

Toward Universal Sustainability: Strategies and Guidelines.

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Strategies and Guidelines for Promoting Universal Sustainability: A Literature Study on Economic Development, Social Sustainability, and Environmental Sustainability.

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Abstract:

This research considers the notion of universal sustainability, which involves the three well-known pillars of sustainable development, namely, economic development, social development, and environmental sustainability. Critical to achieving this unity of purpose in the aligning of economic and social aspirations with the limits of the natural environment is the enhancing of human capability and the development of political institutions capable of representing the interests of all people by leveraging resources responsibly. Universal sustainability differs from the concept of sustainable development in that the emphasis is cast not on merely achieving economic development despite the challenges presented by social and environmental concerns, but on seeking to understand what a better society might look like that integrates outcomes in-line with these three factors. Universal sustainability is about re-thinking the purpose of material progress to realign this with the need for social cohesion and to reposition human values and expectations safely within ecological boundaries.

In other words, strategies and guidelines that promote the realisation of universal sustainability would recommend a society that values economic and technological progress with equal measure to social development and environmental sustainability, as well as all the other factors that promote human wellbeing. Consequently, this research also considers the inter-linkages that are found between economic development (i.e. technological advancement) and social (i.e. normative progress) and societal (i.e. long-term institutional differentiation) development with respect to labour markets, the formation of skills, the scope of welfare regimes and hence, the trajectory of the social reproduction of society. The prospects of environmental sustainability, like that of societal development, are found to be influenced by the values that a society holds and the ability of economic and social factors to adapt in response to the environmental challenges that face societies in socially workable ways.

This research concerns the great quest for meaning and purpose that humans have undertaken throughout history, and asks how human wellbeing – in its best, most expansive sense, can be improved and how societies can advance and prosper going forward while keeping the avenue of individual self-actualisation open as a possibility in the everyday lives of citizens? In achieving this end, this research looks at what economic development strategies suggest as tenable against these aspirations. Furthermore, this research looks at the experience of advanced democratic societies to better conceive of how material progress, social cohesion via education and welfare, and environmental sustainability can be attained. The selection of these countries ensures understanding for the kind of political arrangements that safeguard human wellbeing and give voice to freedom, material opportunities, and civic responsibilities. Critical to both these assessments is defining the mechanics that underlie the processes that achieve material and moral progress in human societies.

The main goal of this research is to recommend strategies and guidelines for developing countries like South Africa that wish to develop and thrive. Therefore, this research presents an assessment framework for understanding both universal sustainability and how to achieve it. This research concludes that mindfulness about the natural environment and the services it supplies, as well as mindfulness about what drives economic development and what supports the conditions for human flourishing, are necessary for universal sustainability strategies and guidelines to work. Indeed,

the ideologies that societies subscribe to and the values they hold are important to creating the right conditions for economic tools to work to advance economic development, material improvement, socio-environmental justice, and ultimately for achieving universal sustainability. But central to both economic and environmental futures is an understanding that at the heart of the matter is a concern for apprehending what drives human behaviour and aspiration, and what creates social cohesion.

Acknowledgements and Research Reflection:

Acknowledgements:

I would like to thank the National Research Foundation (NRF) and the Human Sciences Research Council (HSRC) of South Africa for funding received during the course of this research during the years 2013 and 2014 awarded in the form of the Labour Market Research Scholarship for Masters students; my supervisor Dr Doreen Bekker for her intelligent guidance, academic shepherding, patient kindness, and unwavering moral support; Dr Juniours Marire for agreeing to take over from Dr Bekker upon Dr Bekker's retirement; my former lecturer Mr David Fryer for broadening the scope of my learning and emboldening my resolve to find truth in the halls of human learning; my parents Ruth and Barry for instilling in me a dutiful regard for knowledge and equipping me with the intellectual tools required for studious endeavour; my sister and sponsor Heather for being a constant source of material and emotional support and encouragement; my brother Andrew for supporting and encouraging me; my sister Kirstin for her love and support; my best friend Yolandé for her love, for always believing in me and cheering me on in all my pursuits; the late James Allen for the wisdom I have found in *As A Man Thinketh*, and for the inspiration and courage that this work has inspired in me; the late M. Scott Peck for *The Road Less Travelled* which gave me the courage to face love and life again; and all those who have been kind enough to bless me with their goodwill and friendship.

Research Reflection:

This research has been immensely transformative to my personal approach to living as well as to my intellectual understanding of the world. Many aspects of my everyday experience have been changed by this research, and through the course of this research, I have also waged a personal fight against anxiety and depression. My overall experience has been a humbling one and I have learned the value of compassion by being forced to have compassion for myself. Indeed, gaining a better understanding of my own frailties has enabled me to have a broader view of compassion when I consider the ills that trouble the rest of humanity and the diversity of struggles that all people face.

Amid my own personal sadness, I have contemplated the state of humankind's endeavours. I have thought of the stories that humans have told about how they will succeed, and how not all these stories have had fitting endings. The greatness of humanity's gifts in art, science, and philosophy seem to me to shine from the wreckage of toil and struggle that have marred our history for so long and denied us the cherished promise of life, liberty, and the pursuit of happiness. Even reason and science have been unable to awaken an infinite dawn, but I still think these hold the greatest potential for answering our questions, about ourselves, the universe, and our purpose in it. I have become distrustful of metaphysical value sets, like religions or political ideologies, which attempt to box the free thinking of individuals and limit their conception of the ideal life. Through the

darkness of my own mind and the difficulty of this thesis, I have, however, eventually glimpsed a light that is only found in human reason. It seems apparent to me that the many millions of humans on this Earth that suffer everyday are held there not by the strength of steel or the power of ballistic weapons, but, by mere sparks occurring along human synaptic pathways. Chemicals make us and break us, and ideas form and shape us. Ideas seem to me to be the most dangerous things of all. In moments of quiet reflection, I have asked myself whether inequality would seem so palatable, as it surely is to the many silent witnesses that seem to do nothing to stem the tide of wide-reaching injustice if we were certain that this was the only life we were to ever have. I do not know the answer to this question or to the one that informs it. I only know that human ideas are powerful and that the most powerfully beautiful and powerfully kind ideas seem to be enduring justice, expanded empathy, compassion for all life, exuberant happiness, the expression of creativity, and the realising of human aspirational dreams.

I confess, my political point of view has shifted over time from an initial favouring of social democracy to progressive conservatism, and most recently to liberalism. It is the dual emphasis on both liberty and equality that makes liberalism so appealing. Indeed, contemplating the ideal life for oneself must be informed by an understanding of how life is for others, which is the start of appreciating the value of equality. It is in this way that interests in favour of both liberty and equality respectively must be juxtaposed and balanced against one another. I recognise that through my own journey, I have also had to learn the importance of accepting personal responsibility for the goings-on in my life. Given the realities presented by real environmental limitations to human, economic, and social development, humans must learn to temper and sober their aspirational wishes.

This thesis, in many ways, is a testament to the struggles and strengths of our species, seen through the eyes of a man who has struggled, but who has also found his strength. It concerns to the best of its ability those questions that have haunted us since before the ages when there was only a warm sun, fire, stars, our own skin, the wild of nature, our closest kin, and the road of history ahead. Amid the ramblings of philosophy and among our most cherished truths, I have found a faith in us and our love. The great sages of the past have with each generation illuminated the path before us just a little. There is an epic to found in this account of human struggle. It is a story of reaching and falling and of reaching again – and it is beautiful to know. We arrive at the present with ideas about who we are, are we selfish or loving, or both? It seems the law that says: *what ye sow, shall ye also reap* is absolute. Human societies have tried many ways to be happy, yet happiness for everyone has eluded us. Our mistakes have cost us, and the injustice we do unto others has become a debt that weighs society down. This thesis is not an attack on capitalism or any ideology. It is a seeker's account of what an understanding of the reality that surrounds us could do for human beings. Capitalism is tool to harness intelligently and those societies that have succeeded have not feared to straddle the dragon's back.

All the challenges we face as a species are of our own making, and these relate to our values about ourselves, each other, the lives we seek to lead, the world we wish to build and reflect the ideas we have dared to entertain in our mind's eye. Cruelty was envisaged before it was enacted against others, and sometimes our best intentions to improve the world have been painfully maligned to injure ourselves and others. But, this does not mean that the solution does not lie with us.

174 Knowledge and reason hold the key. If only all could understand, then all would agree, and we
175 would live in peace. If united humanity could be, then the injustice of today would be but mere
176 memory shared tomorrow.

177
178 This research calls on all people capable and strong to use their minds and hands to achieve these
179 below mentioned aspirations, to transform conditions that facilitate mere human existence to those
180 that promote human flourishing, to people of every tribe and tongue, to those of all faiths and none,
181 to all community-based organisations, to all civil society groups, to all governments and
182 lawmakers, to the servants of bureaucratic, judicial and economic machinery, to enterprises and
183 corporations, to entrepreneurs and inventors, to scientists and artists, to philosophers and logicians,
184 to the sea of humanity, may it be proclaimed in the name of that which is just, loving,
185 compassionate and beautiful, that human beings deserve to live in freedom and happiness. Search
186 yourselves and find the necessary resources to facilitate a global transition toward the good society
187 and believe however slimly one may dare that it is right for people to live better in every sense of
188 better – for our species to realise its deepest hopes and visions. Awaken to the intelligence, love,
189 joy, peace and courage that live in us.

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Glossary of Terms and Acronyms:

ANC	African National Congress
ANZCERTA	Australia New Zealand Closer Economic Relations Trade Agreement
ANZUS (Pact)	Australia, New Zealand and the United States
AsgiSA	Accelerated and Shared Growth Initiative for South Africa
CER Agreement	Closer Economic Relations (Agreement)
CPI	Consumer Price Index
DMP	Diversified Mass Production
EEC	European Economic Community
EIA	Environmental Impact Assessment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GE	Genetic Engineering
GHGs	Greenhouse gases
GNP	Gross National Product
HDI	Human Development Index
HDR	Human Development Report
IEA	International Energy Agency
IEF	Index of Economic Freedom
IMF	International Monetary Fund
JFTC	Japan Fair Trade Commission
LCA	Life Cycle Assessment
LED	Local Economic Development
METI	Ministry of Economy, Trade and Industry
MITI	Ministry of International Trade and Industry
NAFTA	North American Free Trade Agreement
NDP	National Development Plan
NGP	New Growth Path
NSDS	National Skills Development Strategy
NSM	Natural Selection Mechanism
OECD	Organization for Economic Cooperation and Development
PPP	Purchasing Power Parity
PVC	Polyvinyl chloride plastic
R&D	Research & Development
SAPs	Structural Adjustment Programmes
SCAP	Supreme Commander for the Allied Powers
SDGs	Sustainable Development Goals
SMME	Small, Medium and Micro Enterprise
SOEs	State Owned Enterprises
TFP	Total Factor Productivity
US/USA	United States/ United States of America
USSR	Union of Soviet Socialist Republics
WTBBI	Where-To-Be-Born-Index

Chapter 1: Universal Sustainability: Toward a Framework for Assessing Progress and Development

1.1 Introduction

1.1.1 The Background to the Research Area

It is appropriate to talk about the economic and social affairs of humans as being subsumed at the broadest level within a so-called world economy. This world economy came into being via the enterprise of European colonialism and the relentless march of scientific and technological progress set in motion by the enlightenment era¹ (King, 1989: 3; Bowden, 2004: 43-4; Friedman, 2006: 15; Nayyar, 2006: 137; The Editors of Encyclopaedia Britannica, 2017a; Duignan, 2017). Even during the colonial period, this gathering-in of the world economy latticework occurred alongside the urbanisation of pre-industrial societies (King, 1989: 11). Today, the development of the world economy is further perpetuated by the forces of globalisation which include ever increasing communication, ease of transport, trade, and the exchange of cultural values within and between societies (Bowden, 2004: 43, 54-7; Wolf, 2005: 2; Nayyar, 2006: 157). Nevertheless, despite the improvements in the average living standards of people and the general if not always sustained momentum toward scientific progress and cultural cosmopolitanism, the aspiration project remains incomplete. Indeed, human societies still strive to achieve better in material and social terms.

With the advent of industrialisation, *material progress*, by its modern incarnation as economic development has been thought of as necessarily involving two things (Lenski, 1994: 6; Brinkman, 1995: 1176). These are one, economic growth and, two, a subsequent and cumulative improvement in the average living standards and wellbeing of people. Thus, as societies the world over have sought industrialisation and modernity, this has resulted in an observable improvement to the circumstances of life for many people (Arndt, 1981: 458; Pieterse, 1995: 9; Bowden, 2004: 46; Wade, 2004: 567).

Consequently, from 1981 to 2007, happiness in 45 out of 52 countries was seen to increase in response to economic growth, democratisation, and greater social tolerance (Inglehart *et al.*, 2008: 264). Indeed, from the average level of educational attainment to life expectancy and household wealth among the general populace, the circumstances of human life have improved not least through the championing of civil liberties in democratic societies, and in real and substantive ways in terms of the global defeat of communicable diseases like small pox (Easterlin, 2000: 14).

However, the world economy has not achieved a uniform, or even tolerably disparate experience of progress and prosperity for all people, whether within or between societies. That is, globalisation and modernisation have not led to “rapid growth and economic conversion” (Nayyar, 2006: 137). Even in the most highly developed countries, social class inequalities and economic development disparities between societies continue seemingly unassuaged, sometimes even widening (Pieterse, 1995; Pieterse, 2002: 1031-32; Wade, 2004: 581-82). Indeed, there has arguably been “a globalisation of prices without a globalisation of incomes”, which is to say the cost of living has everywhere converged, and incidentally increased, without commensurate and forthcoming

¹ The Enlightenment era occurred in the 17th and 18th centuries and was characterised by philosophical, scientific, and technological advancement, as well as the use and celebration of the human faculty of reason.

additions to the average real wealth levels of ordinary citizens across various countries (Nayyar, 2006: 157).

Consequently, persistent and in some cases worsening degrees of underdevelopment, social inequality, and poverty present fundamental challenges. The internal coherence of societies is under threat from class warfare, famine and crime etc., while their external security is undermined by militant insurgencies, ideological extremism, infectious disease, inter-regional conflict and the jostling of great powers within the geopolitical arena (Friedman, 2006: 16; Duffield, 2010: 67-8).

Humans are self-interested beings who live in social groups. Societies have served us well since the imperceptible times of our prehistory through the millennia of great civilisation and down to the present. However, if the conditions that have supported our sociability somehow become threatened by poverty and disempowerment, and if people lose the feeling of “getting ahead” in life then humans will resort naturally to individual means for their survival (Friedman, 2006: 16; Nayyar, 2006: 158).

Amid gross social and societal inequities, crime, indolence, self-aggrandizement, corruption, isolationism, terrorism, and even civil revolt become rational. Moreover, failed states produce violence, terrorism, international criminality, mass migrations, refugee crises, drug trafficking, and disease (Pieterse, 2002: 1029). Hence, it is crucial for societies to maintain those social conditions required for the organisation of communities into humane, civil and co-operative arrangements.

