

CHAPTER 3 SUSTAINABLE CONSUMPTION

INTRODUCTION

Last Sunday morning, Aurelia Sanchez made breakfast for her kids with eggs from their chickens, and berries and vegetables grown in their garden. They walked down the street and Aurelia caught up with her best friend on the front porch as they watched their children play together. Then Aurelia walked the kids to the Hillsboro library for children’s reading hour while she sat on the library sofa and read the newspaper. There was an article about a drunk driver who had plowed onto the sidewalk and killed two pedestrians.



TERM

Gross Domestic Product (GDP): the monetary value of all the finished goods and services produced within a country's borders in a specific time period. GDP includes all private and public consumption, government outlays, investments and exports minus imports that occur within a defined territory.

To an economist focused on the **Gross Domestic Product (GDP)**, Aurelia’s day had zero economic value. No money was exchanged. No purchased products were consumed.

The drunk driver in the story in the newspaper, on the other hand, had consumed alcohol and gasoline. That counted for something. His accident necessitated paramedics who arrived in an expensive vehicle and used costly medical equipment. Repairs and glass will be needed for the storefront he smashed into. The two funerals will also cost money. Ironically, by standard metrics, the drunk driver was contributing significantly to GDP, while Aurelia Sanchez was not. Although these are extreme examples, they point to some significant flaws with using GDP as a measure of progress.



“Gross National Product counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. [...] It counts the destruction of the redwood and the loss of our natural wonder in chaotic sprawl. [...] Yet the gross national product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages.”

– Robert F. Kennedy, 1968

Gross Domestic Product (GDP) is one of the primary indicators used to gauge the success of a country’s economy. It represents the total monetary value of all goods and services produced over a specific time period. Steady growth of production and sales of goods indicates the economy is going the right direction. Too much or too little indicates problems.

But is the monetary value of materials produced and consumed really the best indicator for the health of a community or a country? And is steady GDP growth sustainable?

In 1968 Robert F. Kennedy spoke out about shortcomings to the ways we measure economic and social wellbeing. He roundly criticized Gross National Product (GNP). (GNP was used before they started adjusting for exports and imports and changed to GDP.)

This chapter will explain how neither the current patterns and trends of consumption nor perpetual growth are sustainable. It will then look at new ways of measuring consumption and community well-being that proponents hope will move us towards more sustainable communities, businesses and governments.

WHAT IS SUSTAINABLE CONSUMPTION?

There are many definitions of sustainability (see below for a sampling) and they differ significantly. Despite this there are some important common themes that connect most of the prevalent definitions. Sustainability is the capacity to endure. A sustainable society, system or process is one that mimics a healthy ecosystem. It is rich in diversity. It is resilient to disturbance and can retain its basic structure and viability even during times of change. And there is a balance or equilibrium of inputs and outputs.

There are numerous models of sustainability, but most of them include three pillars that are considered essential for a sustainable society. These three pillars are often called the *three P's: People, Planet and Profit*, or the *three E's: Economy, Equity and the Environment*. The idea is that a society that wants to endure must meet basic human needs without destroying or degrading the natural environment, which is essential to current and future wellbeing. Sustainable consumption must therefore provide goods and services that contribute to human wellness without depleting our natural resources.

Sustainability Defined

The World Conservation Union, United Nations Environment Programme, and World Wildlife Fund:

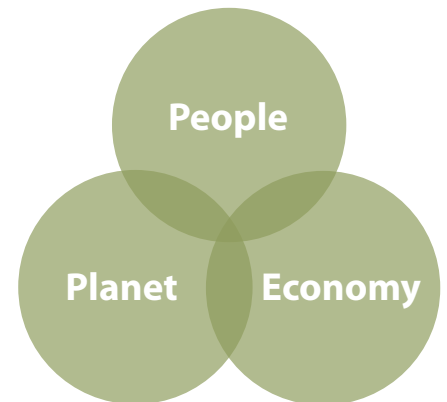
Sustainability: improving the quality of human life while living within the carrying capacity of natural ecosystems.

