

## Sustainability of Economics

By Celene Lovato & Daphne Greenwood

In our last issue, we spoke with Dena Samuels from the WEST department and Eileen Skahill from the Sociology department about the social equity pillar of sustainability and teaching their students on the subject. This issue, we speak with Dr. Daphne Greenwood about her work in sustainability as a professor in the Economics Department, and how she ties sustainability and economics together in the classroom.

### **Celene Lovato: In your field, how is sustainability approached?**

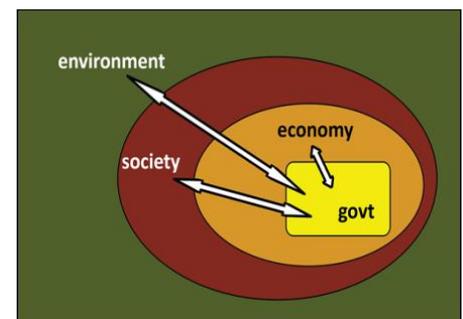
Daphne Greenwood: Economists have always been interested in sustainability, but they traditionally framed it in terms of investment in capital goods. In an earlier era with much less population and far less complex technology, there seemed to be an abundance of “natural” goods and services that were free, and capital was the scarce “factor of production.” By the 1970s, environmental economists recognized the “spillover costs” of pollution from treating nature as “free.” More recently, ecological economists have fully integrated nature into economic thinking. Unfortunately, there are economists who would still view “sustainability” as rather exotic or peripheral if it wasn’t part of their training. The new approach needs to be more fully integrated into economics from the introductory level.

### **CL: How is this reflected in your courses?**

DG: I emphasize a “pluralist” approach to economics, which uses traditional models or concepts where useful, but adds new ones in three upper level courses related to sustainability- economic, environmental, or social. Ecological Economics (3310) is focused on nature and the new approach of ecological economics. Work and Pay (3610) goes beyond wage differences to income inequality, worker safety, job security and how it all affects sustainability. Economic Development applies all aspects of sustainability to local issues in the United States and poor countries around the world.

I start all courses with an image somewhat like this to emphasize that the economy is embedded in society, and society in the environment. While economics is about people, it is inseparable from what’s happening in society and the environment. And economic decisions profoundly affect society and the environment.

Traditional economics focuses on one stock - business capital equipment. But there are four others: public infrastructure, the stock of human skills, and natural capital. Some of the “free gifts of nature” are both necessary to life and irreplaceable. Lastly, ‘social capital’ describes the many intangible creations of humans that make economies function – laws, institutions, habits and customs. Another



intangible that acts on all five of the capital stocks is human knowledge. It affects how we protect natural resources and how we produce a good standard of living -- which includes opportunities for a good quality of life, as well as income.

**CL: What is your goal in teaching about sustainability?**

DG: For students to understand how the economic, environmental, and social are deeply related, so that whether an individual or field of study prioritizes the social, environmental, or economic they recognize that the others cannot be ignored. It's all about evidence-based and mindful decision-making that considers how our actions affect the world around us-- and vice versa. In a world of instant gratification where opinion seems to matter more than fact, this is an increasing challenge. I try to communicate to students that relying on evidence rather than slogans and consciously considering actions requires a lot of work when we are bombarded with messages to do the opposite.

**CL: Why is it important for all students, regardless of major, to learn about sustainability?**

DG: Their future standard of living – income and quality of life – will be determined in part by their decisions as workers, consumers, parents and citizens. Their choices as they make their voice known beyond voting to active participation in the political process need to be impacted by considerations of economic, environmental, and social sustainability.

Many more students seem to be aware of climate change and other environmental issues than just a few years ago. They recognize that many elements of nature are becoming scarce. What is more challenging for them is to realize that knowledge – which used to be scarce - is now abundant. As a result, it's now possible to achieve a good standard of living for all in an environmentally responsible way. But the idea that for me to have more you need to have less is so ingrained in human nature and traditional thinking that getting students to understand how rising income inequality, racial discrimination or lack of economic mobility affect sustainability is more difficult.

**CL: As a professor, why is it important to teach about sustainability?**

DG: So students can learn it! Plus, how could I live with myself if I omitted the most important issue in economics and the future of humanity?

Economic Development (Econ 3770), offered Fall 2016, 1:40-2:55 MW will integrate all forms of sustainability as it looks at local issues in the United States through Greenwood and Holt's *Local Economic Development in the 21<sup>st</sup> Century: Quality of Life and Sustainability* and then applies the same principles to poor countries using Jeffrey Sach's *The Age of Sustainable Development*.