As Stiglitz (2012: 38) states: “It is worth noting that, aside from skills formation... there are other aspects of human development. Young people who see a society without good prospects – and good opportunities awarded disproportionately to those with connections – will become alienated from the rest of society. The sense of optimism and drive will be enervated and with it their willingness to invest in themselves and in their communities.” Social cohesion among different age groupings is further challenged because many elderly people have not retired due to their own financial considerations and need to support themselves. Indeed, “Uncertainty – combined with large losses in pension wealth – has induced many elderly not to retire, reducing openings for young people, who are facing unemployment rates sometimes twice that of the average. These individuals may not retire quickly even after the economy recovers, partly because of the destruction of their retirement accounts, partly because the recession has permanently changed their risk perceptions, and partly because they may have changed their minds about the virtues of retirement versus work.” (Stiglitz, 2012: 38-39).

Noteworthy too, is that the optimum level of modernisation is higher for economic transactions than for social ones; thus, modernity is also associated with decreased social capital and honesty, and a breakdown in the enforceability of social mores (i.e. social norms, values, and conventions) in contemporary societies, (Farmer and Kali, 2007: 517-18). This is arguably because the current model of modernity is underpinned by capitalism, which relies on egoism and self-interest to propagate itself, and which represents a particular societal taxonomy designed around industrial technologies and scientific rationalism. Consequently, this mode of technical progress via capitalism and industrialisation has engendered much social fragmentation in the form of urban slums, a lost sense of identity and community, dilution of historic inter-class social contracts in

favour of employment contracts, and the general ills associated with mass living such as increased crime and violence. Consequently, economic progress and modernity seem to work against the fostering of social cohesion and development, producing conditions favourable to selfishness and social regress. This is especially true of the tendency for interclass rivalries, supported by collective selfishness at the level of social class alliances, and animosities to be further encouraged by capitalism. In this way, capitalism is not the cause of predatory instincts toward engaging in self-serving behaviour involving othering and exploitation, to the expense of the *better angels*² of our humanity that include reciprocity, co-operation, and compassion informed by a desire to *do unto others as you would have them do unto you*.

Conversely, however, in “poor nations drowning in corruption and clientelism” citizens empowered by the fruits of modernity have used “grass-roots movements, community radio stations, cell phones, civic organizations, and the internet” in order “to try to replace predatory governments” (Diamond, 2008: 47). Therefore, the image captured by modernity is mixed. Regardless, societies of greater equality and social justice, have historically only resulted from those constitutive elements of modernity – rationality and scientific advancement, and are those self-same societies who enjoy higher levels of human development, remain dynamic and adaptive to changing circumstances, and preserve alive the practice of sober politics as we will see in the case studies in this research. Moreover, organised action from allied groupings, although threatening, seems necessary to the attainment of greater personal rights and liberties in societies. Indeed, investment through government spending on health and education, especially for women, may help kick-start a virtuous cycle from human development through to greater economic growth (Ranis *et al.*, 2000: 197).

The four developed countries³ represented by the case studies in this research might be called socially sustainable societies because they remain invested in the social project of uniting individuals in common cause around the goal of material progress, liberty, and the fulfilment of human aspirations. Finally, then, economic development and modernity can be seen to work either in favour of social cohesiveness or against it, depending on the societal institutions and values in place. Arguably too, social sustainability is critical to achieving environmental sustainability because the survival of humans is the greatest common cause. However, the inverse is also sadly true in that, by contrast, the growth potential of many countries in for example sub-Saharan Africa has been historically hampered by initially low levels of human development and institutional capacity (Ranis *et al.*, 2000: 209).

Suri *et al.* (2011: 519) support this view and add that early-stage human development in societies is important for economic growth and further suggest that initial (i.e. starting) institutions and policies are an important determinant of future economic growth and development. Although human development and economic growth influence each other in both directions it is human development and thus social sustainability that reinforces the long-run potential for sustaining economic growth in societies the world over that wish to prosper and thrive. Furthermore, Sen

² This is a term used by Steven Pinker, Canadian-American cognitive psychologist, linguist, and popular science author to denote those positive qualities of empathy, self-control, moralistic concern, and the human faculty of reason which have led to the emergence of more altruistic social outcomes and an overall reduction in violence.

³ Japan, the United Kingdom, New Zealand, and Sweden.

(2001: xii) states that: “[the] expansion of freedom is viewed, in this approach, both as the primary end and as the principal means of development. Development consists of the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency”. Indeed, “free and sustainable agency emerges as a major engine of development. Not only is free agency itself a “constitutive” part of development, it also contributes to the strengthening of free agencies of other kinds.” (Sen, 2001: 4). Moreover, according to Sen (2001: 93), “severe inequalities are not socially attractive, and momentous inequalities can be, some would argue, downright barbaric. Furthermore, the sense of inequality may also erode social cohesion, and some types of inequalities can make it difficult to achieve even efficiency.” According to Stiglitz (2012: 32), “inequality can contribute to volatility and the creation of crises, and volatility can contribute to inequality.” Worse still, Stiglitz (2012: 32) observes: “Volatility increases insecurity. Even in advanced industrial countries, insurance markets are far from perfect; most risks cannot be insured against.” Such situations may thus be seen to better serve corruption rather than co-operation and enterprise as they erode the conditions that support sociability and encourage self-interest instead.

However, the values governing the terms of our human association within our various societies and through our economic transactions, although supportive of social sustainability, may also be detrimental to the project of realising an environmentally sustainable global society (Rockström *et al.*, 2009: 474-75; Lattimer, 2012: 1). Worryingly, according to Rockström *et al.* (2009: 472-73), is that three out of nine⁴, environmental boundaries have already been breached, namely, climate change, biodiversity loss, and the nitrogen cycle⁵. The dismal picture which emerges is that human aspirations, both individual and societal, are often out of sync with the realms of possibility not only for achieving mutually beneficial and equitable development within the world economy for all societies but also from the standpoint of real physical and biological boundaries that would exist in opposition to such multilateral development.

Thus, social sustainability represents both a tool for ensuring human co-operation on common cause issues, but also a source of inconsistency arising from our false belief as a species in our emancipation as humans from nature (e.g. our freedom from the circadian rhythm, being mainly urbanised, or our use of chemical fertilisers etc.). This human desire to be free of the constraints of nature whatever the cost, is well put by Schumacher⁶ (2011: 3), when he says that: “Modern man [sic] does not experience himself [sic] as a part of nature but as an outside force destined to dominate and conquer it. He [sic] even talks of a battle with nature, forgetting that, if he [sic] won the battle, he [sic] would find himself [sic] on the losing side.” To reiterate, our sociability has been critical to our success, but it imposes the constraint that any solution to climate change and environmental degradation must not only be possible but also socially workable in order to achieve necessary momentum and scale globally. Poignantly, Wissler⁷ (1924: 317) so perfectly

⁴ Climate change, biodiversity loss, nitrogen cycle-phosphorous cycle boundary, stratospheric ozone depletion, ocean acidification, global freshwater use, change in land use, atmospheric aerosol loading, and chemical pollution.

⁵ The nitrogen cycle component of the nitrogen cycle-phosphorous cycle boundary.

⁶ E F Schumacher: German born 20th century economist famous for the phrase “Small is Beautiful.” A champion of empowering people.

⁷ Clark Wissler: American anthropologist known for his research focus on Native America cultures of the Great plains region.

encapsulated the spiritual charge that ancient peoples have always been aware of when he stated: “Perhaps, when the new Bible of Science is written, one may read of man [sic] as the prodigal son [sic] of Mother Nature [sic], flouting for a time her admonition and her wisdom, spending his [sic] heritage in riotous living; but at last reduced to the husks upon a barren waste of his [sic] own making, he [sic] crawls back to his Old Mother's fire-side and listens obediently to the story of a certain wise man [sic] whose name was Ecology.” Indeed, humankind is a shaper of the landscape and its resources, but also an inhabitant and dependant of it.

It is patently obvious that physical and biological boundaries exist on the pathway ahead (Moran *et al.*, 2008: 470). These environmental limitations constitute a challenge to the wisdom of pursuing the kind of economic growth that characterised post-war 20th century development. Such limitations include the finite nature of non-renewable resources as well as the ecological carrying capacities of the planet and its biosphere. Moreover, with the fact that global human population continues to swell, our conception of how we go about improving the living standards of people may well need to change in ways unfamiliar to our ideological proclivities and perhaps by means even distasteful to our political persuasions. This is because, to list merely one example, stemming the tide of human population growth is a necessary, yet not even sufficient requirement to alleviating the threat of biodiversity loss on this planet (McKee *et al.*, 2004: 161). This is because increasingly ever more people demand better living standards.

Arguably, inherent within the operation of economic transactions should be an acknowledged investment in the capabilities of people for the purposes of maintaining and sustaining the forces governing human ingenuity, adaptability, and productivity (Anand and Sen, 2000: 2039). Such forces relate to human health, education, skills formation, and the operation of the labour market. Fagerberg and Srholec (2008: 1427) find that “countries that succeed in developing and sustaining strong innovation capabilities and well-functioning systems of governance do well economically while those that fail tend to fall behind”. Moreover, Fagerberg and Srholec (2008: 1427) find that differences in “openness to trade” and “foreign direct investment” between countries do not matter much for development. Instead, “a well-functioning innovation system”⁸ and “good governance” are found to be critical to achieving economic development (Fagerberg and Srholec, 2008: 1427). Indeed, Rodrik (2012: 13) states that: “An approach to institutional reform that ignores the role of local variation and institutional innovation is at best inadequate, and the worst harmful.” Moreover, policy changes and institutional reform can enhance the efficiency and scale with which technological innovation reverberates within the wider economy over time (Rodrik, 2012: 126). Additionally, good governance structures are necessary at all levels of public administration, according to Rodrik (2003: 400), to provide for “market-enhancing public goods instead of non-productive transfers and corruption.” Indeed, public resources need to be used effectively to promote inclusive prosperity and wellbeing.

1.1.2 The Philosophical Background to this Research

Literature in the fields of sustainable development, development economics, environmental science, geography, politics, and even psychology has argued for the need to revise current objectives with respect to human and societal development (Earley, 2002; Friedman, 2006; Holden

⁸ Fagerberg and Srholec, 2008: 1421 define an innovation system as a synthetic (i.e. experiential) measure of the “capabilities influencing the development, diffusion and use of innovations”.

and Linnerud, 2007; Nayyar, 2006; Moran *et al.*, 2008; Diamond, 2008; Davies, 2011; Duffield, 2010; Ruth *et al.*, 2011; Schneider *et al.*, 2010; Lattimer, 2012). But, *why* is human development important? According to Welzel *et al.* (2003: 371), it is important because human development improves the effectiveness of democracy by strengthening individual choice and emancipatory values, and thereby strengthens the enforcement of institutionalised democratic rights. That is, human development improves the ability of people everywhere to make informed economic and political decisions and to protect their rights. This, in turn, strengthens opportunities for societal development. Moreover, both would be important to helping to achieve environmental sustainability in local communities the world over.

Universal sustainability⁹ is good for understanding prosperity and sustainability more broadly because it is impartial with respect to economic ideologies. It is rather concerned with outcomes. Polarised sentiments about the theoretical and technical superiority of various economic development strategies are unhelpful. The urgency of sustainable development concerns creates a necessity for research in the field of universal sustainability to emphasise problem-solving. Human civilisation requires that an innovative approach to the solving of problems be undertaken to balance the need for continued economic and societal development with a growing global human population given the environmental limitations (Ruth *et al.*, 2011: 161). Consequently, because innovation and dynamism are framed in historical settings, this research makes use of real-world cases in reviewing development. These are assessed with the long-term picture in mind. Of interest are the strategies and guidelines which can be extrapolated from these narratives. Indeed, it is telling that the development experiences of many countries have not tended to follow theoretical predictions¹⁰ (Hausmann and Rodrik, 2003: 604).

What is more, privately held political ideologies can influence support and promotion for various economic development theories. Likewise, according to Davies (2011: 20), neoliberals¹¹ have often been against the economic policy recommendations of socialists, nationalists, and statistes alike because they have viewed the fruits of the economic liberalism (i.e. rational individualism and the free market paradigm) as being equal in virtue to the fruits of classical political liberalism (i.e. constitutional democracy and equality of citizens before the law). In other words, liberal economists of the mainstream have been guilty of being overly supportive and indiscriminating of classical liberal tenets in situations both social and economic, whereas the free reign of liberalism in an economic context under the capitalist mode of production arguably attenuates social liberalism. This is because it contributes, in extremes, toward unemployment, poverty, and social class inequality.

Consequently, a clear reflection of the virtuous quality of recommendations coming from the economic left has been obscured by an understandable fervour for the political propositions

⁹ Universal Sustainability defined is similar to the concept of sustainable development in that it traverses the same landscape of ideas, namely, economic development, social cohesion and environmental sustainability, but it differs in that it aims not merely to ensure the continued success of opportunities for economic development, but the health of social relations in society and the long-term viability of the natural environment.

¹⁰ This will be discussed in Chapter 8 with the application of theory and experience to the case of South Africa.

¹¹ These are political conservatives despite their name, and distinct from liberals proper who by contrast generally regard their commitment to the values of political liberalism and human rights as necessitating their support of socialistic economic measures that safeguard human welfare and equality.

associated with greater appreciation and recognition for individual rights and liberties. The solution to this problem is to be pluralistic in one's approach, by avoiding ideological blinkers, and by being open to an examination of both theoretical and historical experiences of economic development (Pieterse, 1995: 1). This is especially important for the topic of economic development which from its outset has been characterised by "an uneven and contradictory patchwork" of ideas from "divergent paradigms operating in different terrains and sectors" (Pieterse, 1995: 6). Furthermore, economic development has always operated in a context of different and divergent levels of human capability.

In another vein, progress that drives societies' efforts may be defined as an aspiration to bring into being in the everyday world of human experience those spiritual and moral beliefs which different peoples value (Nisbet, 1994: 6). Furthermore, it must be acknowledged that humans are not everywhere motivated by the prospect of material benefits always ensuing to themselves. Humans define their sense of wellbeing broadly (Friedman, 2006: 21-2). Of concern to the wellbeing of people's lives is the state of the economy, education, health, science, technology, issues around justice, and even social structure (Lattimer, 2012: 3). But, in this research, the material perspective of what constitutes development will be more prevalent. Nevertheless, this expanded view of progress and this observation about what societies choose to value is encouraging from the perspective of promoting environmental reform because it can help appeal to a broader view of human wellbeing.

