LC Economics | Economic, environmental and social

sustainability

Sustainability

If something is sustainable it means it can be upheld or defended and kept to a certain level.

Sustainability focuses on meeting the needs of the present without compromising the needs of the future.

What are the main challenges in achieving these goals?

• Political /international instability

Due to corruption, pandemics, crises, recessions, terrorism and religion and wars governments have become weak and unstable. These factors make it very difficult for a government to implement their sustainability goals.

• Implementation

Transferring these goals into reality is a challenging task for many countries. Countries and communities need access to a large amount of finance and support. Poorer countries will struggle without assistance from larger and wealthier countries.

• Governance

Governance refers to how societies make decisions and take action. For these sustainable goals this involves considering how government, business, non-governmental organisations, civil organisations and researchers will work together. Countries need to co-ordinate and have a unified approach to these goals.

Social sustainability

Social sustainability is the ability of a social system to operate indefinitely at a defined level of social wellbeing and harmony. This concept encompasses such topics as social equity, health equity, community development, social capital, social support, human rights, labour rights, community resilience and human adaptation.

It focuses on quality of life, equal opportunities, law and ethics, community development.

Environmental sustainability

In a sustainable environment a system would be able to maintain populations, biodiversity and overall functioning over an extended period.

The main function of the environment is to provide resources, amenities (e.g. hill walks or lakes to fish in) and absorb waste.

Environment sustainability is ther ability of the environmental system to support a defined level of behaviour indefinitely.

Resource depletion: the reduction of available natural resources. E.g. oil, gas, coal all cannot be replaced. **Resource degradation**: this is when natural resources become less productive over time. E.g. a river used for fishing becomes polluted.

Economic sustainability

This is the ability of an economy to support a definite level of economic activity indefinitely. It refers to practices that support long-term economic growth without negatively impacting social, environmental and cultural aspects of the community.

Businesses must be able to make a profit to ensure the firm's long term sustainability, however they must also use the planet's resources efficiently by using renewable energy and green technologies.

How are the three pillars of sustainability connected?

The planets resources are limited and therefore economic growth and social wellbeing is limited if the resources are not managed and used in a sustainable manner.

Social and economic

The social and economic pillar needs fair taxation, business ethics, workers rights and fair trade to ensure harmony and sustainable growth of the economy and a high standard of living for the global workforce.

Social and environmental

The social and environmental pillar needs environmental laws, public involvement and whistleblowing to ensure harmony between these two pillars and sustainable growth giving the global population a high standard of living and protecting the planet at the same time.

Environmental and economic

To work in harmony these pillars need energy efficiency, carbon credits, subsidies and tax breaks to ensure business profit grow but the planet remains healthy and undamaged for future generations and their needs and wants.

Indicators of economic growth, social cohesion and inequality, and environmental sustainability.

Economic growth

Economic growth can be measured by the change in national output over a period of time. The national output is all the goods and services produced by a country. It is measured by gross domestic product. Other measures such as GNP (gross national product) and (gross national income) GNI can also be used. The human development index (HDI) acts as a wider measure of living standards in a country. It includes data on life expectancy at birth and on the average years of schooling and expected years of

schooling. These measures, together with GNI per capita, give an overall estimate/measure of economic welfare.

Social cohesion and inequality

Inequality of income/wealth is how the income earned in an economy is distributed unequally across the population. Income is generated from many sources, e.g. wages or interest on bank accounts.

Effects on inequality

- Inequality threatens government
- Inequality undermines fairness
- Inequality of income can lead to inequality of opportunity

Measuring inequality

• S80/S20 share ratio

This ratio measures the annual income of the wealthiest 20% compared to the poorest 20%.

• Gini coefficient

The Gini coefficient is a more widely used measure of income inequality. It measures equality by comparing each household's income position to that of all other households. The coefficient is expressed as a percentage value between 0 and 100. A value of 0 would indicate that there is perfect income equality. A value of 100 would suggest that all the income in the economy was benefitting one household.

How could the government reduce inequality?

- Progressive taxation
- Social welfare expenditure to assist the most vulnerable people in our society, including those who are not in a position to generate employment or make an income from a business.
- Spending on healthcare
- Education and social services to help people on lower incomes

• Minimum wage legislation to ensure a living wage for all

Measuring environmental sustainability

The green global economy index measures a countries performance in the following four areas.

- Leadership and climate change
- Efficiency sectors
- Markets and investment
- The environment