



## BRIEFING #3 WHO IS CALLING OUT THE PROBLEMS WITH BUSINESS AS USUAL?

‘The world is facing a set of risks that feel both wholly new and eerily familiar. We have seen a return of “older” risks – inflation, cost-of-living crises, trade wars, capital outflows from emerging markets, widespread social unrest, geopolitical confrontation and the spectre of nuclear warfare... amplified by comparatively new developments in the global risks landscape, including unsustainable levels of debt, a new era of low growth, low global investment and de-globalization, a decline in human development after decades of progress, rapid and unconstrained development of dual-use (civilian and military) technologies, and the growing pressure of climate change impacts and ambitions in an ever-shrinking window for transition to a 1.5°C world. Together, these are converging to shape a unique, uncertain and turbulent decade to come’.

- World Economic Forum <sup>1</sup>

Various institutions, including the UN<sup>2</sup>, the WHO<sup>3</sup>, the IMF<sup>4</sup>, the OECD<sup>5</sup>, and the World Business Council for Sustainable Development,<sup>6</sup> are explicitly noting the extent and array of challenges facing the world today. As the World Economic Forum (WEF) puts it: ‘The cascading and connected crises... demand a new descriptor to define the scale of the problems the world is facing ... a single word to sum up all this strife. So here’s a new one: polycrisis.’<sup>7</sup>

These warnings from the World Economic Forum mirror the conclusion of the United Nations Human Development Report:

*‘Uncertainty is not new, but its dimensions are taking ominous new forms today. A new “uncertainty complex” is emerging, never before seen in human history. Constituting it are three volatile and interacting strands: the destabilising planetary pressures and inequalities of the Anthropocene, the pursuit of sweeping societal transformations to ease those pressures and the widespread and intensifying polarisation. This new uncertainty complex and each new crisis it spawns are impeding human development and unsettling lives the world over.’<sup>8</sup>*

Such statements are based on evidence that comes from a range of sources. Together they constitute the impetus behind a raft of ideas and approaches being put forward for how to redesign the economy. All of these ideas and approaches, to varying degrees and in different ways, elevate social and environmental goals.

Firstly, there is vast evidence in academic studies of the need for change in how the economy is conceptualised vis-a-vis other goals. Schools of research and thought such as ecological economists and feminist scholars such as Marilyn Waring and Hilary Wainwright have been documenting for decades how positioning the economy as a goal in its own right (and as distinct from society and nature) is deeply problematic. First Nations communities around the world for millennia have been living an approach that inherently recognises the interconnections between people, planet

and economy.<sup>9,10</sup>

Secondly, researchers in universities and major global institutions have amassed a considerable body of evidence and forecasts from models that lay out the extent and prospects of the environmental crisis.<sup>11</sup> Examples of this work and institutional recognition of the extent of the challenges include:

- » The UK's Treasury commissioned the 'Dasgupta Review' which highlights "a growing body of evidence that [shows how] in recent decades humanity has been degrading our most precious asset, Nature, at rates far greater than ever before... we have degraded the biosphere to the point where the demands we make of its goods and services far exceed its ability to meet them on a sustainable basis. That is ominous for our descendants and suggests we have been living at both the best and worst of times... We [society and the economy] are embedded in Nature; we are not external to it... Ours is inevitably a finite economy, as is the biosphere of which we are part".<sup>12</sup>
  - » In his foreword to that report, Sir David Attenborough warns that humanity is "facing a global crisis. We are totally dependent upon the natural world... But we are currently damaging it so profoundly that many of its natural systems are now on the verge of breakdown".<sup>15</sup>
  - » The Lancet medical journal's recent 'Countdown on health and climate change' explained the link between health and environmental breakdown and stated that: "The world confronts profound and concurrent systemic shocks... climate change escalates unabated. Its worsening impacts are increasingly affecting the foundations of human health and wellbeing, exacerbating the vulnerability of the world's populations to concurrent health threats. During 2021 and 2022, extreme weather events caused devastation across every continent... As converging crises further threaten the world's life-supporting systems, rapid, decisive, and coherent intersectoral action is essential... Current policies put the world on track to a catastrophic 2.7°C increase by the end of the century".<sup>13</sup>
  - » Antonio Guterres, the UN Secretary-General, told the 2022 Biodiversity conference that: "Nature is our life-support system... [but] today, we are out of harmony with nature... Deforestation and desertification are creating wastelands of once-thriving ecosystems. Our land, water and air are poisoned by chemicals and pesticides, and choked with plastics. Our addiction to fossil fuels has thrown our climate into chaos — from heatwaves and forest fires, to communities parched by heat and drought, or inundated and destroyed by terrifying floods. Unsustainable production and consumption are sending emissions skyrocketing, and degrading our land, sea and air... A million species teeter on the brink".<sup>14</sup>
  - » The International Monetary Fund states that "Global warming threatens the planet and human livelihoods, with 2023 set to become the warmest year on record... current and announced policies will fall short of achieving the 2015 Paris Agreement's temperature goals. Containing global warming will ultimately benefit everyone by mitigating the potential catastrophic consequences of climate change".<sup>15</sup>
  - » The World Economic Forum's analysis of global risks also highlights the extent of environmental challenges: "Climate and environmental risks are the core focus of global risks perceptions over the next decade – and are the risks for which we are seen to be the least prepared. The lack of deep, concerted progress on climate targets has exposed the divergence between what is scientifically necessary to achieve net zero and what is politically feasible... Without significant policy change or investment, the interplay between climate change impacts, biodiversity loss, food security and natural resource consumption will accelerate ecosystem collapse, threaten food supplies and livelihoods in climate-vulnerable economies, amplify the impacts of natural disasters, and limit further progress on climate mitigation".<sup>16</sup>
- Considerable evidence also shows the harms to individuals and communities that result from the