Without a doubt, the quality of some of the beautiful things mentioned earlier in Subsection 1.1.2 extended to include: public discourse, journalism, intellectual argument, and political debate in society, are improved upon by technological innovation and human development (Olssen and Peters, 2005: 338). However, with the emergence of the internet, social media, and the ubiquitous use of advertising, the human attention span would seem to have never in the history of our species been more distracted and entertained. Indeed, Gazzaley and Rosen (2016: 1) put the problem thus: "Your brain is an incredible information-processing system and the most complex structure known to humankind. The brain has allowed us to perform extraordinary feats from discovering general relativity to painting the Sistine Chapel, from building airplanes to composing symphonies. And yet, we still forget to pick up milk on the way home." Indeed, humans struggle to interpret and make appropriate decisions when faced with multiple information sources, especially if these result in goal-conflict and compel us to make a choice between pleasure and pain (Gazzaley and Rosen, 2016: 143). It is likely that most humans would prefer to choose pleasure particularly if the consequences of poor choice (i.e. environmental degradation and climate change) are not immediate but forestalled.

Therefore, amid these inequities in cognitive ability and innumerable modern distractions, humans, it would seem, are perhaps self-constrained not to be able to adapt and change. The ability of this generation to conceive of possibilities beyond the present is then fundamentally in question. Indeed, human aspiration and universal social and environmental justice face contemporary challenges at the broadest level of conception that make their continued realisation seem *almost* unobtainable. This is because the modern platforms (including social and online media) responsible for the distribution and dissemination of information in their effort to remain impartial, assert, perhaps unintentionally, a relativistic valuation among the various challenges affecting

human beings. Nowhere is this more obvious than when tragedies befalling a few hundred people eclipse for weeks at a time the economic, social, and environmental challenges that face millions of people every day, which represent a more numerous but less visible vessel of human suffering. Hence, it is crucial that we keep to our principles and focus on what is important, which is the attempt of this research.

Consequently, this research is overwhelmingly couched in the philosophical embrace of utilitarianism¹². From the start, this research treats the pursuit of outcomes that produce favourable results for the majority of persons as good and worthy of praise and emulation. The strategies and guidelines for development suggested in the conclusion to this research thus contribute to the conceptualisation of the *good life* and will advocate changes that improve the average conditions of life for most people living on this planet; that is utilitarianism – that the maximum number of persons receive the maximum benefit. However, this research is also informed by a respect for modern liberal democratic values that support minority rights. The freedom of the majority cannot prejudice the importance of maintaining equality not only as a measure of social sustainability but also as a noble idea worthy of pursuit in and of itself. This is in keeping with Rawls *Difference Principle*, which contributes to understanding around his Second¹³ Principle of Justice, that is, that “social and economic inequalities are to be arranged so that they are both (a) reasonably expected to be to everyone’s advantage, and (b) attached to positions of office open to all.” The Difference Principle underscores that which is implied by the Second Principle of Justice, and guarantees protection of the most vulnerable (e.g. minorities), allowing opportunities to diffuse up from law and institutions of societal governance while also continuing to safeguard the greater good (Rawls in Feinberg and Shafer-Landau, 2002: 659-63). Indeed, being free oneself should inspire a commensurate desire for freedom to be enjoyed by others, and fairness should be an important factor to consider when assessing the economic, social, and environmental outcomes for future prosperity and ongoing sustainability.

1.1.3 Broad Assumptions

Evidently, human societies face two distinct challenges. On the one hand, an internal challenge to social sustainability posed by underdevelopment and inequality. On the other hand, a challenge to the environmental sustainability of human civilisation imposed by the finite nature of natural resources and the fragility of ecological systems. Consequently, presented in this research through discussions on the social and environmental challenges facing humanity is an opportunity to assess the foundational aspects of how all democratic societies may be organised to realise human aspiration and achieve societal prosperity¹⁴. Furthermore, this research accepts as a given that some minimal level of economic development may be necessary for ensuring human dignity and for building institutional capabilities which in turn may be useful in addressing the aforesaid social and environmental challenges. To reiterate, it is suspected that some minimal level of social sustainability would first be required by a society for it to redefine the terms of its human association within that society wherein the objectives of such association become re-envisioned,

¹² Utilitarianism is the ethical theory that the goal of all moral, social or political action should be to achieve the greatest good for the greatest number of people, originally proposed by Jeremy Bentham, an 18th century English philosopher.

¹³ The First Principle of Justice being that: “each person is to have an equal right to the most extensive basic liberty compatible with a similar liberty for others.”

¹⁴ This is especially important for our assessment of the South African case in Chapter 8.

and furthermore, that some degree of social cohesion and vitality would be needed by a society wishing to redirect the efforts of its human agency toward realigning behaviour and redressing environmental sustainability concerns.

Simply put, people are likely not going to be concerned about the basic needs of their neighbours at home and abroad among the society of nations or future generations of humans nor even environmental degradation if they are hungry or homeless. Some other preliminary assumptions are that economic development via industrialisation is desirable for improving human living standards and that human life is worthy of elevation from nature because of the beautiful things such development and necessary division of labour allows (e.g. art, music, scientific understanding etc.).

Section 1.2 discusses the relationship between human and economic development as well as the social and environmental sustainability concerns that arise from the non-limiting nature of both human aspiration and economic growth (Easterlin, 2000:23). The interconnections between the three areas of sustainable development research, namely, economic development, social development (henceforth social sustainability), and environmental sustainability, are also discussed with reference to the economic processes of innovation and exchange which have promoted economic development in the modern age. Economic development and social sustainability are seen to influence each other in both directions and the need for environmental sustainability is seen to be a limiting factor to the fulfilment of individual and societal human aspirational dreams. Technological innovation is seen to be a crucial ingredient to achieving economic and social progress as well as a defining element in determining the nature and scope of environmental reform. Indeed, technology and societal institutions mediate the space between economic, social, and environmental factors to create various societal outcomes.

Next, in Section 1.2, universal sustainability will be presented as a catch-all phrase and as an overarching analytical framework for this research because it allows for a thorough and flexible interrogation of development theory as well as of real-world economic development experiences. This chapter concludes with a brief discussion in Section 1.3 of the processes by which this research was undertaken, its methodological underpinnings, and an outline of the chapters which follow. Finally, it is worth noting that underlying these propositions and the work of this research is the notion that human societies need not merely survive, for they can, in fact, thrive so long as they are willing to adapt and respond intelligently to the economic, social, and environmental challenges that face them.

1.2 The Framework of Universal Sustainability

1.2.1 Introducing the Objectives and Framework of this Research

The concept of universal sustainability and the goals of this research will be expanded in the following sections on the objectives and framework of this research (1.2.2 and 1.2.3). In brief, the main goal of this research is to suggest strategies and guidelines to developing countries wishing to advance in terms of the material conditions which govern human flourishing, while also remaining socially and environmentally sustainable into the future. Implicit in this goal is the view that progress is possible.

Two ancillary goals which supplement the attainment of the main goal, are achieved by this research through (i) understanding the factors that promote ethical¹⁵ and progressive outcomes in economic, social and environmental contexts, and (ii) the interconnections between these various formative factors.

Hence, the first ancillary goal is to suggest opportunities for economic development, factors promoting social sustainability, and factors promoting environmental sustainability, while the second ancillary goal establishes the relations between economic and societal development on the one hand and social and environmental sustainability on the other in ways that support universal sustainability.

These ancillary goals expand on the notion of economic development and demonstrate the broader aspects of economic development as opposed to economic growth. The economic growth or the productive output of a country is expressed as Gross Domestic Product (GDP) and is definitive and measurable; economic development, however, embraces the broader aspects of progress that benefit society from infrastructure, and law and order, down to satisfying the basic needs and aspirations of communities thereby creating social wellbeing. The level of economic development is measured by multiple indicators assessing the general wellbeing of citizens and the overall success of societies.

1.2.2 The Objectives of this Research

The ultimate intention of this research, which is subsumed in the main goal, will be to posit how countries and specifically South Africa, might influence their economic and societal development trajectories toward attaining universal sustainability in their continued pursuit of all that human aspiration involves. That is the situation whereby they attain the requisite and equitable degree of human advancement and the social and environmental justice necessary for securing human happiness and the harmonious coexistence of people with themselves and the natural world. This is the noble ideal of this research. Reasonably, this proposition is unobtainable in its entirety given the imperfect quality of human capabilities. However, the improbability of achieving this noble ideal does not negate the desirability of even near-ideal outcomes. Moreover, contemplating the ideal life and better living standards for the majority is not only important because having “better educated, more healthy, and less debilitated” people is good in and of itself, but because this leads to more economically productive societies (Anand and Sen, 2000: 2039), able to address the challenges ahead.

Anand and Sen (2000: 2039) put it best, “The economic roles of better and more widespread schooling, good health and nourishment, learning by doing, and technical progress all point to the importance of human agency as a prime mover of material progress”. Furthermore, if there is any hope of solving wide-reaching social and environmental challenges globally, there needs to be “capacity building between nations of high and low science intensity” in order to weaken the cycles of poverty and dependence and the north-south divide in knowledge production (King, 2004). Thus, it remains a worthwhile endeavour to theorise and postulate alternative ways of thinking

¹⁵ This could more strongly be thought of as implying a moral compulsion, not in the sense of referring to customary standards of morality which are culturally diverse, but in terms of normative and self-evident truths about human living standards and legal protections that safeguard the prospects of human wellbeing and material prosperity.

about how we value our lives and this world. The central thesis of this research is that the values around which we organise our societies in satisfaction and fulfilment of human aspiration, in turn, affect the way we think and act to either achieve sustainable outcomes or destructive ones. It is plain to see that the problems we face are of our own making, but the point being made here is that so too are their solutions. Hence, this research must investigate the interconnections between economic development, factors promoting social sustainability, and factors promoting environmental sustainability.

Consequently, to better understand these challenges, an investigation which combines insights from theoretical observations on development, as well as those from real-world experiences of economic and societal development, is necessary. Thus, this ancillary goal evidently reinforces the realisation of the main goal of this research. The point is to understand how societies develop best economically and socially, and how they attain and remain socially and environmentally sustainable into the future. The fruition of this ancillary goal will be to assist in making recommendations on what strategies and guidelines might be appropriate for developing countries today. This will concern economic and societal development in the context of social and environmental constraints. The research will remain mindful of how economic development is defined and of the fact that ultimately human values shape our societies. Thus, the importance of maintaining social sustainability and the urgency of achieving environmental sustainability will inform how economic development is assessed and how material progress that is deemed truly progressive is understood. Implicit here is that economic growth is the means to or engine for achieving human aspirational objectives and not an end in and of itself.

Human ingenuity is the single greatest resource we possess as a species. The historical focus of this research is thus appropriate because it is important to look back to appreciate how far human societies have progressed, technologically and socially. Although this research is premised on serious challenges that face humanity, we cannot let the conversation become defeatist. Humanity has so much to be proud of and so much more worth protecting. The economic and social freedoms that many millions of people enjoy in much of the world today and international conventions on human rights are worth preserving. Despite the modern distractions that continue to bombard our mental focus, this generation is arguably best situated to think up innovative solutions to the economic, social, political, cultural, ethical, and environmental challenges that face us all because we are the most educated, the most informed, and the most democratised generation in history. We have only to put faith in our humanity and we will at once awaken to our strength, capability, and innate courage!

Consequently, it may be seen that universal sustainability as a concept, is in line with the United Nations' Sustainable Development Goals (SDGs) which outline a vision from 2015 to 2030. These align approximately to the three key pillars of universal sustainability in that firstly, Goals 1-6, namely, Goal 1: No Poverty, Goal 2: Zero Hunger, Goal 3: Good Health and Well-Being for People, Goal 4: Quality Education, Goal 5: Gender Equality, and Goal 6: Clean Water and Sanitation, satisfy the need to foster improved social cohesion and human development globally. Secondly, that Goals 7-12, namely, Goal 7: Affordable and Clean Energy, Goal 8: Decent Work and Economic Growth, Goal 9: Industry, Innovation and Infrastructure, Goal 10: Reduced Inequalities, Goal 11: Sustainable Cities and Communities, Goal 12: Responsible Consumption and Production, help

address the need to build sustainable communities that promote healthy economic development and robust opportunities for technological advancement, innovation, entrepreneurship, and capacity building in infrastructure and human resources. Thirdly, that Goals 13-17, namely, Goal 13: Climate Change, Goal 14: Life Below Water, Goal 15: Life on Land, Goal 16: Peace, Justice and Strong Institutions, Goal 17: Partnerships for the Goals, support ecosystem health, biodiversity preservation, institutional development, intra- and inter-societal co-operation and the overall aligning of values toward sustainable futures (United Nations, 2018).

1.2.3 The Framework of this Research

We must question the complex and multidimensional nature of human aspiration that is above all unbounded and unlimited by ascetic¹⁶ considerations, which has until now dominated social and economic development and shaped the destinies of all since the emergence of settled communities. Today, efforts to achieve greater and greater levels of economic growth and ever improved living standards are at the global level both socially and environmentally unsustainable. Environmental limitations to continuous economic growth and human expansion are already well established within the ecological sciences and indeed overwhelmingly accepted by scholars (Lattimer, 2012: 1-2).

The burning of fossil fuels, as well as the depletion of other non-renewable resources, and the subsequent problem of climate change are anthropogenic¹⁷ challenges (Moran *et al.*, 2008: 471). As already mentioned, the key point is that the challenges we face are of our own making; the problems of poverty, inequality, underdevelopment, social alienation, political divisions, and wholesale environmental degradation originate in values concerning human life and our expectations about how human life should be lived. The hurdles to achieving social and environmental sustainability are then an outgrowth of human thought. Thus, (Lattimer, 2012: 1)¹⁸ calls for “all of us to become 21st century transformational thinkers, concept developers, and infrastructure builders of the highest order” with respect to the new construct of universal sustainability. Moreover, humans do not need to face these challenges independently of each other. Improving social conditions in society will improve the ability of people to function together in groups and devise collective and co-operative solutions to shared problems. By organising, humans will advance collective consciousness. This will then add to the collective abilities of communities to address social and environmental challenges facing societies the world over. Ideas and ways of living are important! Thus, the connections between modes of our economic and societal development must be drawn with respect to promoting outcomes that would be more conducive to social and environmental sustainability.

These efforts could cascade and coalesce, thereby empowering humanity to face yet other challenges and begin to aspire toward shared cosmopolitan aspirations in biodiversity, artificial intelligence, and space exploration to name a few. This establishment of the relations between economic and societal development and social and environmental sustainability is an ancillary goal of this research. This is because universal sustainability according to Lattimer (2012: 1), asks

¹⁶ Morally chaste austere, self-denying, abstinent, moderate, non-indulgent and self-disciplined behaviour.

¹⁷ Having their genesis or cause arise from the actions of human beings.

¹⁸ Robert L. Lattimer is a senior fellow of Diversity Studies in the Heldrich Center at Rutgers, The State University of New Jersey.

the question of how a successful global society of nations might be realised and “seeks to explore the universe in which humans live and from which humans seek to continue to explore” everything else. Universal sustainability begins as a commitment to explore the development of humans and societies and ends with a desire to address the economic, social, and environmental challenges we all face. Constanza is outspoken in reflecting that “the creation of a shared vision of a sustainable and desirable society... within the biophysical constraints of the real world” is the “most challenging task” facing nations today (Constanza, 2000: 4; Wolf, 2005: 10). However, this existential challenge humanity faces also represents an opportunity for us to realign our values and attitudes along avenues that better serve and illuminate our understanding of those natural rights to life, liberty, and the pursuit of happiness.

