and across the world.”**<sup>6</sup>

The concept of happiness as a goal of society has a good pedigree<sup>7</sup> (the mocking reception it has received in the UK media was more to do with presentation than the quality of the idea). Carefully defined and researched, happiness is widely seen as a valuable indicator of wellbeing<sup>8</sup>; the UN General Assembly in July 2011 called it “a fundamental human goal”<sup>9, 10</sup>.

What is meant here is something much more than an everyday passing mood. For the Himalayan Kingdom of Bhutan, which pioneered the concept of Gross National Happiness in the 1970s, it is “the deep, abiding happiness” that comes from living in harmony with the natural world and with others – that is, from “feeling totally connected with our world.”<sup>11</sup>

In our society, technology has tended to isolate people more from the natural world, but our reliance on it as a foundation of our wellbeing, and of our economy, is no less real. This point is explored a little more in the following section.

<sup>5</sup> <http://policy-practice.oxfam.org.uk/our-work/poverty-in-the-uk/humankind-index>

<sup>6</sup> Speech to Scottish Parliament 26.5.2011

<sup>7</sup> Eg the US constitution

<sup>8</sup> <http://issuu.com/earthinstitute/docs/world-happiness-report?mode=window&backgroundColor=%23222222>

<sup>9</sup> <http://www.un.org/millenniumgoals/>

<sup>10</sup> <http://www.un.org/apps/news/story.asp?NewsID=39084>

<sup>11</sup> <http://positivenews.org.uk/2012/blogs/blog/7210/editorial-active-hope-economy/>

## What place has the natural environment in a vision for Scotland?

Nature supplies many of our basic needs. In a culture where food comes from shops, waste goes in the bin, water flows out of a tap, and fresh air is simply 'there', it's easy to overlook the fact that we get all these products and services – and a lot more – directly or indirectly from natural systems.

Then there is the value to Scotland's economy. To take just three examples: tourism, seafood and whisky<sup>12</sup> industries – all relying on a high quality environment – together earn nearly £9bn a year and support a quarter of a million jobs<sup>13</sup> - potentially much more if resources such as fisheries were better managed<sup>14</sup>.

Our environment is also key to our national identity; landscape and wildlife feature strongly in Scotland's brand; our sense of 'time depth' and historic significance which we attach to these landscapes strengthens our collective feeling of belonging. At a more local level, the quality of the environment attracts businesses, provides enjoyment, and enhances mental and physical wellbeing, as endorsed by contributors to the Humankind Index (see above). New research shows how important urban green-spaces are to people's health<sup>15</sup>. The list goes on.

So a healthy natural environment sustains us physically, helps us to prosper economically, and inspires us emotionally. We absolutely depend on its quality, individually and as a society; indeed history is littered with the collapses of whole civilisations due to environmental degradation<sup>16</sup>. This is not a marginal interest for a few charitable bodies and a government agency or two; it is fundamental to our existence.

Self interest alone would adequately justify a concern for nature, but even these 'use' values don't cover it all. If we care about the future, and want to bequeath a world which is 'equal, fair and kind', where people 'share a bond to each other', including 'across the world', there are wider responsibilities to fulfil.

These moral and ethical issues are very pressing. Everything people care about is here, on this one planet, along with all the hopes and expectations of 7billion other people, rising to 9 or 10billion by 2050. All this is in serious jeopardy if the degradation of the planet is allowed to continue.

In summary, looking after nature isn't just desirable - it is an imperative. So, while LINK fully endorses the First Minister's vision for an 'equal, fair, and kind' society described in the highlighted quote (p2 above), something very important is missing. That is, it should be built not only on 'good education, good health and the strength and integrity of public services', but also (quite crucially) on **good stewardship of natural resources**<sup>17</sup>. This extends not only to Scottish territory, but also to the impact which Scotland's consumption has on other parts of the world<sup>18</sup>.

