

What is important - economic growth or higher level of life satisfaction?

by Asoka Abeygunawardana

We are about to witness an economic war in Sri Lanka. All Sri Lankans are anxiously waiting for a victory in the "economic war". President Mahinda Rajapaksa says he is well prepared and ready to face this challenge. He goes on to say that during his tenure of office in the past 4 years, Sri Lanka was able to quickly generate exceptional growth and to double its per capita income and reach a PCI level over US \$2,000. At the very beginning of the Mahinda Chintana - A vision for the future statement it is stated that 'Over the next six years, I will dedicate myself to increase our per capita income to well above US \$ 4,000, thereby placing our country in the ranks of middle income nations. I am confident that we will be able to now maintain a continuous growth rate of 8% per annum, during the next six years.' At a glance this looks like the conventional way of thinking on economic development which is currently challenged at all levels as it is commonly known to lead us towards disaster.

An economy is said to be growing if the financial value of all exchanges of goods and services within it increases. The absence of growth gets described negatively as a recession. Prolonged recessions are called depressions. Growth tends to be used with all things that are good. Plants grow, children grow, but, even in nature, growth can be damaging as in the case of cancer cells. Similarly an economy may grow due to a number of harmful factors of socially and environmentally destructive growth in which a kind of false monetary value is created by liquidating irreplaceable social and natural assets on which livelihoods depend. Economies may pretend to be growing when money is spent on clearing up after disasters, pollution, to control rising crime or widespread disease.

Growth forever, within fixed, though flexible limits isn't possible. Sooner or later human beings will hit the buffers of society and the biosphere. This can happen either due to the over-exploitation of natural resources to the point of exhaustion or because more waste is dumped into an ecosystem than it can safely absorb or social unrest due to breakdown of social relationships leading to social collapse. Sciences now seem to be telling us that these are happening - and sooner, rather than later.

The fact that an economy is growing tells us nothing about the quality of economic activity that is happening within it. As an example, people may become healthier by consuming less and exercising more, using cheaper, more active forms of transport such as walking and cycling in times of recession. It is possible to have both 'economic' and 'uneconomic' growth and we should not assume that growth *per se* is a good thing, to be held on to at all costs.

Once people have enough to meet their basic needs and are able to survive with reasonable comfort, higher levels of consumption do not tend to translate into higher levels of life satisfaction or well-being. Instead, people tend to adapt relatively quickly to improvements in their material standard of living, and soon return to their prior level of life satisfaction. Higher levels of consumption are sought in the belief that they will lead to a better life, whilst simultaneously changing expectations leave people in effect having to 'run faster', consuming more, merely to stand still. As a person makes more money, expectations and desires are raised in tandem which results in no permanent gain in happiness.

In industrialized countries, patterns of work and rising consumption were promoted and pursued that repeatedly failed to deliver expected gains in life satisfaction. At the same time, these patterns of overwork potentially erode current well-being by undermining family relationships and the time needed for personal development. A recent survey conducted by '*new economies foundation*' (*nef*)