This investigation is important for formulating strategies and guidelines that will help humans overcome this threefold challenge of the economic, social, and environmental constraints to continued advancement and the meaningful exploration of human life and societal progress. The establishing of strategies and guidelines for recommendation to developing countries like South Africa that wish to develop and thrive is thus central to this research. Nevertheless, the notion of forward-looking incremental progress is not without merit. Indeed, research asserts that economic development may encourage the prospect of greater human happiness because it promotes economic freedoms, which have been found to aid in the improvement of human wellbeing (Inglehart *et al.*, 2008: 265). Human freedom is arguably also an important complement to achieving local community-based environmental reform. Moreover, this research embraces an expanded definition of economic development by allowing for the consideration of insights from multiple theories and the policy traditions of different countries.

Economic growth is understood to be the expansion of productive output in an economy through technical progress, increases in the stocks of physical capital, increases in the factors of production, or labour productivity gains (Solow, 1994: 45, 47, 49). This is expressed as a measure of value (the size of the economy) whose alteration is by convention usually measured as Gross Domestic Product (GDP). By contrast, economic development - that includes material progress, somatic improvements in human physical wellbeing and health generally, as well as literacy and numeracy – which involves economic growth, is understood to also include improved living standards, educational opportunities, low unemployment, provision of public welfare, knowledge production, dynamic technological innovation, infrastructural development, capable state institutions, effective governance structures, and the rule of law (Arndt, 1981: 466; Brinkman, 1995: 1171, 1179-80; Friedman, 2006: 16-17; Diamond, 2008: 46-7). Indeed, “without legal and political institutions to control corruption, punish cheating, and ensure a level economic and political playing field, pro-growth policies will be ineffective and their economic benefits will be overshadowed or erased” (Diamond, 2008: 42). According to Diamond (2008: 44), “sustainable democracies” through their use of institutions of good governance – such as impartial judicial systems and vigorous audit agencies – induce, enforce, and reward [good] civic behaviour”. Arguably then, concern for the natural environment and the lobbying of citizens for social and environmental reform could be considered good civic behaviour.

Economic development, which encompasses more than economic growth alone, is thus seen to be crucial for alleviating underdevelopment and improving living standards. Development of this

kind, in turn, leads to positive feedbacks for social and ultimately environmental sustainability. This is because it improves the conditions that promote social cohesiveness among communities of people by building up their level of human capital and satisfying their basic needs (Holden and Linnerud, 2007: 175). Furthermore, progress toward greater citizen capabilities via improvements in wellbeing and education, in turn, have the potential to help foster greater awareness and empathy around social justice concerns and environmental sustainability (Schneider *et al.*, 2010: 513; Lattimer, 2012: 2-3). Human development may also nurture skills and attitudes favourable to the emergence of an innovative spirit in society when facing the challenge of promoting sustainable development. As already mentioned, technological innovation and the quality of stores of human capital are important to potential adaptation to changing circumstance and the ultimate success or failure of societies.

1.2.4 The Importance of Technology

The dual project of realising the enticements of human aspirational imagination and the societal prosperity of human groups has involved or depended upon technological innovation regardless of their racial, ethnic, linguistic, spiritual, social, cultural, gender, or political identities (Aiyar *et al.*, 2008: 125-30). Which is to say that technological innovation is required for population growth¹⁹ and the subsequent division of labour which constitute societal progress. Indeed, the material conditions of human life have everywhere been historically improved or at the least been made less difficult by means of technological innovation and application (Brinkman, 1995: 1182; Braverman, 1998: 107-09; Easterlin, 2000: 14-5). Without a doubt, technology has been an essential component in making human society appear less congruent with the natural world and the rest of the animal kingdom (e.g. escape from the circadian rhythm). However, our perceived escape from somatic and cyclical bondage to annually available resources, variable climatic conditions, and subordination to pestilence and disease has proved illusory, as evidenced by ecological challenges.

Moreover, the benefits of technology have not been accrued evenly, and the nature and extent of such technological innovation has been affected by the social structure (i.e. hierarchical, egalitarian, or democratic etc.) and sociocultural institutions of all societies (Hess, 2004: 169). Indeed, economic activity is embedded in the societal, interpersonal networks, and territorial circumstances of its occurrence over time (Hess, 2004: 181-82). Thus, the character and results of economic activity are affected by time and space. Consequently, there is a need to assess innovation as revealed through economic history, the structure of different societies, and the impact of the sociocultural institutions on economic activity. To reiterate the point, the experience of individual countries can *teach* us how human ingenuity, including but not limited to technological innovation, mediates through social and cultural institutions to ultimately appease our human desires and promote the emergence of prosperous and dynamic societies. Consequently, as one of the ancillary goals, there is a need to consider the real-world development experiences of countries to truly appreciate how this impulse to innovation in economic, technological, social, and political manifestations affects *material* progress.

¹⁹ Technology here is interpreted broadly as the means to provide food and shelter for large settled communities, the technical knowledge of herbs and later chemistry to fight disease and infection, the means to produce energy more abundantly so as to free up time and allow for the division of labour in communities which support further technological and scientific advancement.

This investigation reveals insights about how outcomes for human-societal development²⁰, living standards, technological innovation, social justice, and most importantly, social and environmental sustainability might be improved. To this end, the most demonstrable transformation of human thought (i.e. innovative activity) and human effort (i.e. economic activity) into material results is seen to have its manifestation in the real world *through* the economy. So, economic development can be said to be relevant to material progress generally. Furthermore, the relationship between economic activity and societal progress is defined by the proliferation of innovative activity and the influence of established institutions within societies on the fruits of that innovative activity. So, in capitalist democracies it can be observed that economic development and social development act as complex multidimensional phenomena that trend upward and outward toward increasing accumulation over time which can be described by the following logical description which has many feedback loops and bidirectional causal linkages, namely, that: innovation begets economic development, economic development begets social development, social development begets knowledge production, and knowledge production begets yet more innovation. The stages in this cycle are in turn modified by the influence of sociocultural institutions²¹. Malthus (2016: 271) observes that: “It may be said with truth, that man [sic] is always susceptible of improvement.”

1.2.5 Institutional Limitations

Since the emergence of the first human communities, the ability of technology to improve human life has depended on new information being shared, disseminated, understood, adapted, and put to appropriate use (Brinkman, 1995: 1182-83; Braverman, 1998: 108). The movement toward increasing economic complexity, achieved universally through the division and specialisation of labour, has, however, not occurred evenly across the world because of secondary factors. These additional factors modify the conditions under which innovations can be shared, disseminated, understood, adapted, and implemented. These are access to knowledge, access to innovation, access to trade, geographic proximity to innovative wellsprings and trade routes, natural resource endowments, and differences in institutional culture (Diamond, 1997; Akyüz and Gore, 2001: 266-67; Nayyar, 2006: 145).

Moreover, economic development, even in its most modern form, as the product of industrialisation and scientific enlightenment, has been experienced unevenly by countries because of nuanced differences between the demographics and geographies of different societies (Nayyar, 2006: 151-52).

Furthermore, such uneven development causes global instability; as reported by Doyle and Stiglitz (2014: 8), “there are substantial links between violence and ‘horizontal inequalities’ that combine economic stratification with race, ethnicity, religion, or region... [Then] a lethal, destabilizing dynamic often emerges.” (Thus, this research asserts the importance of combining theory and real-world observations of human-societal development to arrive at a clear picture or typology of what strategies and guidelines would be helpful for countries that seek to develop and thrive). Put

²⁰ Human-societal development is a term employed by this research to conjure an image of the collective aspirational desire common to all peoples and societies to achieve the good life for themselves and future generations.

²¹ The notion of stages along the path from ‘undeveloped’ to ‘developed’ was introduced by W. W. Rostow (Rostow, 1959) in his seminal contribution to the topic.

simply, the skills, attributes, and values etc. that citizens and residents have, and the geographic terrain of countries affect the scope and shape of economic and societal development. Additionally, there exist inequalities in global knowledge production, an important complement to technological innovation and societal development. Indeed, the top eight countries in scientific research produced “84.5% of the top 1% most cited publications” from 1993 to 2001, which exemplifies the institutional constraints countries face (King, 2004: 314).

Furthermore, there remain modern-day limitations to societal development including limits to technology transfer, uneven terms of trade, colonial legacies, and differences in the competencies of national institutions (i.e. government agencies, law enforcement agencies, educational institutions, central banks, stock exchanges, and healthcare service providers). Therefore, in our discussions on the real-world development experiences of Japan, the United Kingdom, New Zealand, and Sweden in Chapters 3 to 6 of this research, we are careful to take a long-term view of their successes so that we might better understand how these societies developed and the challenges they overcame.

1.2.6 Ancillary Challenges

Countries in the contemporary world face additional challenges presented by globalisation, and global political instability and underdevelopment, as well as the perennial problems of poverty and inequality (Bajpai, 2003: 210-12; Deaton, 2003: 151-52). Countering poverty and inequality is important because left unabashed these may foment into civil wars, failed states, and terrorism (Duffield, 2010: 56). Furthermore, developing countries, in particular, are faced with “institutional and structural constraints – notably geography, demography and culture,” that may potentially stifle their human and economic development outcomes (Akyüz and Gore, 2001: 266). Taken together these ancillary challenges constitute additional pressures to achieving and maintaining social sustainability in societies today. Such instabilities work against development and environmental sustainability.

The priority must be to promote social and economic policies that reduce poverty and inequality while remaining mindful of the environmental limitations facing global human civilisation. This would make societies less vulnerable to external threats like unfair economic competition by improving the conditions governing the attainment of internal social cohesion. However, “even modest improvements in healthcare, clean water, sanitation, food, and transport need capabilities in engineering, technology, medicine, business, economics, and social science” which are lacking in many developing countries (King, 2004: 314). Consequently, social sustainability is important, if not a prerequisite, to both long-term economic development and movement toward environmental sustainability. Furthermore, measures that improve educational opportunities, lower unemployment, provide social welfare, and maintain a stable population might enhance the prospect of achieving social sustainability. This research, therefore, considers additional subcategories for our assessment of social sustainability, including labour market structure, skills formation, and welfare. Therefore, human-societal development for a growing global population is seen to be physically limited by the finite nature of non-renewable resources and by the carrying capacities of ecological systems, as well as by the prospects in each society of achieving social sustainability (Moran *et al.*, 2008: 473).

This represents an environmentally imposed challenge on global human futures, but it also presents a multiplicity of social challenges for every individual society going forward. It places a real and immovable limitation on human development at the international level and a net of social obstacles across different countries at the national level. Tragically, this immovable natural barrier, if reached before innovative activity has time to adapt, may hinder the potential emergence of future efficiency increasing technologies and/or an innovative breakthrough in sustainable energy production (Schneider *et al.*, 2010: 512-13). Thus, the ultimate success or failure of global human civilisation achieving planetary-wide environmental sustainability is dependent on individual societies achieving social and environmental sustainability first. This is a tenuous endeavour indeed because not all societies are democracies and the effects of climate change and environmental degradation affect countries differently. This then presents a further challenge to aligning values and incentives globally.

1.2.7 Societal Taxonomies

The tendency toward increased technological advancement, division and specialisation of labour, and the subsequent emergence of complex social class relations is the very basis of civilisation and has enabled human populations to swell and innovation to prosper (Lenski, 1994: 10-11; Brinkman, 1995:1182-83; Braverman, 1998: 107). However, the consequence was initially a decrease in personal autonomy and quality of life for people moving from hunter-gatherer societies to agricultural, and pastoral ones (Lenski, 1994: 12). An increase in personal autonomy and quality of life for the majority in society is only achieved again with the move toward an industrial system of production and subsequent interclass struggle. Thus, industrialisation has helped to improve the living standards of a large proportion of settled humans, but it has also created the urban conditions conducive to social class struggle and political democratisation (Easterlin, 2000: 22-24; Hess, 2004: 172; Wolf, 2005: 3-4). However, industrialisation and its associated sophistication (i.e. increasing complexity) should not obscure the role that human beings have played in the long history of technological innovation and societal advancement and risk thus devaluing the equal rights of all people to enjoy the fruits of their labour. Indeed, “as trade expands beyond a single village... the possibilities for conflict over the exchange grow” (North, 1991: 99). Moreover, with these, the vision of development for the purpose of achieving greater human freedom is lost amid increased value adding in an exchange economy. Adam Smith²² was clear about the origins of value in any economy when he said that “Labour was the first price, the original purchase-money paid for all things. It was not by gold or silver, but by labour, that all the wealth of the world was originally purchased; and its value, to those that possess it, and those who want to exchange it for some new productions, is precisely equal to the quantity of labour which it can enable them to purchase or command” (Smith, 2014: 50). Nevertheless, the argument on the origins of value has never really been settled, but in a human-centred view, it would be the amount of power of *hand* and *brain* that go into the production and servicing of various avenues of human aspiration and shape the physical and institutional character of societal development.

This gives prudence to the notion that the true value of things is from the resources and labour used in their production and their usefulness to buyers and sellers in a marketplace. Given this, can it not be said that value could be described and affixed such that resources and labour were used

²² Smith: 18th century Scottish economist and philosopher, he is considered a pioneer in political economy; his famous book *The Wealth of Nations* published in 1776 is the first modern work on economics.

most effectively to benefit the cause of human happiness and societal progress? Is it necessary for this truth to only inspire self-interested economic activity, or can it not also, given the computing power of modern technology, be the foundation upon which to build new economic systems that promote utilitarianism, the staving-off of price inflation, and the long-run erosion of wealth by viewing productions of mind and hand as assets rather than commodities and the fact that humans create value?

Industrialisation and subsequent urbanisation, trade unions, grass-roots political movements, and the collision of people in mediated and unmediated public and private spaces has given rise to modern constitutional democracy. This struggle and the fruits of its labour represent a challenge to achieving and maintaining social sustainability, but, also how personal autonomy and freedom have been won back in industrialised democratic societies (Diamond, 2008: 47). What is more, with the advent of the scientific enlightenment and modern medicine, the average health and wellbeing of many people has been improved. Indeed, economic development and the subsequent modernisation of society have been a force for good in our world; humans live longer, healthier lives than ever before in our history.