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<sup>12</sup> <http://www.dailyrecord.co.uk/news/business-news/2012/03/27/whisky-industry-helps-scotland-s-food-and-drink-exports-hit-5-1bn-86908-23803554/>

<sup>13</sup> [http://en.wikipedia.org/wiki/Economy\\_of\\_Scotland](http://en.wikipedia.org/wiki/Economy_of_Scotland)

<sup>14</sup> Ocean of Life; Callum Roberts 2012

<sup>15</sup> <http://eprints.gla.ac.uk/4767/1/4767.pdf>

<sup>16</sup> Collapse – How societies choose to fail or survive: Jared Diamond 2005

<sup>17</sup> <http://www.scotlink.org/files/publication/other/LINKReferendumChallenge2012.pdf>

<sup>18</sup> In essence, the much-discussed principle of 'sustainable development'

## Facing reality

How should the government of Scotland approach the environmental dimension of such a vision? First, it's important to recognise environmental limits which are not optional or negotiable, except – quite unjustifiably - at the expense of others' interests elsewhere in the world and in the future.

The implications of the Earth's perilous condition are extremely difficult to confront. No-one finds it easy, especially because most of our impacts are overseas – out of sight, out of mind. Just as politicians and media commentators fixate on the struggle to correct a financial debt crisis, they hardly pause to note that the world is spiralling into ecological debt of much more catastrophic proportions. In essence, it is this: every year, humanity now consumes 50% more natural resources than the planet can sustainably replenish<sup>19</sup>. This debt is increasing every year. There is no bail-out option. Despite talk of needing one and a half planets, we have only this one. We are discovering the real limits of growth, increasingly close up.

Scotland is heavily implicated. Our take of the world's resources is still nearly double our fair share<sup>20</sup>, while elsewhere in the world 1.3 billion people try to survive on very considerably less than their fair share - financing their consumption with the equivalent of only 80p a day<sup>21</sup>.

So this is a time for strong leadership. Strong leaders don't duck reality, they confront it.

It is *because* of its nightmare implications that we must face up to our excessive footprint on the world. Umpteen authoritative reports have spelt it out – most recently in the Royal Society's People and Planet Report<sup>22</sup>: securing people's needs in the long term is a fantasy without effective action to reduce our impact on the planet. Sure, other countries must do so too, but that is for them, and for the global conventions to which we are also party. Our power to change is in our hands.

In a new book<sup>23</sup>, Margaret Heffernan explores the human tendency to deny any aspects of reality which are uncomfortable. "Because we can't and won't acknowledge that some of our choices are socially and morally harmful, we distance ourselves from them by claiming they are necessary for wealth creation." But "some of the most inspiring people are those who have the courage to look, a fierce determination to see" .... Wilful blindness, she says, may help us to feel safer, "but in fact it leaves us crippled, vulnerable and powerless. When we confront facts and fears, we achieve real power and unleash our capacity for change."

The Scottish Government can claim some credit for confronting these realities boldly. "Our vision is of a nation that is fair and just, and fertile for ambition and talent, where **the deepest challenges we face are first acknowledged and then tackled head on.**" (Alex Salmond: Taking Scotland Forward. Scottish Parliament, 26 May 2011)<sup>24</sup> (LINK's emphasis)

But is Scottish Government delivering? The detail of its rhetoric reflects the First Minister's commitment clearly. For example: "climate change is one of the greatest challenges to life, all round the world. ...The world has to address this, urgently, and Scotland must be sufficiently enlightened to take a global lead." <sup>25</sup> And, to its great credit, it has started to deliver, attracting international acclaim for passing legislation which leads the world on climate change.

<sup>19</sup> [http://wwf.panda.org/about\\_our\\_earth/all\\_publications/living\\_planet\\_report/](http://wwf.panda.org/about_our_earth/all_publications/living_planet_report/)

<sup>20</sup> <http://www.scotlands-footprint.com/downloads/Key%20Findings.pdf>

<sup>21</sup> <http://royalsociety.org/policy/projects/people-planet/report/>

<sup>22</sup> <http://royalsociety.org/policy/projects/people-planet/report/>

<sup>23</sup> 'Wilful Blindness – Why we ignore the obvious at our peril' Margaret Heffernan 2012

<sup>24</sup> <http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=6472>

<sup>25</sup> <http://www.scotland.gov.uk/About/Performance/scotPerforms/outcomes/envlmpact>

However, these are only words on paper, only addressing part of the picture. The statutory targets in the Climate Change (Scotland) Act 2009 only cover emissions from Scotland itself, *excluding* the portion arising from our consumption of stuff manufactured abroad – a highly significant portion, especially since the closure of Ravenscraig in the '90s. And recent figures show that even these domestic targets have been missed, despite the dampening effects of an economic recession.<sup>26</sup>

So what about the wider challenge, beyond climate change? Again, government rhetoric accepts the imperative: **“Our current consumption patterns are unsustainable**, with growing demands on the world's resources and its impact on our environment.”<sup>27</sup> And **“that position cannot continue**: as a nation we need to reduce our impact on both a local and global environmental scale.”<sup>28</sup> (LINK's emphasis in both quotes)

Many good things are being done in this direction, and LINK duly acknowledges the right intentions being pursued. But the test is whether the rate of change is sufficient to match the challenge. In fact, it isn't enough; environmental limits are still being exceeded - and rates of consumption are still growing<sup>29</sup>.

