

Assessing Human and Ecological Wellbeing (HEW) in Colorado

a concept paper toward developing an annual/biennial report and forum to be initiated by the University of Denver in collaboration with other universities and colleges, government agencies, and NGOs (including business groups) in Colorado

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Background

On December 11th, 2017, the Leeds School of Business at the University of Colorado Boulder released its 53rd *Annual Colorado Business Economic Outlook Report*¹ at a half-day Forum in downtown Denver. As usual, this report contains past trends and consensus forecasts for demographics, employment, and GDP (Gross Domestic Product) at the state level in 2018, as well as employment and various output measures for 13 sectors of Colorado's economy. Issues that may significantly affect the projected trajectory of change in the coming year are also identified for each sector and briefly discussed in the Report and at the Forum.

It is widely acknowledged that GDP (Gross Domestic Product) is seriously deficient as a comprehensive measure of the *wellbeing* of a society. In particular, GDP includes economic activity generated by “bads” (e.g., cleaning up toxic wastes, prisons, and the depletion of non-renewable mineral and energy resources) as well as “goods” (e.g., improvements in education, health care, and transportation systems). The *Genuine Progress Indicator [GPI]* was created in 1995 by *Redefining Progress* as an attempt to correct these deficiencies by estimating the dollar value of “bads” and “goods” and adjusting GDP figures accordingly.² The GPI is a weighted average of 24 (or more) numerical indicators spread over three broad categories: economic, environmental, and social. **The Colorado Fiscal Institute has tracked annual Colorado GPI figures over the period 1960-2012.**³

Over the past 20 years or so, states such as Maryland, Ohio, Vermont, Utah, Minnesota, Hawaii, and Washington have established and published economic, environmental, and social indicators to signify “progress,” “prosperity,” “sustainability,” or “wellbeing” in some meaningful sense. In some states, academic institutions or NGOs have taken the lead; in others, state government has done so. In some states, such information has led to the development of statewide goals.⁴

Summary

Complement the annual assessment of business and economic trends and issues in Colorado by (1) developing a consensus set of measurable indicators of human and ecological wellbeing; (2) preparing an annual/biennial report of trends and related issues; and (3) convening an annual/biennial forum for the release of these findings and an opportunity for discussion concerning their significance.

¹ Available at <https://www.colorado.edu/business/business-research-division/brd-publications/colorado-business-economic-outlook> .

² According to its now-defunct website, *Redefining Progress* created the GPI out of the belief that “if policymakers measure what really matters to people—health care, safety, a clean environment, and other indicators of well-being—economic policy would naturally shift towards sustainability” (www.rprogress.org).

³ “Colorado’s Genuine Progress Indicator [GPI]: A Comprehensive Metric of Economic Well-Being in Colorado from 1960-2011,” available at <http://www.coloradofiscal.org/wp-content/uploads/2014/01/GPI-Final-Paper.pdf> ; and “Colorado’s Genuine Progress Indicator [GPI]: An Update – A Comprehensive Metric of Economic Well-Being in Colorado from 1960-2012”; available at <http://www.coloradofiscal.org/wp-content/uploads/2015/01/CO-GPI-update-report.pdf>).

⁴ See the New Economics Institute report, “Measuring for the Future: an Overview of Measurements of Progress and Sustainability on the State-Level” (2011). Available at: <https://web.archive.org/web/20150913163826/http://www.dnr.maryland.gov/mdgpi/pdfs/NEI-OtherStatesAssessment.pdf>

Two Guiding Principles

1. **Focus on developing measurable indicators of human and ecological wellbeing that are based upon assessments of human and environmental *needs* rather than human *wants*.**

GDP, GNP, and GPI are fundamentally based upon a production/consumption framework. The shift in focus from wants to needs is necessary and urgent in light of compelling evidence that current and projected patterns of global production and consumption of material goods and nonrenewable resources—and their increasingly destructive effects upon global ecosystems—are unsustainable.

Neoclassical economics (NCE) interprets “welfare” (or “wellbeing”—the term we shall use in this project) in terms of *wants*, which are assumed to be insatiable. Moreover, NCE presumes that our wants are to be measured by the value of goods and services to satisfy these wants *as determined solely in monetary terms by transactional markets*. Instead, this project takes *human and environmental needs* as the starting point in determining wellbeing.

Instead, draw upon recent developments in human needs assessment that go well beyond Abraham Maslow’s needs hierarchy framework (1954) and consumption-based approaches. For example, Manfred Max-Neef’s nonhierarchical matrix of human needs features nine *axiological* (value-based) categories and four *existential* categories—*Having, Doing, Being, and Interacting*. Also, Amartya Sen and Martha Nussbaum focus upon *functionings* (roughly speaking, “needs”) and *capabilities* (roughly speaking, “access to satisfiers of those needs”) in characterizing human well-being.⁵

2. **The conceptual framework for this project will be based primarily upon the concepts and principles of *ecological economics*--including the “doughnut” model that vividly displays the inseparability of addressing human and environmental needs in the Anthropocene Age.**

Ecological economics radically challenges the fundamental assumptions and conceptual frameworks of NCE, which sanctions growth without limit; regards human beings as independent, totally rational, and self-absorbed utility maximizers; and treats the natural environment as invisible or, at best, a limitless storehouse of raw materials. In contrast, ecological economics acknowledges the inseparability of human and environmental well-being and regards market economics as subordinate to the life-sustaining web of ecosystems that cover the earth.

As a “trans-disciplinary science,” ecological economics necessarily entails interaction with other fields of knowledge and inquiry, including the natural and social sciences, the arts and humanities, philosophy and religion. According to Daly and Farley, these fields of knowledge and inquiry fall on a continuum between *ultimate means* (roughly speaking, “matter”) and *ultimate ends* (roughly speaking, “spirit”). Economics and politics are located in the middle of this spectrum with the task of “allocating given intermediate means to the service of a given hierarchy of intermediate ends.”⁶

The fundamental task of satisfying both human and environmental needs in a “full” world (Daly) is elegantly visualized by ecological economist Kate Raworth as “the safe and just space for humanity” between two concentric rings. The outer ring is the “ecological ceiling” beyond which “critical planetary degradation” reigns; the inner ring is a “social foundation of wellbeing” within which “critical human deprivation” remains rampant.⁷ The doughnut model incorporates 12 fundamental Social Foundation needs and nine planetary boundaries.⁸

⁵ See Herman Daly and Joshua Farley, *Ecological Economics*, 2nd ed. (Island Press, 2011), 278-281.

⁶ *Ecological Economics*, 48-50.

⁷ Kate Raworth, *Doughnut Economics: 7 Ways to Think Like a 21st Century Economist* (Chelsea Green Publishing: White River Junction, VT), 9. See <https://www.kateraworth.com/doughnut/> for a 17-min. Ted talk & doughnut model.

⁸ For a research application of the doughnut concept, using 7 indicators of national environmental pressure and 11 indicators of social outcomes, see O’Neill et al., “A good life for all within planetary boundaries,” in *Nature Sustainability*, Volume 1, February 2018, 88-95. Available at <https://www.nature.com/articles/s41893-018-0021-4>.