Moreover, this struggle has weakened the institutionally embedded patriarchy, chauvinism, and extreme class inequalities of older agricultural and pastoral societies. Whereas, hunter-gatherers and to a lesser extent, horticultural societies tended to be patriarchal, they nevertheless enjoyed greater personal autonomy and quality of life than other pre-industrial societies (i.e. agricultural and pastoral ones), because the accumulation of wealth and power in the hands of a few and hence systemic oppression, is difficult if not impossible to maintain in such societies (Lenski, 1994: 12). Hunter-gatherers were also healthier than other pre-industrial peoples as they appear to have been better nourished, less burdened by work, and less exposed to contagious animal diseases. Yet, people still toiled for mere survival and not self-actualisation. Indeed, it is the technology and science of our modern industrial societies which have improved human life so dramatically, and we must, therefore, learn to manage the benefits better so that they accrue more evenly and enhance wellbeing. We cannot reverse course and risk losing hard-won personal freedoms and tolerant values. We have a single choice to make – to improve our modern industrial society economically, socially, and environmentally (Davies, 2011: 19). People in democratic societies the world over can and must choose to use their freedom to help free other people from the bonds of poverty and oppression and rally humankind to achieving a global human civilisation made up of socially sustainable states in service to nature.

In contrast to the above sentiments, is the view that such a headlong rush onwards and upwards to achieve a technological wonderland where all laborious endeavour is replaced by luxurious and carefree living may lead to disappointment and unintended outcomes. Thoreau²³ (in Thoreau and Harding, 1995: 12), put it this way: “Most of the luxuries, and many of the so-called comforts of life, are not only not indispensable, but positive hindrances to the elevation of mankind. With respect to luxuries and comforts, the wisest have ever lived a more simple and meagre life than the poor.”

²³ Henry David Thoreau: An influential 19th century American philosopher and essayist who is especially famous for his essays on environmentalism and simple living.

Furthermore, the luxuries of materialist society might actually serve to distract our attention away from not only our responsibilities but also truer avenues of self-actualisation. Adam Smith adds another dimension to this conundrum – the issue of happiness. Indeed, he asks “what can be added to the happiness of the man [sic] who is in health, who is out of debt, and has a clear conscience...” (Smith, 2007: 41). What is true of the personal affairs of men and women is surely also true of the affairs of nations, and this generation would do well to take cognisance of the risks and misfortunes that could surely befall all if impulses toward egoism were to win out against those for altruism and individuals were allowed to continue in apathetic indifference as regards the happiness of others.

Furthermore, on the topic of happiness, research has been done in response to requests that there should be more focus on social development and less on economic development because “it is commonly assumed that social development will add to human happiness and more so than economic development does,” (Veenhoven, 2011: 4). This term social development is not to be confused with societal development which “is descriptive” and has to do with “long-term institutional differentiation on the way from hunter-gatherer bands to post-industrial societies” (Veenhoven, 2011: 7), as discussed already in this section. On the other hand, social development “concerns variations on the pattern of modern society and is normative”, which is to say it relates to social customs (Veenhoven, 2011: 7). As Veenhoven (2011: 6) points out, “Since comprehensive definition is not well feasible, the term is mostly used to denote a particular set of societal conditions deemed desirable. In political organizations such sets manifest in a ‘program’. In scientific studies they often appear in an ‘index’.” Indeed, this research thesis takes as normative (i.e. standard) those values which are generally heralded as being self-evidently good in democratic constitutional societies and in international law.

An interesting observation which emerged from this study, and which links social and societal development is that “the observed differences in average happiness across nations are not unsystematic but go hand in hand with variation in several societal characteristics,” namely rule of law, economic, political and personal freedom, and modernity in the fields of education and urbanisation, (Veenhoven, 2011: 18-19). Consequently, it may be argued that so-called liberal values are in fact universal values, consistent with *Ubuntu*²⁴ or humanism. Consequently, to misapprehend liberalism as advocating freedom above equality would justify an individualist²⁵ worldview. Whereas a full appreciation for the importance of the inherent right to equality among all humans means to correctly arrive at an understanding of liberalism as espousing a worldview in which it is incumbent upon the individual to exercise their agency to preserve community. However, the many variable factors differentiating countries allow for very limited observations and correlations. All the factors would have to be checked for consistency over time before hard and fast conclusions could be made.

Yet, “Forty years on comparative research into happiness has developed into a major research field and survey studies on happiness have been done in almost every country in the world,” (Veenhoven, 2012: 333). Research continues as the comparability of happiness between countries is called into question by various factors. *Does culture play a part in the happiness of a country’s*

²⁴ Often translated: “I am because others are”.

²⁵ A view often informed by the ontological phrase: “I think, therefore I am”.

peoples? Veenhoven (2012: 350) concludes that the variation in reported “happiness varies considerably across nations. These differences cannot be denounced as mere measurement bias, nor... cultural differences”, but rather “denote that not all societies meet universal human needs equally well”, which does suggest that there is a scientific basis for asserting that a universal standard does exist.

1.2.8 Contrasting Social and Environmental Sustainability

Despite the dismal picture presented thus far, there is cause for hope. Social sustainability within individual societies is more easily realised than environmental sustainability at the international level because its parameters are not defined by physical and biological constraints. Human values can change – and change rapidly they do. The parameters governing social sustainability are given by the values that people uphold and the aspirations they entertain. The transition away from fossil-fuels toward renewable energies remains in practical terms largely incomplete and for economic and political reasons difficult to realise at the present, but, democracy and its fruits are enticing to many nations and millions more in nations unfavourable to freedom. Yes, fossil-fuel industries continue to be economically useful and politically important for providing employment and sponsoring economic growth opportunities, but these will also help develop stocks of human capital around the world and aid long-term societal development. The slow and steady increase in human development in societies everywhere may give way to greater human capabilities, which could empower private citizens and individual governments to improve the conditions for achieving environmental sustainability in their countries. Indeed, this research argues that the struggle for environmental sustainability is best waged in individual nations by private people and national governments. Problematic, however, is that social inequalities, especially educational and cognitive disparities, work in opposition to the ability of social sustainability to reach *new equilibria* or outcomes. That is why it is crucially important that societies address social sustainability concerns first and then work to achieve environmental goals.

1.2.9 Research Admonitions

In conclusion, this research offers the following three caveats. Firstly, material improvements although ingratiating to the desire for dignity and satisfying to human and societal aspirational wishes, are not an enduring source of happiness. Happiness must involve more than just economic development; for individuals as much as for whole societies it is only possible when it is chosen. Where there is no consistency between conscience and behaviour there is no sure path to happiness. Nevertheless, the insertion of human aspiration, social justice, and ecological sustainability considerations into this research will help to give a depth and meaning beyond what is only material.

Secondly, all that is discussed in this research can only be what is observable and in some sense measurable. Therefore, this research presents an additional caveat, that truth or understanding are made possible first by initial intuitive mental leaps forward. Thus, some ideological values and characteristics of countries are deemed to be self-evidently good and the virtue of these is only revealed through the course of the discussions that follow and proven by their contribution to economic development and the advancing of social and environmental sustainability. Regardless, this research offers the following consolation, that for the sake of preserving objectivity these instances of intuiting what is of value and what is not, are kept to a minimum and are likely

uncontroversial.

A final caveat to this research is that technological innovation, societal advancement and human progress more generally are not distinctly modern phenomena. There are in fact many examples of such forms of progress throughout history and additionally different academically established views of what constitutes societal progress (Arndt, 1981; Lenski, 1994; Brinkman, 1995; Pieterse, 1995)

1.3 The Methodology of this Research

This research takes the form of a literature study. In Chapter 2 development theory is discussed with respect to three distinct approaches, namely, the conventional approach to economic and societal development, the nation-focused approach, and the de-growth approach to progress. In Chapters 3 to 6 insights are gathered from the development experiences of Japan, the United Kingdom, New Zealand and Sweden, regarding economic, social, and environmental dimensions, respectively.

The rationale behind the selection of these countries is as follows. Firstly, Japan is selected because the economic development history of that country reflects elements of both the Asian-type of co-ordinated economic development and a liberal democratic economy (Chapter 3). Secondly, the United Kingdom is selected because it reflects elements of social democratic policy inspiration within the context of the liberal market economy. The country saw a shift to neoliberalism under Prime Minister Margaret Thatcher and more recently a shift again toward the political centre (Chapter 4). Thirdly, New Zealand is selected because it represents a sub-type within the wider group of liberal democracies and is an example of the Australasian approach to economic development, while achieving development despite its geographical remoteness, remaining a net-food exporter, and possessing social policies that are an example of the radical welfare regime – unique to Australasia (Chapter 5). Fourthly, Sweden is selected because it represents the social democratic approach to both social and economic development and has long remained neutral on the world political scene, which is seen to be to its developmental advantage (Chapter 6). These case studies consider economic and societal development in terms of development history, factors promoting social sustainability, and issues relating to environmental sustainability in each of the four individual case countries.

To summarise, the procedure and the outline of chapters is as follows. Firstly, this research will organise and explain three approaches to economic development within the development theory literature in Chapter 2. Secondly, as already mentioned the economic and societal development experiences of the four selected advanced countries will be discussed in Chapters 3 to 6 in terms of how these satisfy human aspiration within the constraints of social and environmental sustainability. Thirdly, insights from Chapters 2 to 6 will be combined in a discussion of theoretical, ideological, economic, social, environmental, and practical lessons in Chapter 7. This discussion of lessons comprises what is meant by strategies and guidelines. These lessons are then applied to the case of South Africa in Chapter 8. Consequently, Chapter 7 constitutes the consolidation phase for the raw material collected from Chapters 2 to 6. This will then be formalised in Chapter 8 with a more precise list of strategies (i.e. economic, social, environmental policies that seem universally true) and guidelines (i.e. principles directing the process of public

policy-making) for advancing universal sustainability in developing countries, but especially in South Africa. Chapter 9 will conclude with the findings and recommendations of this research, final observations, and the implications of both.

The case of South Africa is selected because this research is based in South Africa and the researcher would like to contribute to local debate. Furthermore, South Africa uniquely suffers the need to achieve inclusive economic development but remains stifled in terms of both social and environmental sustainability constraints. Indeed, addressing the questions of underdevelopment, poverty, inequality, unemployment, and the relations between peoples and resources both natural and institutional is of interest to South Africa. Poignantly, Stiglitz (2012: 33) observes that “unemployment... has a direct adverse effect on individuals and families: work gives meaning to life and dignity to individuals. The social consequences of extended periods of unemployment cannot be compensated for simply by replacing the income that has been lost.” Consequently, the failure of such measures as GDP to register the effects of negative outcomes such as unemployment, on long-term societal development and human wellbeing make it a poor gauge of economic performance (Stiglitz, 2012: 51). Hence, by using historical experiences of economic development and applying the lessons obtained from theory and experience to the contemporary experience of South Africa, as a developing country, this research will present a geopolitically encompassing study of economic, human, and societal development as a multiplex experience.

Chapter 2: Development Theory: Three Approaches to Progress

2.1. Introduction to Development Theory

This chapter discusses three broad approaches to economic and societal development. These approaches are delineated into three categories of strategies, namely, the conventional approach in Section 2.2, the nation-focussed approach in Section 2.3, and the de-growth approach to progress in Section 2.4. The universal sustainability dilemma concerning the simultaneous need for economic development, social sustainability, and environmental sustainability roughly corresponds to the three strategic approaches to human-societal development found in this chapter. These three categories of strategies sketch the theoretical insights that will be combined with real-world lessons and observations about economic and societal development from Chapters 3 to 6 and applied to South Africa in Chapter 8. These discussions highlight conceptual ideas which will inform the formulation of precise strategies and guidelines in Chapters 7 and 8. The division of universal sustainability into economic, social, and environmental concerns is to some degree mirrored in the composition of this chapter. That is, the three categories of strategies will overlap predominantly with the three aspects of sustainable development. Thus, conventional strategies emphasise the importance of the economy (Section 2.2), nation-focussed strategies demonstrate concern for human competencies, societal cohesion, and/or social justice²⁶ issues (Section 2.3), and the de-growth approach advocates a radical repositioning of our value relations with ourselves, each other, and with the natural environment (Section 2.4).

To reiterate, the conventional approach focusses on the economy and efficiency; the nation-focused approach concerns itself with the power of human agency and the efficacy of social institutions; and the unfortunately named de-growth approach focuses on questions of human wellbeing, ecology, and strong sustainability. A schematic summary of universal sustainability strategies from theory is produced from this chapter and is in Chapter 7. Section 2.5 concludes the chapter. But, *why is it important to consider development strategies?* Interrogating development strategies is important because the historical record demonstrates “that development is possible, but not inevitable” (Stiglitz, 1998: 5). Indeed, the pendulum of prosperity would seem to swing in both directions. Thus, many countries have succeeded in narrowing the gap between themselves and more advanced economies thus bringing millions out of poverty, but many more countries have seen the gulf widen and poverty increase. Considering development strategies is then important for determining what works and what does not. Insights in this chapter are thus important to discussions in Chapters 3 to 6 of the real-world experiences of economic and societal development. Regrettably, the reader should be aware that no insights on the inherent achievability or workability of universal sustainability strategies and guidelines should be expected by the end of these chapters. The story of the theory and experience of human-societal development must first be told through to the end of Chapter 7 before any real insights may be drawn via interrogation of data with respect to the South African context in strategies and guideline put forward in Chapter 8. The form and mode of discussions in these inter-leading chapters will, however, inform our understanding of the human values which have shaped our ideology and development practice the

²⁶ Social justice issues are not by design an emphasis of all the nation-focussed approaches. Indeed, only the Golden Age of economic development and the concurrent trends in constitutionalism explicitly highlight the importance of social justice. Economic nationalism, innovation and entrepreneurship, and the developmental state approaches are more pragmatic and related to growing human capacities for the broader benefit of society and the economy and not necessarily in fulfilment of personal aspiration, self-actualisation, and quality of life.

world over.

2.2 The Conventional Approach to Development

The strategies discussed in this section constitute the conventional approach to economic and societal development because they appear cemented to our conventional wisdoms about how societies achieve economic development and thrive. Recommendation of them by any elected representative in much of the liberal democratic world would face nearly no political opposition. This would be true regardless of whether this recommendation was issued from the left or the right of the political spectrum.²⁷ Indeed, the notion that the efficient operation of markets, competition, free trade, and investment help create conditions favourable to economic and societal development have become so widespread and ideologically entrenched so as to make them seem commonsensical. Nevertheless, these strategies come to us – bundled with several assumptions about people and governments, and how economic development is achieved – from conservative neoclassical economics, the dominant tradition in economics.

The economic and societal development strategies of the conventional approach attempt to promote the expansion of the size of the economy – the economic pie – by ensuring the establishment of circumstances favourable to economic growth. Economic growth is seen to create employment, promote the social empowerment of enterprising private citizens, and increase tax revenues – important for the provision of state services. Economic growth is the starting point for improving the level of development in society and for raising average living standards. These strategies also emphasise the importance of having a *minarchial*²⁸ or night watch state that is careful not to disrupt the natural operation of economic markets and trade.