current production and consumption systems, and the prevailing distribution of resources and power.<sup>17</sup> There is a suite of academic literature and institutional reporting that illustrates the extent of how unevenly the resources of the world are shared. The World Economic Forum points to how prioritisation of economic growth vis-à-vis social equity has generated inequalities of wealth and income.<sup>18</sup> In the World Inequality Report, a major contribution mapping the extent of economic inequality, the authors report that:

*“In 2021... global inequalities remain extremely pronounced: they are about as great today as they were at the peak of Western imperialism in the early 20<sup>th</sup> century. In addition, the Covid pandemic has exacerbated even more global inequalities. Our data shows that the top 1% took 38% of all additional wealth accumulated since the mid-1990s, with an acceleration since 2020... wealth inequality remains at extreme levels in all regions”.*<sup>19</sup>

These social and environmental trends intersect to exacerbate vulnerability and inequality. There is increased recognition of the impact on the majority world (the ‘global south’) of the production and consumption systems in rich industrialised countries.

Thirdly, evidence of dangerous impact of current production and consumption patterns on the planet and people – whether floods or the looming threat of droughts and bushfires; and food banks and homelessness, loneliness,

suicide, anti-depressant use, and long hours – is hard to ignore even when simply looking at news, strolling the streets, and talking to neighbours and friends.

Fourthly, major supranational agencies such as the UN<sup>20</sup> (not least the International Panel on Climate Change<sup>21</sup>), the World Health Organisation (WHO)<sup>22</sup>, and the Organisation for Economic Cooperation and Development (OECD)<sup>23</sup> are calling for a new way of approaching the economy, and are establishing their own strands of activity and advocacy accordingly. For example, the UN’s Research Institute for Sustainable Development has called for: “a new development model with... alternative economic approaches that centre environmental and social justice and rebalance state–market–society–nature relations”<sup>24</sup> and the European Union 8th Environmental Action Plan states that its long term goal is that ‘by 2050 at the latest, Europeans live well, within planetary boundaries, in a well-being economy where nothing is wasted. Growth will be regenerative, climate neutrality will be a reality, and inequalities will have been significantly reduced’.<sup>25</sup>

Finally, as seen in briefing #9, people themselves support policies that prioritise environmental and social outcomes. Whether seen in the results from polling<sup>26</sup> or from more deliberative dialogues<sup>27,28</sup>, what emerges is that people place a strong emphasis on goals and measures that align with the ideas and suggestions associated with a wellbeing economy.

## ABOUT THIS SERIES:

These mini-briefings look at the idea of a wellbeing economy, how it relates to other ideas for economic change, and what some of the core elements of a wellbeing economy are. They reflect on why Australia needs to build a wellbeing economy.

This series of ‘mini-briefings’ attempts to clarify terms and expressions and associated wellbeing economy ideas so that discussions can take place from a basis of shared understanding and language.

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## ENDNOTES

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- 2 United Nations Secretary-General. (2022). [Secretary-General's remarks at the UN Biodiversity Conference — COP15](#)
- 3 World Health Organisation. (2022). [WHO launches a new initiative to place well-being at the heart of economic recovery](#).
- 4 International Monetary Fund. (2023). [Climate Crossroads: Fiscal Policies in a Warming World](#). Washington, DC: IMF
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- 7 World Economic Forum. (2023, January 13). [We're on the brink of a 'polycrisis' – how worried should we be?](#)
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