Environmental Protection Agency

Sustainability: the conditions under which humans and nature can exist in productive harmony to support present and future generations.

Part of the Great Law of the Iroquois Confederacy

Sustainability: In every deliberation, we must consider the impact of our decisions on the next seven generations.



Sustainable Consumption

“The use of goods and services that respond to basic needs and bring a better quality of life, while minimizing the use of natural resources, toxic materials and emissions of waste and pollutants over the life cycle, so as not to jeopardize the needs of future generations.”

– United Nations Commission on Sustainable Development (UNCSD), Symposium on Sustainable Consumption, Oslo, 1994.2

ARE CURRENT TRENDS OF CONSUMPTION SUSTAINABLE?

In the economic model that values growth, based on the GDP, the future is looking rosy. Rapid global population growth will mean a population of 9 billion by 2050. In this time, the International Finance Corporation (IFC) predicts there will be a rise in global affluence and that there will be an associated increase in consumption among low-income populations, resulting in increased *purchasing power*. Where there is already a high level of wealth and consumption, there is heavy societal pressure to maintain and even increase consumption patterns and competitive spending and displays of wealth are valued. All of this means that more and more consumers will be ready and interested in spending money and consuming products.

Even multinational corporations are beginning to see that these trends are not sustainable. The World Business Council for Sustainable Development (WBCSD) concedes “there are now clear signs that consumption issues are increasingly of central concern to business. The global challenges related to shortage of resources, water scarcity, climate change and loss of biodiversity. Overlooking this trend would be shortsighted and a risk for any company.”



DEEP DIVE

For more information you can consult the World Business Council for Sustainable Development’s Report: *Sustainable Consumption facts & trends: from a business perspective (available online)*.

The World Wildlife Fund (WWF), the United Nations, Amnesty International and the Global Footprint Network are some of several international environmental and human rights organizations that concur with WBCSD’s conclusion that a shortage of resources is coming. In fact, they have been saying this for some time. Assessments emerged in the 1990’s that attempted to describe the potential risks. One such model showed that nature provides humans with essential resources that are sometimes called **ecosystem services**. Ecosystem services include provisioning services or products, such as timber and fish, and regulation services, such as climate control, pollination, irrigation and flood regulation.

These international organizations warn that ecosystem services are not infinite. Groups like the WWF and Global Footprint Network offer metrics that compare existing global resources (especially energy, forests, freshwater and seafood) with the current rate at which they are being consumed. These metrics show that the planet cannot sustain its level of ecosystem services given current levels of consumption. We are using or withdrawing renewable resources faster than the earth is able to replenish those resources.

WWF explains that, “It takes a year and a half to generate resources that the human population uses in only a year.” Another way of imagining this is that we need one and a half earths to sustainably produce the renewable resources that we are currently using. This means that we are now in a state of “global ecological overshoot, depleting the very resources on which human life and biodiversity depend” (Global Footprint Network).

If these trends continue, this overshoot will become more severe. The WWF predicts that if the trajectories of growth for population and middle class are correct, and the wealthy continue to consume at current levels, we will be using renewable resources three and a half times faster than they can be regenerated. This would mean severe shortages and other dramatic adverse impacts.

TERM

Ecosystem services: *the benefits provided by ecosystems that contribute to making human life both possible and worth living.*



ALTERNATIVE METRICS

Given the flaws in GDP, economists and policy makers are developing alternative metrics. Some of these new metrics continue to focus on economic growth, while other metrics choose to include the health of the ecosystem and the well-being of people as part of the bottom line.

Genuine Progress Indicator

Some economists propose an alternative way of measuring economic growth called the Genuine Progress Indicator (GPI). This metric continues to use goods and services as the primary measurement, but where GDP measures the economy based on the price of finished products, GPI loads into their measurements a number of costs related to the production and consumption of the goods and services. Among the indicators factored into GPI are resource depletion, pollution, human health and long-term environmental damage.