The state is relegated to specific roles related to the provision of basic education, public healthcare, national infrastructure, and national defence etc. Thus, government spending is limited to markets where competitive incentives have failed or are otherwise not tenable. Welfare spending is limited and aims to compensate for market-induced income inequality without disrupting markets or changing incentive structures. People are seen to be predominantly rational, informed about the economy, and as the primary units of economic activity. Additionally, the rule of law and the enforcement of property rights is seen to be necessary to the economic success of societies. These strategies further assert that the inevitable inefficiencies of state interference must be avoided in order to promote natural impulses toward competitiveness, innovation, and the emergence of an enterprising spirit within liberal democratic societies. The collective individual maximisation of private interest and private liberty is understood to best achieve the maximisation of societal interests through the market.

²⁷ The term political spectrum is used to denote those political dimensions that can be found along a left-right geometric axis. Communism and socialism are regarded as being on the left with conservatism and capitalism on the right. There are also moderates who have an intermediate or centrist outlook and liberalism tends toward the left of this, especially social liberalism. Additionally, each type of persuasion found on this spectrum can vary by degree in terms of its preference toward individualism and decentralisation (i.e. in its most extreme form as anarchism, both social and environmental) on the one hand, and totalitarianism and centralised (i.e. strong government) control on the other. Broadly speaking these descriptions could be marked on auxiliary axes with higher control going upwards and greater freedom going downwards.

²⁸ Minarchism sometimes called minimal statism was borne out of the anarchist movement upon the realisation that individual liberties should be protected as far as possible, 20th century American philosopher Robert Nozick popularised this philosophy in his book *Anarchy, State and Utopia*.

The three strategies of the conventional approach to human-societal development are discussed next, namely, the efficient operation of markets in Subsection 2.2.1, industrial competition and trade in Subsection 2.2.2, and finally the promotion of real investment in Subsection 2.2.3.

2.2.1 The Efficient Operation of Markets

The basis of this strategy is that open, free, and competitive markets are an important prerequisite to long-term economic dynamism in their ability to promote entrepreneurship and enterprising activity in democratic economies everywhere. At the heart of this strategy is a perceived understanding about individuals, in their role in society as economic agents, as being rational, informed, and self-interested. In this view, unbounded self-interest will encourage private citizens in pursuit of the *profit motive*²⁹ to engage in economic activities that support enterprise development, economic growth, job creation, improved living standards, social empowerment, and societal development. Therefore, economic development and the commensurate improvements in social welfare it brings, occur when markets are allowed to function freely and efficiently. This strategy involves creating favourable conditions for the allocation of resources in society to be made by the uninterrupted activity of the *invisible hand*³⁰ of the market. Adam Smith coined this phrase to denote the co-ordination of unintended social benefits arising from many individuals' own self-interested actions in business. This strategy is then about creating a favourable environment in which private enterprise can flourish.

According to (Lipsey *et al.*, 1999: 57), the protection of property rights, including intellectual property rights, and the enforcement of contracts “are crucial to the smooth operation of market economies” and are seen to be the rudiments of this strategy and the preconditions necessary for it to work. Under these protections, innovators and entrepreneurs will be motivated to press their advantage and engage in economic activity. Other conditions necessary to a well-functioning efficient market strategy, besides the rule of law, include the absence of barriers to entry and exit in markets (including artificial barriers like taxes and subsidies), the presence of many buyers and many sellers, and the ready availability of information about markets. Furthermore, according to (Rodrik, 2003: 3), these first-order neoclassical principles for the efficient operation of markets further include “market-based competition, appropriate incentives, sound money, [and] debt sustainability”. This implies stable monetary and fiscal policies that control for inflation and minimise the tax burden created by public debt. Implicit in this view of markets and economic activity is that state intervention and involvement in the economy will be limited to make room for private agents.

To this end, neoliberalism – the political face of neoclassical economics – provides a role for the state only in so far as it is employed in “creating the appropriate market by providing the conditions, laws, and institutions necessary [to market] operation” (Olssen and Peters, 2005: 315). According to Rodrik (2003: 3), “good institutions are those that deliver the first-order principles effectively” for a society (*viz.* inflation targeting). Favourable market conditions thus create an incentives environment that sustains the potential for ongoing economic growth and development. Additionally, this situation of open competition ensures that only the most efficient firms survive,

²⁹ This is a simple economics term to denote the motivation to make the most possible profit in business.

³⁰ Used with respect to income distribution in *The Theory of Moral Sentiments* (1759) and production in *The Wealth of Nations* (1776).

and it encourages an efficient allocation of resources in the economy and society (Sloman, 1994: 23). State intervention in markets and state provision of goods and services that the private sector can better provide in society is seen, in this view, as a source of potential inefficiency, which can ultimately result in the wrong allocation of a country's resources and a crowding-out effect on private enterprise toward more competitive sectors.

The high degree of competition in free and open markets ensures that firms keep their prices down to avoid the entry of new firms that seek to make a profit. This has the effect of benefiting consumers who enjoy the advantage of low prices. Under this strategy, firms increase their production efficiency to increase profits; workers are attentive and hardworking so as to secure their employment and increase their prospects of promotion; and consumers are rational in their purchasing decisions so as to stretch the use of the money they earn (Sloman, 1994: 21). According to Lipsey *et al.* (1999: 11), such market systems may also be termed price systems because the co-ordination mechanism in a decentralised economy is based on prices (Hayek, 1945: 525-28). Prices adjust quickly and automatically to changes in supply and/or demand and in turn supply and demand adjust to changes in prices. This quickly solves for states of disequilibria, or misalignment, between demand and supply in the economy. Nevertheless, such a system might arguably be inefficient in the long-term because it does not account for intergeneration fairness and consequently, it may result in overproduction – and the inefficient use of resources – in the long-run. Hence, the efficient operation of markets in the present does not by design automatically align with social and environmental sustainability in the long-run. Moreover, advertising and marketing might skew the rationality of consumers and encourage overconsumption in the present to the detriment of future generations and sustainability.

Additionally, Stiglitz (1997: 32) observes that although incentives may stimulate economic growth they will most probably also result in greater income inequality especially if compensation is linked directly to performance, which it is, in an efficiency-based system. Indeed, the consequence is by design a competition of each person against another in a game of the survival of all against all. In this vein, economic growth does not inevitably always lead to economic development and an improvement in living standards for everyone because productivity and skills are not evenly distributed among workers. Nevertheless, Sloman (1994: 21) observes that the advantage of the free market economy is that it “functions automatically” and can respond quickly to changes in demand and supply. Thus, the social Darwinism inherent in the market economy is weighed against the increases in efficiency and the ready availability of goods and services that result from free and open markets. Moreover, according to Lipsey *et al.* (1999: 385), free markets “by trial and error” encourage the efficient allocation of resources and help to choose between successful technological innovations and unsuccessful ones. To make use of an evolutionary term, markets *select* for success. The conventional rebuttal against the inequalities created by free functioning markets is to increase the size of the economic pie thereby increasing the size of each agent's slice of the pie which will lead to higher average incomes and an increase in social welfare through a *trickle-down*³¹ effect. However, the benefits of this can be eroded by the effect of inflation on the value of money.

³¹ Trickle-down effect refers to the notion of economic benefits and rents reverberating throughout the entire economy from transaction to transaction generally motivated by business interests but having the outcome of serving the wider social good.

The role of the state in this strategy should not be to attempt to stimulate economic growth – and development – by intervening in the economy because this would disrupt the efficient market allocation of resources and potentially stifle competition (i.e. crowding out private enterprise). The state should, however, address instances of market failure. Hence, according to Lipsey *et al.* (1999: 387-89), the state should make policies that promote competition in situations of market power (e.g. monopolies), it should *internalise*³² the cost of negative externalities by allocating property rights (e.g. pollution of a public water source), and it should socialise or *externalise*³³ the cost of producing public goods like basic education, street lamps, and public healthcare through taxation and government spending. According to Chang (2002: 540), from the 1970s onwards under the dominance of the neoliberal and neoclassical traditions, the state was no longer seen as “an impartial and omnipotent social guardian”, but as an institution made up of “self-seeking politicians and bureaucrats” under the influence of special interests. However, all free-marketeters would make an exception in terms of state financing for key areas in “defence, law and order, and [to] some [degree] large-scale physical infrastructure” projects, where genuine market failures would likely exist and where private provision would result in negative externalities (e.g. under-provision of national defence and law and order services, and inadequate infrastructures) (Chang, 2002: 541).

Furthermore, governments have to be careful in their planning of social policy because taxation to support welfare spending and welfare itself could “blunt economic incentives” toward work and thus stifle economic potential (Stiglitz, 1997: 13). In this vein, “the attempt to impose change from the outside is as likely to engender resistance and give rise to barriers to change, as it is to facilitate change”, because at “the heart of development is a change in ways of thinking” (Stiglitz, 1998: 16), which can either be constructive to development or destructive to it. Consequently, the free market approach does not rule out the use of social policy in creating a social safety-net and addressing income inequality, but it emphasises the importance of balancing the interests of improved equality with those in favour of public debt minimisation and free markets. This strategy would also require the effective regulation of labour markets that balance the interests of flexibility against those of stability and predictability, sound financial markets that prioritise the interests of shareholders and stakeholders and are free to take risks, while not becoming a public liability, and finally competition that ensures static allocative efficiency, but also an adequate prospect of rents to spur innovation and the filling of market opportunities by new firms. Stiglitz (1998: 30) states that “we have learned that development is not just a matter of technical adjustments, but a transformation of society.”

Furthermore, the efficient operation of markets (i.e. Subsection 2.2.1), is also a precondition for the two remaining strategies of the conventional approach (i.e. Section 2.2). The efficient operation of markets is seen to be relevant to the workability of market competition, trade, and investment (discussed in Subsections 2.2.2 and 2.2.3). That is, market competition induces efficiency, and efficiency sustains competitiveness in turn. Put simply, firms must operate efficiently in order to be able to compete in an open market and so market competition and efficiency go hand in hand. Indeed, this development strategy underpins most other development strategies – conventional or otherwise. Arguably, markets that encourage ingenuity, promote competition and ensure efficiency

³² Incorporate the costs as part of a pricing structure.

³³ Socio-economic term meaning to cut cost by imposing them on a third party i.e. in this case through taxation.

are good. This is because in this system individual maximisation is seen to lead to social maximisation. Indeed, people are very resourceful and determined when mobilised in pursuit of their self-interest. Therefore, according to Sloman (1994: 21) “people pursuing their own self-interest through buying and selling in competitive markets helps to minimise the central economic problem of scarcity, by encouraging the efficient use of the nation's resources in line with consumer wishes”.

However, this says nothing of the problem of scarcity in the long-run and the potential depletion of the planet's non-renewable resources. Moreover, questions of fairness may be justified when considering societies existing under, or indeed operating within, such a system because competition would seem to worsen inequalities and promote greedy, selfish, materialistic, and power-grabbing behaviours at the expense of co-operative ones. Indeed, Bozeman (2002: 147) states that “efficient markets often have very little to do with development or human happiness, and thus market frameworks are inadequate to the social provision of goods and services”. Yet, the absence of functioning markets also creates problems. Monopolies and other corrupting situations emerge amid diminished competition and these can hinder efficiency, limit the availability of goods, and tarnish the quality of services. Consequently, free markets provide an avenue for human ingenuity and the enterprising spirit which results in employment opportunities and a myriad of modern conveniences that improve human life and free up time for people in societies everywhere to pursue interests beyond those of mere survival. This is good in and of itself, but, the interests in favour of art or scientific research, for example, must be balanced with the long-term sustainability and the costs of environmental overreach.

Irrespective of whichever case, open competition or stagnant collusion, the eventual outcome good or bad often depends on other extenuating factors. These include market regulation, public institutions, the quality of entrepreneurship, the ingenuity of market actors, access to property and other means of production, and the pattern of externalities in society etc. In this sense, this strategy may not actually provide evidence in support of free markets and competition but rather in support of the health of the factors that bring any market into being in the first place. Indeed, monopolies might work under certain circumstances and competition might work under others. Furthermore, the rate of economic adjustment from disequilibria to equilibria might not necessarily be improved by increased competition if other supporting factors in the economy remain slow to change or are not present. If for example, the pool of available skills in the labour force did not suit economic adaptation to new technologies, or if sunk costs were so high as to not warrant the operation of many firms in a market or industry.

2.2.2 Industrial Competition and Trade

This conventional development strategy might be called a composite strategy because it involves three interlinking components, namely, comparative advantage, competitive advantage, and the opening of markets to conditions of free trade. As openness of markets in the efficient operation of markets strategy was seen to improve efficiency at the domestic level, openness to trade at the international level is seen to further enhance the efficiency of and competitiveness in domestic markets. Thus, this strategy firstly suggests that new firms should be nurtured in industries where countries possess a comparative advantage, which is in areas where it is conceivable that specific markets in a particular country would do better compared to those same markets in other nations.

The determining factors defining this ‘doing better’ might include such variables as access to and/or abundance of certain natural resources or the abundance of certain skills in the labour market. Secondly, this strategy recommends that competitive advantage be built up across domestic industries to allow domestic producers to better compete internationally. This involves firms developing efficiencies in the production and marketability of their products through technical innovation market research. Thirdly, countries should favour the opening of markets to conditions of free trade. This is because greater competition from other countries provokes efforts to improve efficiency, domestically, and open markets encourage export-led economic growth and resultant economic and societal development. Openness to trade may also pave the way to technology transfer and the development of import-substituting industries.

The difference between comparative and competitive advantage may be further distinguished with respect to their relationship with time. Industries with a comparative advantage are those in which a country possesses an abundance of one or more factors of production required for production in that industry. These include natural, material, and human capital factors. Comparative advantage implies one country exploiting a trade advantage relative to other countries in the production of certain commodities or services at a specific point in time. By contrast, competitive advantage refers to the improvement and maintenance of this comparative advantage through continued efficiency-improving efforts and improved marketability in the production of goods or services. This process often involves investment in technological innovation and human capital which are seen to improve the overall quality of production.

As already mentioned, prices were important to the effectiveness of adjustments from states of disequilibria in the efficient markets strategy³⁴ because the adjustment of prices resolves inefficiencies in production. Consequently, in an analogous sense of resolving an inefficiency, under the industrial competition and trade strategy, free trade resolves inefficiencies in capital investment because free trade and subsequent competition selects for investment. Firms that win survive and firms that lose are eliminated which makes for an efficient allocation of capital in the marketplace. This strategy suggests that free trade helps countries to select the industries for development where a comparative advantage exists and helps them to improve overall efficiency because of increased competition from foreign producers. The opening of markets to conditions of free trade is achieved through trade liberalisation. This involves replacing quotas and subsidies with equivalent tariffs and thereafter the simultaneous reduction or elimination of these tariffs in order to encourage greater competitiveness and efficiency.

