

On the pursuit of sustenance

By Rhea Banerjee, NSW WEN committee member and economist at Deloitte Access Economics.

Article #12 of the NSW WEN Credible Economist blog series in partnership with the NSW Economics Society of Australia and the National WEN.



Supply and demand, income, and rationality – economists have dedicated years of research to developing the neoclassical lens. And it is through this lens that nations have tried to answer an age old question – how are we doing?

Finding the optimal set of metrics for economic success has been a longstanding goal, but in our endless pursuit of optimisation, have we lost sight of what it is we are trying to optimise? Did we ever agree on what we want to optimise?

Our current image of success

What emerged as the stellar candidate from this pursuit is a well-known economic concept – GDP. It does after all capture a country's income, and don't we all want to be richer? But while useful, GDP is not a comprehensive measure of economic wellbeing, it does not capture many important aspects of economic wellbeing, such as quality of life. To expand our purview of economic success, perhaps it is time to consider what sort of society we want to live in and whether an endless trajectory of rising GDP per capita really is optimal.

In this article I explore an alternative model of prosperity, measured by sustainability rather than growth. To do this, I first look to the most remarkable manifestation of self-sustenance: nature.

A sustainable goal

In the absence of human interventions, ecosystems grow and decline, regenerate and recycle. In the presence of human interventions, they do the same. Nature has the remarkable quality of thriving under extremely strenuous circumstances due to one quality I believe is largely under credited - the pursuit of sustenance.

This is not to say that nature is resilient to all external influence; as Elizabeth Kolbert precisely illustrates in her book [Sixth Extinction: An Unnatural History](#), humanity's 'most enduring legacy' will be our effect on the rest of life on earth. But the retreat of humans into their homes during COVID-19 has shown us the dynamic and resilient side of nature - [wild boars gracing the streets of Italy](#) ,

wild turkeys and deer strutting where they didn't strut before, and cleaner water and air in otherwise polluted places. This was all but the effect of a few months of human absence. Through the lens of sustenance, one might even say nature is succeeding.

What have we to learn from this?

Remarkably, while the pursuit of sustenance tops the priority list for most plants and animals, it barely makes it to ours. As fundamental members of the nature club, we are not pursuing it with the same vigour that 'less intelligent' organisms are. This is partly because of our ability to grow rapidly through innovation, and partly because we can use these innovations to reverse our damage. But the damage is getting worse, and the innovations are getting harder. By stepping away from pursuing growth we might discover a more effective way to damage control. But for this we need a new lens to view the world.

A new lens: the systems view of life

One possible alternative to viewing the world is through a systemic lens. German biologist Ludwig von Bertalanffy is credited with devising the [general systems theory](#) to explain how organisms functioned. [Fritiof Capra](#) and Pier Luigi Luisi spearheaded the concept by incorporating elements of complexity and organisation to show how this can be applied to various facets of life, including economics. In a nutshell, general systems theory highlights the existence of underlying principles and structures that connect many different systems. It is a way of viewing the world holistically rather than as a sum of its parts.

Complexity economics

How on earth does this apply to economics? It means that complexity and sophistication is a more holistic indicator of economic sustainability (which hopefully you are now convinced is what we should be pursuing) than conventional measures such as income, debt and even the misery index. It means that all the rational and non-rational parts of an economy cannot be simplified into one aggregate measure of growth. Moreover, even if these components could be aggregated, the resulting whole is different from a straightforward sum of its parts.

Economic complexity measures a country's ability to add value to their output and build networks with other economies. Success by this measure involves innovative capabilities, good institutions and webs of knowledge. Strides in complexity will generate prosperity, but will do so more sustainably.

Let me explain this claim through a simple example: countries that currently rank highly on complexity measures tend not to be those that rely on unsustainable economic activities such as mining. Some of these countries such as the UK excel at agriculture, but not because they make large areas of land arable, but because they invest in innovative agrotech. By shifting the focus from quantity to quality, economically complex countries can become more prosperous more sustainably.

The case of Costa Rica

There is still a lot to create and a lot to transform. Costa Rica is a stellar example of how the pursuit of sustenance has benefited the country, even by conventional economic measures - the country has [tripled](#) its income over the 25 years. It currently holds a 98% literacy rate, has universal health care, a good life expectancy and delicious vegan food. The best part - it didn't even destroy its environment while doing so. On the contrary, Costa Rica focused on innovative clean energy to help

propel its economy. This has not only helped the country develop with a low carbon output, but also helped foster a spirit of innovation and creativity economy wide. Costa Rica has demonstrated how one can still progress and succeed with sustainability guiding the effort.