So a government committed to leading the world in achieving full sustainability is still falling short of even its own targets, despite undoubted best efforts in some areas. Something has to change. How might it go about matching these intentions with the kind of resolve which successfully tackles these challenges 'head on'? LINK suggests changes at three levels.

## Level 1 - The goal

Most important of all is to set a clear goal. No one can cope with a plethora of objectives, purposes, strategies and targets, however worthy these might be individually. The Scottish Government expresses its 'primary purpose' as:

**“to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth”**<sup>30</sup>.

This idea of a single statement of purpose is new, admirable and extremely important for the following reasons:

- it frames and focuses all aspects of government, expressing the essence of its intentions;
- it determines what gets measured - and what gets measured determines what gets done;
- it exerts a profound influence on the culture of 'progress' adopted by the whole of civil society.

But the trouble is that the wording is highly problematic. In seeking to be attractive and popular, it creates confusions and contradictions which serve the vision poorly in a variety of ways:

- 'Successful' is a popular ambition, but unfortunately open to many interpretations, and is therefore unclear. For many, it simply confirms the primacy of economic growth;
- 'Opportunities for all of Scotland to flourish' is a welcome reference to equality, but:
- economic growth - measured by GDP - is blind to the quality of its outcomes and is widely discredited as an adequate measure of progress;

<sup>26</sup> <http://www.scotland.gov.uk/Publications/2012/07/9583/3>

<sup>27</sup> <http://www.scotland.gov.uk/About/Performance/scotPerforms/indicators/ecologicalFootprint>

<sup>28</sup> <http://www.scotland.gov.uk/About/Performance/scotPerforms/outcomes/envImpact>

<sup>29</sup> <http://www.eea.europa.eu/highlights/european-demand-for-goods-and-1>

<sup>30</sup> <http://www.scotland.gov.uk/Resource/0038/00387872.pdf>

- ‘sustainable ...growth’ sounds good but is a contradiction in terms; indefinite growth – almost inevitably linked to rising levels of material production/consumption - is neither possible in a finite world, nor morally justifiable (as explored above)<sup>31</sup>;
- unlike the concept of ‘sustainable development’, ‘sustainable growth’ does not have any well established definition or credentials;
- in any case, reference to economic growth (a method, not a purpose) confuses and distracts from the clarity of the purpose;
- the wording gives too much credence to the ‘trickle-down’ effect (affirmed in the Economic Strategy<sup>32</sup>);
- Any sense of commitment to Scotland’s obligations to the future or the rest of the world is lost through these various confusions.

In short, the statement superficially appears to knit together the important aims of wealth creation, equality and sustainability, but the integrity of this is lost in such confusing terms. Far from reconciling disparate interests under a single banner, it leaves them in a state of unresolved tension, exemplified in many ways by the fiasco of Mr Trump and the Menie Estate – demonstrating that nothing is sacrosanct in the face of economic growth.

### Getting the economy in perspective

The argument here is not with economic growth itself – an argument taken up by others<sup>33</sup> – but with the *elevation* of this aim into the very purpose of government, where experience shows that, with rare exceptions, it takes precedence over all other considerations. Colossal investments in new roads and bridges, for economic growth purposes, lock Scotland into *rising* levels of consumption and emissions, in direct breach of its commitment to reduce these causes of damage to the climate.

Economic growth is about increasing wealth and consumption – the very process which, inadequately regulated, has *caused* inequality and environmental damage. An excessive focus on growth runs counter to the needs of the future, where we need a more balanced view of progress. It is simply wrong to suggest that this will be delivered simply by economic growth. Sooner or later we must grasp the need for lifestyles of *lower* consumption.