The results of a study concluded in 2006 is worth mentioning. Data gleaned from a sampling of FTAs in 96 countries by Baier and Bergstrand (2007: 85-6), yielded “striking empirical results: the effect of FTAs on trade flows is quintupled... [and] on average, an FTA approximately *doubles* two members' bilateral trade after 10 years,” (Baier and Bergstrand, 2007: 72). This improved market access also stimulates economic growth in the domestic sphere through access and exposure to export markets and importation of new technologies and expertise. A situation of free trade will, it is hoped, eliminate industries without a comparative advantage as well as inefficient producers within the industries where a country does have a comparative advantage. This increases efficiency in the allocation of resources and encourages economic development in a broader sense because

³⁴ A term coined in this research to denote a market-based approach to economic development.

increased competition creates dynamic conditions under which efficient firms emerge, people innovate, and more employment opportunities become available. This strategy complements the creative response mechanism discussed in Subsection 2.3.2 because it encourages entrepreneurs and innovators by privileging innovativeness and tenacity within the economy.

What is more, open trade with other countries presents opportunities for foreign direct investment in the domestic economy which may further foster the future growth potential of a country. A situation of free and open markets thus produces more competition locally and internationally which according to the first conventional strategy (Subsection 2.2.1) should result in the best allocation of resources internationally. Significantly, the possibility of technology transfer is by far the greatest advantage of increased international trade. Namely, the free exchange of ideas, modes and ways of living, and access to new technologies. In this sense, free trade encourages not only economic development, but societal development as well. Indeed, the freer flow of conveniences and innovations enables many in societies around the world to benefit from the collective ingenuity of humankind. Shared economic prosperity further has the potential to promote co-operation and peace over isolationism and war.

Increased global communication and trade spreads awareness of the social plight facing many communities and increases our capacity for group affiliation at the level of the species. This promotes humanitarian values instead of the promotion of in-group identifications³⁵. Burnes and Jackson (2011: 133) explore “the argument that a potentially significant reason for the failure of change interventions is a lack of alignment between the value system of the change intervention and of those members of an organisation undergoing the change.” Resolving this lack of alignment of values is a prerequisite for successful change – “value alignment may play a significant role,” (Burnes and Jackson, 2011: 158). What is more, species-level identification³⁶ is a key aspect to unifying our efforts to combat climate change and environmental degradation and awaken to a broader sense of co-operation among all humans.

However, the insights of this strategy have not always rung true. Instead, many countries who have tried it have not experienced increased economic growth and vibrancy, but instead stagnancy and industrial decline. These failings are often linked to the trade liberalisation component of this strategy. This is because according to Rodrik and Subramanian (2009: 114), developing countries suffer from “multiple distortions and constraints”, which increase the risks associated with trade liberalisation. Such distortions include colonial legacies, inhospitable geographies, poor skills, social inequalities, and political tendencies toward increased corruption and despotism. This has the effect of weakening the ability of domestic firms to compete internationally and stifling natural impulses toward competitiveness, economic enterprise, and economic and societal development. This means that instead of a flourishing of private enterprise, job creation, and economic development, international trade between nations of differing levels of economic development can

³⁵ In-group identifications refer to divisions between humans in terms of gender, race, ethnicity, nation, language, class, culture, religion etc.

³⁶ A term coined in this research to identify the logical endpoint necessary for the realization of the aspirations of the environmental movement to provoke humanity to act as a species to the ecological challenges faced by all human societies in the 21st century. This is in response to the current grouping of kinship groupings by identification with culture, belief, language and ethnicity, consistent with universalism, liberalism and cosmopolitanism which disregard such *ad hominem* characteristics

lead to destructive outcomes in terms failing firms, unemployment, industrial decline, and poverty. Rodrik and Subramanian (2009: 114) also make the point that one of the dilemmas facing underdeveloped countries lies in the mistaken view that “developing nations need foreign capital to grow,”³⁷ while the real problem may be that “some nations... perhaps a majority...” may be “constrained primarily by inadequate investment demand, due either to low social returns or to low private appropriability.”³⁸ In a similar vein, Deardorff (2001: 277-93) concludes, that in the world of international trade and economic development, countries with “identical technological and behavioural parameters” converge at two different steady state positions³⁹, which seemingly cements the gap between rich and poor countries, but offers no reason as to why this is the case. One plausible explanation has to do with human capital development and differences in labour productivity across countries.

Also in this vein, Duarte and Restuccia (2010: 167) find that “sectoral labour productivity differences across countries are large and systemic both at a point in time and over time”. The gap between rich and poor countries is widest in agriculture and services. Nevertheless, there has been substantial catch-up by poor countries in these two sectors. Better gains have been made with respect to manufacturing than in agriculture and industry and the productivity gains in manufacturing explain 50% of the increase in total productivity across countries. Duarte and Restuccia (2010: 167) suggest that labour productivity is an important indicator of overall country performance. To this end, Duarte and Restuccia (2010: 167-8) further raise the following questions: “What factors contribute to cross-country differences in labour productivity across sectors? Why were countries able to catch up in manufacturing productivity but not in services? What are the barriers that prevent other developed economies from sustaining growth rates of labour productivity in services as high as in the United States? How are trade openness and regulation related to these productivity differences across countries?”

It is thus seen as prudent that this research will assess social sustainability in terms of labour markets and skills formation in our four case countries discussed in Chapters 3 to 6. Regardless, Duarte and Restuccia (2010: 168) suggest as an answer to these questions that competition, openness to international trade and exposure to foreign competition, and the domestic regulatory environment may be important pre-determinants of the labour productivity growth. This would lend favour to the strategies of the conventional approach and suggest that policy-makers focus their attention on developing labour productivity through human capital development and a regulatory framework that is conducive to labour productivity growth.

In another vein, according to Lin (2003: 283, 298), less developed countries (LDCs) should adopt a “comparative-advantage-following” (CAF) as opposed to a “comparative-advantage-defying” (CAD) approach. This “following” strategy involves the maintenance of open, free, and competitive domestic markets with an overarching industrial policy that aims to upgrade industries and technologies through “information sharing, investment coordination, and compensation for

³⁷ This is termed a savings constraint. That is, a country requires foreign capital to grow, due to reduced domestic savings available in the financial system for intermediation into investments.

³⁸ This is termed an investment constraint. That is, a country presents poor opportunities for appetite in investment from investors due to social ills such as crime that reduce returns, or due to cumbersome institutional structures and lopsided development in only certain sectors which further hamper returns.

³⁹ As distinguished from the position of growing or transitioning economies.

externalities” (Lin, 2003: 298). The process may be described as one of *learning and imitation*, whereby a country seeks to accelerate its industrialisation through the realignment of its pattern of development - albeit not its structures and institutions governing such economic growth - to that of its competitors. This process is co-ordinated via trial and error and aims to adapt strategy to the national context. Thus, this view provides for a more involved, albeit arms reach, role for the state. The result will be, it is promised, a competitive economy that will achieve “upgrades in its factor endowment structure and consequently its industry/technology structure” (Lin, 2003: 298), unlocking opportunities for future growth.

This is because development along “comparative-advantage-following” lines will promote economic growth and stimulate the upgrading of physical and human capital stores faster in less developed countries than what would take place under a defying approach (Lin, 2003: 278). Thus, crucial to the long-term success of this strategy is that upgrades in factor endowments precede those in industries and technologies allowing a country to eventually pursue development in areas it once lacked a comparative advantage in (i.e. in those industries where it would have had to initially employ a defying approach). Therefore, the notion of stages along the process of human-societal development is further emphasised. Countries must first develop certain stores of human capital, which sustain the knowledge economy and spur production and value addition, during earlier stages of economic development that open the way for new types of knowledge, firms, and industries in later stages of economic development.

Nevertheless, the efficiency advocated by the first conventional strategy is not everything when considering the picture in the light of competitive advantage. Indeed, according to Hunt and Duhan (2002: 97, 101), from the perspective of a resource advantage theory of competition⁴⁰, firms will seek both efficiency and effectiveness because they will seek superior financial performance. Furthermore, market competition will be dynamic because it will involve pro-active innovations which involve “spotting an unserved market segment and then developing a market offering for it” and reactive innovations which involve “a firm recognizing that it occupies a position of competitive disadvantage... and innovating to produce a market offering that has such increased value that the firm ‘leapfrogs’ to a competitive position. This innovative activity by firms seeking efficiency and effectiveness results in “increases in firm level, industry level, and societal-level productivity”, economic growth, and thereby societal progress. Consequently, in the real-world, firms in an economy can create for themselves competitive positions that were not necessarily in their initial comparative advantage. Thus, in the world of international trade, efficiency but also effectiveness, are important for creating and maintaining a competitive product offering, and for keeping one’s footing in the market.

2.2.3 The Promotion of Real Investment

The promotion of real investment as a human-societal development strategy concerns investment – whether public or private – in factors such as those discussed in Chapter 1, which are known to support and drive economic development. These avenues of investment may include investment in technological innovation, knowledge production, national infrastructures, education, skills formation, healthcare, and private enterprise to name a few.

⁴⁰ Firms possess resources that are heritable, durable, and evolutionarily selected by competition for comparative advantage. Such firm attributes are “locally fitter, rather than maximally fittest” (Hunt and Duhan, 2002).

This strategy thus aims to support the conditions required for the intermediation of financing into physical or real investments. Governments may invest in national infrastructural development projects to promote the emergence of new sectors or to reinforce ongoing competitiveness in the economy – financed through taxes or the sale of bonds. Moreover, in the context of high domestic savings and high investment potential, entrepreneurs might borrow from banks to start new businesses or invest in other ventures. If domestic savings are low, however, then real investment might then depend upon foreign sources of investment finance. This would require a favourable business environment for foreign investors.

Creating this favourable business environment involves the following three things. Namely, the rule of law, freedom in the nature and choice of investment, and the liberalisation of capital markets. Indeed, investors want to be certain that property rights and contracts will be enforced, that investment will not be constrained to particular forms or certain industries, and that capital will be allowed to flow freely in both directions. Crucially too, investors also want to see a return on their investment and be able to divest from investments if dividends are not forthcoming. This strategy is therefore subject to the availability of finance, the favourability of returns on investment, and the facilitation of financing streams into real investments. Rodrik and Subramanian (2009: 127) caution “that successful reform depends on the correct diagnosis of the binding constraints of the moment.” They argue that developing countries may have negative outcomes no matter whether their economies are saving-constrained or investment- constrained; crucially it must be asked, “is private investment in the economy held back primarily by lack of access to finance or by low perceived returns?” (Rodrik and Subramanian, 2009: 127).

Successful business investment, therefore, requires a well-organised and functioning capital market with supportive financial institutions that are committed to the project of national development. Real investments are preferred by those interested in seeing broad-based economic development (i.e. governments and working families) to so-called “hot flows” in the stock exchange or in portfolio investments. This is because real investment has far-reaching economic development benefits in terms of employment, technology transfer, and industrial development. Therefore, insufficient investment is usually attributable to a domestic savings constraint and/or an unfavourable climate for real investment. Nevertheless, having a favourable climate for business and investment is not all it takes. Indeed, the rule of law, the autonomy of investment decisions, and the liberalisation of capital markets do not necessarily result in higher levels of investment. This is because low investment may be the result of other contributing factors such as high crime, low contract enforcement, lack of skills, and government corruption. Moreover, deregulation in capital markets can encourage a pattern of speculative investment (i.e. hot flows) which mainly benefits the short-term interests of private investors (Ghosh, 2005: 7).

Nevertheless, upon success of this strategy in attracting foreign investment, societies may witness increased competition in domestic capital markets and consequently improved functioning and efficiency of financial institutions in those systems. This has the effect of increasing the availability of financing opportunities to entrepreneurs and public agents. Consequently, liberalised capital markets also facilitate foreign investment by reducing the costs of investment and increasing competition for local firms. Subsequently, increased access to financing opportunities, it is hoped, will result in more economic growth because savings, either domestic or foreign, are intermediated

more effectively into domestic investments. Economic and societal development also result because much of this financing directly or indirectly results in real investment in infrastructure, new firms, job creation, technological innovation, and skills development (i.e. investment over and above portfolio investment).

2.2.4 Endnote to the Conventional Approach to Development

The three development strategies of the conventional approach, namely, the efficient operation of markets, industrial competition and trade, and the promotion of real investment, apply equally to situations of endogenous or exogenous technological innovation. They may also be used in tandem with the development strategies of the two remaining approaches to human-societal development and progress discussed in this chapter. However, the degree of liberalisation in domestic markets, international trade, and capital markets will be subject to the ideologies and political persuasions of policy-makers and governments in countries. However, operating markets, some form of trade, and investment in the economy is foundational to human-societal development and relevant to the success of all countries.

2.3 The Nation-Focussed Approach to Development

The strategies considered in this section constitute the nation-focused⁴¹ approach to economic and societal development (Davies, 2011; Evans, 2010; Helleiner, 2002; Levi-Faur, 1997; Prendergast, 2006; Schumpeter, 1947). This categorisation of these widely different strategies to achieving human-societal development is used by this research in order to represent the interests of social sustainability in the theoretical discussions of this chapter. As such this classification is a contribution of this research to the wider literature on sustainable development. These strategies – unlike the strategies of the conventional approach with their focus on individual economic agents – focus on the economic and societal development of whole countries at the level of the nation-state. These strategies employ an intuitive logic with respect to the role that private citizens and societal institutions, including the state, can play in human-societal development. This concerns the role of collective human agency and impulses toward statehood, national pride, citizenship, ingenuity, business enterprise, national solidarity, constitutionalism, social justice and equality, human development, and nation-building in the economic and societal development of countries. Consequently, this approach is informed by patriotic assertions on the importance of strengthening national capabilities and a favouring of self-reliance as is seen with economic nationalism, entrepreneurship, and the developmental state, as well as by social democratic and liberal sympathies toward the social equality of citizens as is the case with Golden Age Economics and the rise of constitutionalism (Diamond, 1997; Friedman, 2006).

These strategies attempt to stimulate economic and societal development by encouraging good governance, national interests, national stability, the innovativeness of citizens, democratic leadership, the establishment of an inclusive social contract, the building of national capabilities, and the maintenance of high level of social cohesion in society (Sen, 2001). The strategies of the nation-focussed approach require that the rule of law and judicial process be recognised, and they emphasise the importance of constitutionalism and social justice in the operation of national

⁴¹ This classification is introduced and employed by this research in order to distinguish these strategies by their broad intentions of promoting national interest, domestic innovativeness, national stability, and national capabilities.

institutions (Chang, 2002; Evans, 2010). National institutions such as inflation targeting⁴², competition policy, industrial policy, and the framework of education and skills formation in countries are seen to be important for the long-term success of nations. Admittedly, this grouping is a bit vague, nevertheless, this research groups these strategies together on the basis that they operate at the level of the nation-state and take into account the national interest (Davies, 2011). Likewise, greater equality among citizens is seen to be better for everyone because it fosters the conditions necessary for achieving ongoing economic prosperity and the maintenance of social sustainability. This approach thus invests and reinvests in citizens, societal institutions, and the project of national statehood. Additionally, the strategies of the nation-focussed approach could be seen as important measures for the preservation of liberal democracy and humanitarian values.