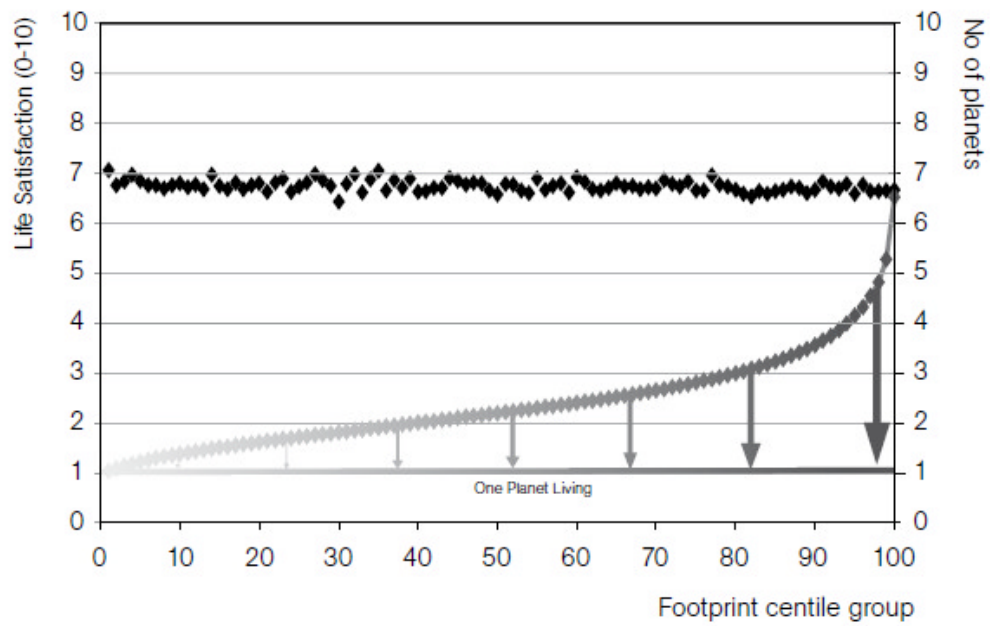
shows the pattern of life satisfaction and consumption in Europe. The web-based survey contained questions about lifestyle such as consumption patterns, diet, health, family, history as well as subjective life satisfaction. Over 35,000 people in Europe completed the survey.

The distribution of the ecological footprint across the total sample showed the number of planets' worth of resources that would be required if everyone on the planet were to live the same way as each surveyed individual. The people participating in the survey varied from 'one planet living' to 'seven planet living' (See the graph). The survey results were harsh and showed the extent of European over-use of planetary resources. Not only is the distribution of the footprint extremely unequal in this sample, it is also far too high in absolute terms. The results clearly show that well-being has little to do with consumption. It allows for the possibility that the collective footprint of the developed world could be reduced significantly without leading to widespread loss in well-being. On the other hand the results highlight the fact that the developing world needs only a little growth to reach the satisfaction level of the developed world. The developing world can easily reach the satisfaction level of the developed world without drastically increasing their energy and resources consumption levels.

This raises the question whether the 'Vision for the Future' is trying to follow the mirage of economic development or not. It is however somewhat different from blindly following the path of the economic development. President Mahinda Rajapaksa in his 'Vision of the Future' says 'I also truly believe that our economy should be independent, resilient and disciplined, with a strong growth focus, operating as per international standards, whilst maintaining our local identity. Therefore, over the next six years, I will lay special emphasis on implementing our country's National Economic Policy; which takes our collective aspirations into account.'

The original version of Mahinda Chintana published in 2005 is more focused on this matter. The priority of the Chintana was not given to economic development but to spiritual development. The document at the very beginning discussed 'A virtuous citizen' and goes on to say 'Wisdom and virtue are essential for the physical and spiritual development of a person. My intension is therefore to eliminate hatred and promote favorable and fruitful bonds between parents and children, husbands and wives, teachers and students, employers and employees and rulers and followers.' This is the same concept that is clearly explained in the Sigalovada Sutra in the Buddha's teachings. This approach should be the basis of development in Sri Lanka for the next 6 years. However, this aspect may be neglected due to over emphasis on economic development in the 2010 version of the Mahinda Chintana.

A national average has no real meaning when there is a huge income disparity within society. For both high and middle income countries what is economically needed is not more growth but better distribution. Economic growth is a very inefficient way to reduce poverty and is becoming even less so. Relying on the wished-for trickle-down of income from growth as the main economic strategy to meet human needs, maximize well-being and achieve poverty reduction appears ineffective, frequently counter-productive and is, to all intents and purposes, impossible. Hence the focus of development in Sri Lanka should be on sustainable development lifestyles with more emphasis on addressing the issue of income disparity prevailing in society.



◆ Mean Life Satisfaction ◆ Mean Footprint