These economists point out that GDP does not recognize social and environmental costs associated with products. Some of these costs that are left out of GDP may have profound economic effects. You will recall that GDP measures the monetary costs of a finished product. GPI, in contrast, recognizes that the manufacture of a consumer good results in other costs like pollution. The costs of this pollution (such as health impacts or property damage) may not be paid for by the producer, but rather are borne by other members of society. The impacts and costs are nonetheless real and GPI accounts for them.

When the full costs are not reflected in our models and decision-making, society as a whole is less well off. Production and consumption are over-valued and we over spend scarce resources because we are not considering all the costs.

When there is a full accounting, it is easier to set policies and make economic decisions that mitigate specific costs. An example is creating zoning laws that do not allow manufacturing to take place within a certain distance of where people live.

Understanding the full cost of the making of a product can also help ensure that manufacturers are invested in mitigating the cost of production and consumers understand the full implications of their purchases.

The EPA's Acid Rain Cap and Trade program is an example of a program that considers human illness and environmental degradation as part of the cost of production. The *cap* sets a limit on emissions, which are lowered over time to reduce the amount of pollutants released into the atmosphere. The *trade* creates a market for pollution allowances, helping companies innovate in order to meet, or come in under, their allocated limit. The less they emit, the less they pay, so it is in their economic interest to pollute less.

Well-being and the environment as the bottom line

Without a doubt, there are certain materials that are required to meet basic human needs. We need food, shelter, vaccines and medications to stay healthy. We even need materials to be creative and productive. But models that aim for growth assume that there is no such thing as enough or too much. Is growth sustainable?

While continuous growth challenges the basic concept of environmental balance, studies also indicate that the continuous accumulation of money and materials is not a very good predictor of human well-being.

A Princeton University study demonstrated that the life expectancy and sense of satisfaction for people in the United States that lived below the poverty level were definitely negatively affected by the lack of basic materials to meet their needs. But the study also found that after meeting a certain annual income threshold of about \$75,000, life expectancy and the level of well-being did not increase with additional income.

The New Economics Foundation decided to create a metric that did not use growth as its implicit goal. Their Happy Planet Index ranks a nation's progress based on the amount of the Earth's resources its inhabitants use and how happy they are. They defined happiness by the length of life and how satisfied people report feeling on a scale from 1 to 10. Although this is a contentious area of research, it yields some interesting insights. According to the Princeton study, a high consumption level does not guarantee happiness. This study suggests that people can live long, happy lives without using more than their *fair share* of the Earth's resources.



While no country combines high GDP with low life satisfaction, many poorer countries achieve levels of life satisfaction just as high as their wealthier neighbors. Above a minimum level, there is no apparent correlation between per capita GDP and life satisfaction.

The New Economy Working Group (NEWGroup) is seeking an alternative bottom line, as well. NEWGroup members are academics, community developers, economists, and labor and environmental justice leaders. They are working together to identify measurements that show the economy is meeting quality of life standards for people rather than simply measuring the movement or cost of materials that might or might not be enhancing our quality of life.

New Economists want to shift the defining value from money to quality of life, decision making from global to local, the favored dynamic from competition to cooperation, the defining ethic from externalizing costs to embracing responsibility, and the primary purpose from growing individual financial fortunes for a few to building living community wealth that enhances the health and well-being of everyone.

A primary contributor of NEWGroup is author Juliet Schor who calls for an Economy of Plenitude. She posits that how we spend our time is key to reducing negative environmental impacts, creating more jobs and improving our way of life.



Image from the video, Visualizing a Plenitude Economy

DEEP DIVE

For more detail see Juliet Schor and the New Dream's animated video explanation of the Economy of Plenitude, Visualizing a Plenitude Economy (available online).