So LINK proposes a significant shift of emphasis away from economic growth, to focus more on the things that really matter. The importance of a thriving economy should not be allowed to distort the role of government, undermine society’s wider obligations and perpetuate the fallacy that all will be well if we just get richer (more wealth = more happiness).

Part of this shift of emphasis is an acknowledgement that we have let concerns about money to get out of proportion, and that by being slaves to economic growth we can damage society and the natural environment – the very foundations of future wellbeing. The analogy with the issue of personal work-life balance is obvious.

### A fresh articulation of the goal

Many studies throughout the world agree that the goal (purpose) of government should be to promote the **well-being of the population**. But given what is now known about global pressures,

<sup>31</sup> [http://www.sd-commission.org.uk/data/files/publications/prosperity\\_without\\_growth\\_report.pdf](http://www.sd-commission.org.uk/data/files/publications/prosperity_without_growth_report.pdf)

<sup>32</sup> “Faster sustainable economic growth is the key to unlocking Scotland's potential. It is the avenue through which we can deliver a better, healthier and fairer society”

<http://www.scotland.gov.uk/Publications/2011/09/13091128/3>

<sup>33</sup> [http://www.sd-commission.org.uk/data/files/publications/prosperity\\_without\\_growth\\_report.pdf](http://www.sd-commission.org.uk/data/files/publications/prosperity_without_growth_report.pdf)

and the dangers of being too introspective and parochial in an interdependent world, explicit reference should also be made to these **wider responsibilities**.

Together, these components form a purpose which captures all legitimate ambitions responsibly, with the potential to unite us as a society, almost irrespective of political differences. Indeed, they form the basis of the concept of sustainable development, which has long received support across all political divides. Expressed in more accessible language, the goal of government of Scotland should be along the lines of:

**to enable people to improve their lives, whilst respecting the needs of the wider world and future generations.**

This would have a number of straightforward benefits, including:

- Unambiguously stating the wellbeing of the people as the priority, but subject to wider and longer term obligations;
- By implication, re-casting the role of the economy in the service of this goal;
- Ensuring that well-being and sustainability would be the dominant measures of progress<sup>34</sup>.

LINK strongly endorses the call for a wider debate about Scotland's aspirations – a conclusion also drawn recently by the distinguished panel of the Carnegie report<sup>35</sup>.

Other sectors of civil society could consider lending their support to such a goal, referred to below as the **'Sustainable Wellbeing'** goal. Consensus along these lines would create a much more unified sense of shared mission across all sectors and give Government the necessary political space to change policy in a way that makes this commitment real.

This process would mirror the (unusual) conditions which have enabled the Scottish Parliament to pass pioneering legislation on issues such as climate change, the smoking ban, and alcohol pricing - all widely admired examples of facing up to reality and pursuing true priorities with strong leadership.

## Level 2: Making it happen

This section highlights some of the changes in implementation which would follow from the proposed shift of emphasis in the goal of government, described above.

### 'Scotland Performs'

This structure of reporting against the NPF is an admirable concept, but its significant flaws currently include a lack of precision and the use of questionable data of marginal value.

Improvements would allow progress on headline indicators (discussed by others<sup>36, 37</sup>), to be routinely reported by government. LINK favours a small set charting progress on well-being, equality, and environmental impact. Naturally, trade-offs between its objectives would become the subject of active debate. In the process, lower rates of economic growth might well be regarded as acceptable if a related improvement in other objectives meant a better net fulfilment of the Sustainable Wellbeing goal. For example, £1bn spent improving insulation of the poorest homes might deliver

<sup>34</sup> as recommended by a highly influential report on the measurement of economic performance and social progress [www.stiglitz-sen-fitoussi.fr/documents/rapport\\_anglais.pdf](http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf)

<sup>35</sup> [www.carnegieuktrust.org.uk/publications/2011/more-than-gdp--measuring-what-matters](http://www.carnegieuktrust.org.uk/publications/2011/more-than-gdp--measuring-what-matters)

<sup>36</sup> See Carnegie report More than GDP- Measuring What Matters (previous footnote)

<sup>37</sup> [http://www.neweconomics.org/sites/neweconomics.org/files/Measuring\\_our\\_Progress.pdf](http://www.neweconomics.org/sites/neweconomics.org/files/Measuring_our_Progress.pdf)



markedly more sustainable wellbeing than the same investment in new roads, generating more traffic and promoting unsustainable lifestyles.

### Economic Strategy

The 'Purpose Targets' and 'Strategic Priorities' in the Economic Strategy<sup>38</sup>, should be adapted to represent growth consistent with the other objectives of the NPF, and of course the Sustainable Wellbeing goal which they should serve.

For example, if increasing population growth is retained, it would need to be clear how parallel *reductions* in per capita resource consumption would more than compensate for the increase in number of people. Likewise, it would need to be clear how the productivity target could be achieved without increasing footprint. These approaches may seem like breaches of convention, but convention isn't delivering the goods. Currently, policy is driving many aspects of the economy **against** trends which the Performance Framework itself flags for improvement.

### Budget

Contrary to current practice, the budget would be justified and scrutinised on the contribution it makes to the Sustainable Wellbeing goal, with the impact of spend on this goal, and especially on the headline indicator set. Meanwhile, the assessment of the budget on flows of carbon, as laudably introduced in principle by the present government, would be improved to yield a more meaningful indication of trends.

### Preventative spend

The potential of this approach, which has been explored by the Christie Commission in relation to public services<sup>39</sup>, would show benefits in the environmental field too. The highly influential Stern report<sup>40</sup> demonstrated the overwhelming economic case for early action on climate change (costing perhaps 1% of GDP) to avoid perpetual costs of 5-20% of GDP. The preventative spend concept should also be interpreted as a warning to 'do the right thing for the long term' and *not* invest in projects for short term benefit which will have bad unintended consequences in the longer term.

### Carbon targets

Much is made of the excellent progress made in planning for reduced production of carbon emissions. A direct result of the Sustainable Wellbeing goal would be to drive effective action on the other aspect of carbon emissions – those relating to goods procured from overseas – which currently pass under the radar of national regulation. After all, they are an equally significant component of our contribution to climate change - the notorious coal-fired power stations in China are generating energy to make products for our consumption too.

### Sectoral strategies

These should be designed explicitly to serve the Sustainable Wellbeing goal, with measures similarly designed to chart progress appropriately. Interestingly, the Land Use Strategy already conforms to this principle, set in the context of a vision to 'enhance the wellbeing of our nation'.<sup>41</sup>

The same can perhaps be said for the emerging National Marine Plan<sup>42</sup>, based as it is on a commitment 'to manage the competing demands of the use of the sea whilst protecting the marine environment'. In others the link is weak or barely detectable; for example Scottish Enterprise

<sup>38</sup> <http://www.scotland.gov.uk/About/scotPerforms/purpose>

<sup>39</sup> See Commission on the Future Delivery of Public Services (Christie Commission)

<http://www.scotland.gov.uk/Publications/2011/06/27154527/0>

<sup>40</sup> Review on the Economics of Climate Change (2006)

<sup>41</sup> <http://www.scotland.gov.uk/Resource/Doc/346071/0115177.pdf>

<sup>42</sup> <http://www.scotland.gov.uk/Publications/2011/03/21114728/3>

International - an agency with great potential for leadership amongst global trading partners – appears to have ambitions of ‘sustained (*sic*) economic growth’ unaffected by Ministers’ parallel commitments to operating within environmental limits<sup>43</sup>.

### Ecosystem services

A recent paper by Beth Stratford<sup>44</sup> highlights the pros and cons of this concept, which “has proved a powerful tool for illuminating the value of nature, and showing that caring for the environment and caring for humans are not mutually exclusive priorities. But it has also paved the way for controversial efforts to put a price tag on nature’s services, and market them as commodities. The challenge ahead is to design valuation processes that capture a plurality of values – ecological, ethical, cultural and economic - and to design more nuanced decision-making processes, such as multi-criteria analysis, which can compare these values in a rational way.”

### Level 3 – measurement and scrutiny

How are we doing? As regards sustainable wellbeing, the current picture is extremely unclear. At the level of principle, the current administration’s National Performance Framework<sup>45</sup> looks good; it identifies **16 outcomes** which cover the full suite of economic, social and environmental aspects of delivering sustainable wellbeing.

However, the dominance of the economic growth target has had the effect of relegating these to the status of ‘soft’ targets, so progress is patchy, poorly measured, and more or less unreported, with the use of inadequate indicators. Some of these outcomes have been treated as priority, but others languish with deteriorating trends, and all this detail is obscured by the overwhelming coverage given to economic growth.