Juliet Schor writes, "Economists today focus solely on growth as a mechanism for job creation. But for much of the industrial age, falling hours have been roughly as important a contributor to employment as market growth." And she argues that fewer hours worked allows for more time for community, family and what she calls *the basic rhythm of daily life*. She explains:

Imagining a world in which jobs take up much less of our time may seem naïve or utopian, especially now, when a scarcity mentality dominates the economic conversation. People who are employed often find it difficult to scale back their jobs. Costs of medical care, education, and child care are rising.

But fewer work hours for people with jobs may be a key step toward solving the unemployment crisis—while giving Americans healthier lives. Fewer hours worked per week could mean more jobs available to people who need them. Living on less pay usually means consuming less, making more of the things one needs at home, and living lighter.

EUGENE MEMO

For the most part, the models described above have been theoretical. Little has been applied to real sustainable consumption policy and practices in U.S. cities. Babe O’Sullivan, from the Urban Sustainability Director’s Network wants to change that. She found there to be a profound gap between academia and practice and so led a nationwide series of workshops aimed to bridge that gap.



For more information you can consult the *Local Governments and Sharing Economy Report* (available online) and the USDN’s *Sustainable Consumption Toolkit* (available online).

In October 2014, members of the Urban Sustainability Directors Network (USDN), the Sustainable Consumption Research and Action Initiative (SCORAI) and other policy experts met in Eugene, Oregon to review relevant research and explore the actions that cities could take to promote sustainable consumption and wellbeing at the municipal scale. The workshop concluded with the development of several working committees.

Participants felt that they were missing a list of principles to guide municipal goals and policies. A committee was formed to develop a memo that set forth guiding principles. The resulting *Eugene Memo* is excerpted below. In summer 2015, O’Sullivan convened another committee to develop a *Sustainable Consumption Toolkit* that aims to help Cities successfully design policies and practices to carry out the systemic changes described in the Eugene memo. The resulting toolkit is available online for members of the Sustainable Directors Network. Other committees formed to provide focused research on specific topics such as developing a roadmap for Cities to navigate the *sharing economy*.

EXCERPT OF THE EUGENE MEMO: THE ROLE OF CITIES IN ADVANCING SUSTAINABLE CONSUMPTION NOVEMBER 2014

Cities in North America have an important role to play in building prosperity and wellbeing while promoting lifestyles that are compatible with the limits of natural systems. The consumption of materials and energy in high-income cities is a significant factor in driving climate change and resource depletion. Increasingly, government agencies, industry organizations and experts in the research community are calling attention to the need both to consume less and consume differently. Cities can and should take action to make this possible.

A clear consensus emerged from this dialogue: to facilitate human and ecological wellbeing, we must transform the economy so that it serves what we value.

This objective is ultimately less about increasing material wealth and more about enhancing the hallmarks of the good life to which everyone aspires: time with family and friends; strong community ties; a sense of belonging; personal growth through new skills and knowledge; meaningful livelihoods, good health and other life-qualities that transcend mere income and material consumption.

Such a transformation requires a shift in cultural values and a re-design of urban economies and communities to reduce material and energy throughput while simultaneously improving the quality of life for all people. Advancing sustainable consumption in cities also entails supportive systemic change at the nation-

al and global levels: these multi-level changes enable the fundamental and necessary shifts in culture and markets that make the transition possible.

We need such powerful ideas to open a new way of advancing urban sustainability.

GUIDING PRINCIPLES FOR LOCAL ACTIONS:

1. **Envision prosperity as a holistic, integrated concept:** Real prosperity supports individual, social and ecological dimensions of wellbeing. Aggregate wellbeing should be the goal of progress in the pursuit of social and economic development. That means satisfying basic needs, food, shelter, mobility, security, education, and health, while also ensuring true personal and community development (development implies getting better and not just getting bigger).
2. **Commit to equity and social inclusion:** Highly unequal societies are not sustainable. By committing to sustainability with social justice we also commit to equity in designing projects and policies, and in evaluating progress.
3. **Enhance social capital and resilience:** As cities build toward more compact, cohesive and livable communities, urban form must align with more collaborative, reciprocal and interdependent patterns of human interaction, including consumption. People living in close proximity have more opportunities to share idle resources, to launch small-scale commercial ventures and to build community engagement and cohesion. Sustainable urban form fosters both informal and commercial exchange, augments social capital and builds stronger neighborhood networks and resilience in the process.
4. **Advance sustainable local economies:** A strong and diverse local economy promotes human wellbeing by: providing a cushion against global financial shocks; responding to new business opportunities and emerging needs; strengthening local communities; and creating novel livelihoods. Consumers are becoming more interested in access to goods and services than in personal ownership.
5. **Keep the big picture in mind and work toward the long-term:** Taking a systems approach enables us to target our efforts at the appropriate level. Cities can focus on integrated programs and actions that lead strategically toward more sustainable consumption patterns in the short- and long-run.
6. **Collaborate with diverse partners to take action and leadership:** Advancing sustainable consumption requires interaction and engagement across sectors (public, private, civil society, academia, media, communities) to co-create and take action together. Cities can facilitate connections among people, sectors and activities to catalyze change.
7. **Experiment and learn:** Advancing sustainable consumption in cities requires a commitment to sharing lessons on effective initiatives, monitoring and evaluating approaches, learning from mistakes, and embracing emergence and the unexpected. Cities benefit from engaging and consulting with the research community to gain from their insights.
8. **Set goals and measure:** Learning and progress over time is supported by clear goals and measures that indicate whether our actions are moving us forward. GDP per capita is an inadequate measure of human wellbeing. New indices must be developed and deployed to evaluate progress and in choosing among alternative policies and projects.
9. **Combine structural and systemic change with education:** Awareness programs on their own are limited in advancing systemic change but are effective when cities combine structural and institutional changes with educational programs.
10. **Take action and leadership:** Cities must be opportunistic as well as strategic. They should mobilize their assets, engage local allies and partners, and embrace the need to learn-by-doing; cities should be thoughtful risk-takers and openly self-reflective in assessing the results. As cities, we can lead through convening, demonstrating, leveraging, and activating others, and by creating incentives and disincentives to move sustainable consumption, economies, and communities forward.



CONCLUSION

In this chapter we've seen that current patterns and trends in consumption are unsustainable. The global consumption of renewable resources is outpacing the planet's capacity to renew itself. Research studies have demonstrated that our high consumption lifestyle is not even particularly good at satisfying our needs. In fact, beyond a certain annual income threshold there is no correlation between increased income and increased happiness and people trying to reach beyond that threshold increasingly feel trapped in a work and spend treadmill. Meanwhile, far too many people globally and right here in Oregon struggle to meet basic material and life needs.

Given the global scope of the consumption problem, it can feel confusing and overwhelming to know how to make good choices about a sustainable lifestyle. It is hard to measure the impacts of our choices and set priorities. The current systems even build road blocks that make living those lifestyles unobtainable for people with less time and resources.

Happily, advocates, scientists and local governments are breaking new ground in understanding how humans can satisfy basic needs without consuming beyond the capacity of the planet. Alternative economic metrics such as the Genuine Progress Indicator and the Happy Planet Index offer ways to more fully account for costs such as pollution that were previously left out of economic models. These new metrics also begin to enable planners to maximize non-economic values such as happiness and satisfaction.

The transition to different and more sustainable patterns of consumption will likely have its challenges. For example, it might be challenging to accept a future with lower levels of consumption. But, on the other hand, new visions, such as the Economy of Plenitude, see a future with fewer hours worked per week and more time for friends, family, community, volunteerism and personal projects. This chapter has presented a rather theoretical overview of sustainable consumption. Systemic change will take businesses, government, diverse communities and people working together. We hope that the concepts introduced here will be helpful in putting your very practical work as a Master Recycler into a larger context. Chapter 12 Resourceful Living focuses on tools and strategies for achieving a life with less consumption and greater happiness and satisfaction.