The answer is rather obvious: if we want to achieve sustainable wellbeing, we should find good ways of measuring it. This is a topic which has been addressed by others, including pre-eminently the Carnegie report<sup>46</sup>, endorsed by LINK, which views the decision to cease monitoring and reporting on a sustainable development indicator set as a step in exactly the wrong direction.

### Parliamentary and media scrutiny

Parliamentary Committees should move on from the outdated assumption that economic growth is the cure-all. Welcome progress is being made this year in the decision for all Committees to scrutinise the climate change implications of the budget; this should be extended so that the Sustainable Wellbeing goal dominates the scrutiny process.

This would encourage the media and other independent commentators to play their part by kicking their old habits, easing up on their pre-occupation with GDP, and challenging governments to show progress in the real aim of making Scotland a better place. This in turn would have a beneficial effect on wider public discourse which has been too ready to accept the lazy equation that economic growth = jobs = wellbeing.

All this would be helped by a higher profile for the National Performance Framework, with its core purpose amended as proposed. LINK has been astonished to find many MSPs and even some

<sup>43</sup> <http://www.sdi.co.uk/~media/SDI/Files/documents/international-trade/Scotlands%20International%20Trade%20and%20Investment%20Strategy.pdf>

<sup>44</sup> The use and abuse of the ecosystem services concept: Beth Stratford, in prep

<sup>45</sup> <http://www.scotland.gov.uk/Resource/0038/00387872.pdf>

<sup>46</sup> [www.carnegieuktrust.org.uk/publications/2011/more-than-gdp--measuring-what-matters](http://www.carnegieuktrust.org.uk/publications/2011/more-than-gdp--measuring-what-matters)

Ministers apparently unaware of its existence. The Scottish Parliament should give more time for debate and scrutiny of Scotland's progress against its priorities.

Just to repeat, the argument here is not to oppose growth of any kind; it is about selective growth in economic activities that are sustainable – that is, seeking a *quality* of growth which improves the provision of people's needs *without* relying on continual and unjustifiable increase in consumption and unsustainable exploitation of natural resources.

## Conclusion - Influencing the 'progress culture' – a shift of emphasis

Measuring qualitative growth based on the Sustainable Wellbeing goal would encourage innovative responses such as the concept of the 'circular economy'<sup>47</sup> and myriad other initiatives like those reported in the Global Transition to a New Economy<sup>48</sup>. It would also help to orientate our whole society to a future in which the important things in life are recognised and valued. It would ease the tensions which exist in all of us, and throughout our culture, between two different kinds of aspirations - for increasing material prosperity, based on competition and driven powerfully by social norms, and on the other hand for instincts for wellbeing and happiness which rely more on trust, fairness, kindness, sharing a bond to each other, and modest aspirations of material sufficiency that are much more appropriate in a resource-constrained world.

This change would also have a healthy impact on the 'body politic'. GDP (or an improved set of economic indicators) would remain important, but it would no longer dominate the whole culture of political ambition and scrutiny. The focus of attention would switch to the main goal – a highly significant shift of emphasis. When quarterly progress is reported in the media, measures of improved well being and sustainability would take centre stage. As the New Economics Foundation says, "When the opposition, pressure groups and citizens all use well-being data to make their points, it will be clear that well-being is the real business of government."<sup>49</sup>

**In short, we need to re-set our priorities/compass in Scotland, orientating ourselves to achieve sustainable wellbeing. As Oxfam's work on the Humankind Index confirms (see p 3), this is every bit as valid for the individual as it is for the nation, Pursuing this goal requires us to take better account of national and global environmental realities on which our future depends.**

Simon Pepper for Scottish Environment LINK July 2012

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<sup>47</sup> [http://www.thecirculareconomy.org/uploads/files/012012/4f26c6959d31c63107000018/original/EMF\\_Towards\\_a\\_Circular\\_Economy.pdf?1334141129](http://www.thecirculareconomy.org/uploads/files/012012/4f26c6959d31c63107000018/original/EMF_Towards_a_Circular_Economy.pdf?1334141129)

<sup>48</sup> <http://www.gtne.org>

<sup>49</sup> [http://www.neweconomics.org/sites/neweconomics.org/files/Measuring\\_our\\_Progress.pdf](http://www.neweconomics.org/sites/neweconomics.org/files/Measuring_our_Progress.pdf)