Nevertheless, it must be said that a nation-focussed approach to assessing development strategies is not new (Malthus, 2016). What represents a new contribution put forward in this section is the emphasis on liberal values and the need for a centrist view of national interests. These strategies align with other normative frameworks that address the distinction between that which is national on the one hand and global on the other. Indeed, it is difficult to decide: *What is best for a country?* Consequently, some explanatory viewpoints on national and global issues of contention and conflict have already arisen in the assessment of the socioeconomic maladies, constraints, opportunities and successes that societies face. Four configurations of development paradigms are noteworthy.

Firstly, *autarkist*⁴³, that is, a tendency toward isolationism and nationalistic development, tainted by political corruption and the mere replacement of colonial masters with revolutionary despots, in defiance of a global institutional framework which is seen to disadvantage developing countries in the so-called global south (Akyüz and Gore, 2001; Baier and Bergstrand, 2007). Such a view epitomises African liberation governments of the 1960s, which adopted trade protectionism and heavy regulatory pressures on markets in order to diminish the negative effects of the market-based system imposed by extractive colonial regimes.

Secondly, the so-called Washington Consensus⁴⁴ (and post-Washington Consensus), and the largely market-based sustainable development paradigm (soft sustainability) of the 1990s, and the widespread emphasis on human development has tended to be dominated by neoliberal economists who recommend technocratic solutions in their conceptualisation of the issues. In this view, national nuances are often ignored, and a *one-size-fits-all* policy approach is advanced.

Thirdly, Latin American and East Asian developmental models, which focus on the role of the state in co-ordinating human-societal development and express repugnance and sometimes even disregard for how conventional approaches to development assess the mechanics of prosperity. These ask the question: *What is best for us (the nation) given global developments?* However, such

⁴² Nevertheless, inflation targeting should not be regarded as necessarily indispensable. It received acclaim in many advanced democratic countries due to the so-called Great Moderation in economic volatility it achieved as a result of its implementation. Indeed, many countries (including recently during the aftermath of the global financial crisis, the United States, the countries of the European Union, and Japan) still use other monetary policy devices such as quantitative easing for example, which has had some success in stimulating new growth.

⁴³ Advocating isolationism and the absence of international trade. Put simply, independent development.

⁴⁴ A general agreement that dominated the 1990s which espoused confidence in neoclassical solutions to socioeconomic issues and challenges related to negative externalities arising from the market system.

an approach requires that governments possess the knowledge and capabilities to make the right investment and policy decision, which are conducive to long-term dynamism.

Fourthly, the beginnings of an explanatory framework of global economic, social and environmental realities that began to emerge with the sustainable development movement, but which this thesis now aims to crystallise and refine as universal sustainability may be regarded as its own configuration of the dimensions of national interests within a global context of social and environmental crises which threaten political stability and the future of human prosperity.

Therefore, universal sustainability must consider everything, including those issues which are usually thought of as lying strictly within the national cultural context such as social progress, normative standards, and institutional arrangements from a global perspective, especially when considering that global challenges such as climate change, biodiversity loss, terrorism, etc. all require the dimensions of universal sustainability to have meaning within the aims of advancing human happiness, societal development, and material prosperity given the finite limits imposed on all such aspiration by the natural environment which is a closed system.

The nation-focussed strategies of development are discussed next, namely, economic nationalism in Subsection 2.3.1, innovation and entrepreneurship in Subsection 2.3.2, Golden Age Economics in Subsection 2.3.3, and the developmental state in Subsection 2.3.4.

2.3.1 Economic Nationalism

The strategy of economic nationalism emerged following the dominance of mercantilism. Due to similarities of focus concerning the national interest of countries as well as a fervent patriotism inherent in economic nationalism, mercantilism and economic nationalism have at times been unfortunately conflated (Helleiner, 2002: 310). The ideology of mercantilism promoted the need for economic development which would be informed by the national interest of countries but involved measures that were necessarily statist such as tariff protection, government subsidies, trade wars, and militarily-backed market access and economic expansion. However, such measures can hardly be said to be available to countries today.

Therefore, mercantilism might be described as an outdated theory that used to inform the administration of centrally-planned economies under the direction of political conservatives as opposed to socialists in a centrally-planned communist economy. Indeed, mercantilism had its heyday during the era of an elite international capitalist class, imperialism, and European colonialism from the 16th to 18th centuries. Instead, economic nationalism is more a mental position than a system of coherent thought for achieving economic and societal development⁴⁵. Likewise, economic nationalism is not necessarily statist in that it would seek to enlarge the government or unduly benefit the interests of elites or the educated political class. Consequently, economic nationalism does not necessarily support trade protectionism, autarchy, isolationism, or free trade (Helleiner, 2002: 309). By contrast, economic nationalism, as a political viewpoint, seeks to inform economic and social policy for the benefit of the national context. The confusion likely arose from

⁴⁵ Example of such nationalistic popular mindsets that were not by design authoritarian but rather socialist included many African countries following colonial independence from the 1960s onwards, and Latin American countries which have historically been prone to popular nation-based political movements.

a conflation of the terms state and nation which in common use are used interchangeably but have distinct meanings in the context of the events of the 20th century. Indeed, for example, the United States is considered a nation-state, however, many Native American regional authorities are defined as nations (e.g. the Lakota Nation). Defined, a state is a political entity⁴⁶ that exercises executive control over a sovereign territory and a nation conversely comprises all the various private agents, civil society groupings, and societal institutions, including the state, within that sovereign territory (Davies, 2011 : 19).

This conflation of terms was unfortunate as economic nationalism has no single identity, but instead can be described as an intention to explore the national economic context of a country because this, it is believed, would better inform decisions about economic and societal development. Statist ideology, by contrast, which is often informed by mercantilism, seeks to promote state power and reassert the pre-eminence of the state and the politically connected in the economic arena. Moreover, as already implied, because many communist parties have established statist regimes, connotations with economic nationalism have been additionally contaminated. The confusion between nationalist and statist definitions further reflects the global polarisation of liberal and communist ideologies during the 20th century (Helleiner, 2002: 310). Seen properly, nationalism is, in fact, a third way, separate and apart from liberal and socialist ideologies. Indeed, in the pursuit of economic, social, and political union, societies may choose to organise at the level of individuals as with liberalism, at the level of the state as with socialism, or at the level of the nation which emphasises a cacophony of different national interests of private, civic, and institutional. Thus, nationalism as an organising principle was obscured by the prominence of liberal and socialist strategies for achieving economic development (Levi-Faur, 1997: 359). Admittedly, nationalism in the 20th century took on some horrific incarnations on both the far right and the far left of the political spectrum in Hitler's Germany or Franco's Spain to list two examples, nevertheless, the basic idea of organising societies around nations and promoting the national interest deserves more attention.

With reference to the problematic definitions of nationalism, Helleiner (2002; 309) states that international relations scholars have correctly identified the importance of economic nationalism in asserting the role of the state, as a political entity, in the international context, however, incorrectly assumed that economic nationalism in the domestic context is by definition state-centred. Thus, the national interests of a country abroad are of course the responsibility of the state. However, national interests at the domestic level may be pursued by many more societal actors including private individuals, corporations, humanitarian organisations, religious groups, and of course the government of the day. Consequently, more understanding is required on the true intentions of economic nationalism and how it can help inform economic and societal development toward outcomes that advance human wellbeing.

Defined correctly, economic nationalism is nation-centred. This would naturally involve the interaction of national participants, including the state, to combine and realise the individual interests of national participants. In this way, economic nationalism can take on an array of varying

⁴⁶ This is a product of the cumulative will and/or culture etc. of the people in a territory as a collective for exercising executive powers and is shaped by the human-societal institutions which have arisen out of socioeconomic interactions in that country.

and distinct identities depending on each national context. Indeed, prioritising national interests and adopting a policy approach that takes account of the national situation does not by design have to indiscriminately recommend trade protectionism, state-centred economic development, or neoliberal policies for example. Economic nationalism is free to advocate that which is seen to be best. Thus, Helleiner (2002: 310) argues that economic nationalism, in truth, can have nothing inherently against the inclusion of liberal economic policies like free trade. Arguably too, this abstract notion of nationalism is not by design hostile to multicultural values and society. Therefore, a form of nationalism divorced of ethnic and religious patriotism might actually improve prospects for domestic social cohesion. By contrast, Davies (2011: 19) argues that unscrutinised free trade and the neglect of national interest can, in the context of a globalised world, be damaging to economic and societal development⁴⁷. This is because such an abandonment of national interest can be “seen as serving the selfish interests of whichever power is the current global hegemon” and of an international or transnational elite class of capitalists and investors (Davies, 2011: 19). Economic nationalism, consequently, makes the simple and yet provocative suggestion that countries be allowed again to safeguard their futures through policies informed by national realities like for example the United Kingdom’s recent decision, via referendum in 2016, to leave the European Union, in a move known as Brexit.

Nevertheless, economic nationalism must be further clarified as it remains misunderstood. Indeed, the term evokes unpleasant recollections of the scourge nationalism played on the world stage during the 20th century. Three misjudgements⁴⁸ about economic nationalism are apparent (Helleiner, 2002: 311-12). These are firstly, that personal identity should not be defined by economic activity but instead by citizenship. This realisation asserts that humans possess statehood and receive national identity from the territorial authority where they remain permanently domiciled or resident. Indeed, human movement within the world economy is subject to political administration and approval unlike the flow of goods and monies. Secondly, the misjudgement that a single set of national interests exists. Instead, economic nationalism sees society as an ongoing conversation of diverse and entangled interests. These national interests are formed through the interaction and entanglement of individual citizens, corporations, civil society organisation, the judiciary, the political class, and state institutions. The third misjudgement concerns the failure of people generally to recognise the pre-eminence of individual citizenship over species-level identification. That is, one’s quality of life is subject first and foremost to the conditions in the country in which one lives. Indeed, national identity stands between any one person and the rest of humanity. Practically speaking, a citizen of South Africa is South African first and foremost before they are recognised as human. In this view, individual citizens of nations are brought into shared association with the rest of humanity through their national affiliations. The nation exists in-between the individual person and the society of nations which make up humanity. Thus, economic nationalism does not merely reflect a policy agenda that places national interests in focus, but also an attempt to reassert the national context into discussions about human,

⁴⁷ This is the charge laid against the so-called Washington Consensus and its successor conventions as all recommend less state intervention and the control of the global economy by a class of individual investors and technocrats who are above national and societal loyalties.

⁴⁸ The use of this term should not imply intentional or unfair treatment of nationalism. It is used here to denote the various misapprehensions, misunderstandings, vilifications, and lack of full appreciation for what nationalism really means and the role nationhood plays between personhood and human identity. Indeed, the true image of nationalism would seem clouded and obscured by political prejudices arising from the brutal and inexcusable actions of nationalists during the 20th century.

1958 economic, and societal development.

1959

1960 These three misjudgements reflect a failure on the part of most people to comprehend the real and
1961 insoluble barriers between the conspicuous individualism of liberal thought and a cosmopolitan
1962 vision of a united humanity found in Marxism. What intercedes to reduce individual selfish
1963 interests to make room for species-wide interests? How do moral conservatives live alongside
1964 liberal neighbours? How are the diverse interests of human beings ever resolved at the level of
1965 individuals without recourse to the institutions of nation-states – to the legislature, the constitution,
1966 and the courts? How, is the equal status of women and ethnic (and other) minorities achieved?
1967 Unveiling these errors of cognition represents an attempt to solve that ultimate trade-off that surely
1968 exists between the interests of individual people and their values, and the aspirational pursuits of
1969 everyone else. Nations and national institutions are important and substantively affect the scope
1970 and nature of human-societal development.

1971

1972 Economic nationalism might be seen as an analytical approach to understanding the world
1973 economy, which recognises that nations facilitate economic and societal development across the
1974 world and individuals as members of nations achieve progress within the bounds of their economic
1975 and political freedoms. In this sense, economic nationalism becomes a strategy for achieving
1976 economic development. Moreover, if nations mediate development, then the structure and nature
1977 of those elements that make up nations are relevant to a discussion about human-societal
1978 development. Thus, in examining the importance of the nation in the context of economic activity,
1979 Levi-Faur (1997: 361-62) argues that economic nationalism is concerned with nations as
1980 productive entities in the world. The productivity of any one nation is given by the productivity of
1981 that nation's stores of natural, material, and intellectual capital. The wealth of nations differs due
1982 to the differences in the distribution of this capital (i.e. natural, material and intellectual) across
1983 countries. The third of these, intellectual capital, is most important for achieving economic
1984 transformation. Intellectual capital, or capital of the mind (i.e. education, skills, entrepreneurship,
1985 and leadership), is crucial because of its dynamic role in mobilising natural and material capital
1986 stores to productive avenues. Indeed, the operation of intellectual capital in its different forms
1987 achieves economic and societal development.

1988

1989 Fundamentally, people need to possess capabilities, that is, have agency, to be able to address the
1990 challenges and opportunities they face, but, also the freedom to be allowed such exercise of their
1991 agency and develop their stores of intellectual capital. It is then arguable that the precursors of
1992 intellectual capital such as welfare standards that ensure adequate nutrition and health, educational
1993 opportunities and just institutions of governance and law are necessary to the freeing of innate
1994 human potential. In this way, human capital must be allowed to develop through the freeing of
1995 people, in their very functional capacity as humans – *thinking beings* – and in that way the
1996 transmutation of all other forms of capital into human-societal development.

1997

1998 Therefore, economic nationalism of the modern age should, according to Levi-Faur, (1997: 364-
1999 66), focus on the development and enrichment of a nation's human capital stores. This is because
2000 potential growth in international human capital is arguably limitless. More to the point, the
2001 potential of countries to use their human capital to mobilise other resources in the pursuit of
2002 economic and societal development remains stifled by not investing in human capital. An

economic nationalism not centred on industrial development alone but instead on the development of human capital and its competencies might foster global development. Against expectations, this kind of nationalism divorced of race, ethnicity, or religion could revitalise cosmopolitan trends toward international co-operation and integration. To this end, according to Levi-Faur (1997: 367-69), economic nationalism, although unashamedly in favour of national interests, must remain benevolent. The realisation of one nation's interests must not be malicious with respect to the interests of other nations' interests. Indeed, a nation sympathetic to the wellbeing of all its constituent parts would not, it is hoped, seek to stifle the development of peoples elsewhere in the world today. This kind of competitive nationalism where countries compete with one another on the basis of human capital development could be advantageous to the flourishing of social sustainability and could promote the community values necessary for mobilising societies to achieve environmental reform in the future.

In another vein, Helleiner (2002: 313) argues that the divergence of liberal and socialist economic thought from nationalist thinking has resulted from the separation of economic and political economy concerns within the development discourse; economics has become uncoupled from its foundations in history, philosophy, and political science. Therefore, both Levi-Faur (1997: 362) and Helleiner (2002: 312) suggest that qualms about economic nationalism are most often founded upon a misreading of the nature of reality. Nation-states do exist after all. There are countries of people where individuals define themselves by their citizenship. Economic liberalism failed to truly recognise the power of statehood for producing both national and international identities. Furthermore, socialism misapprehended the power of statehood to supersede species-level identification in favour of national identity. Indeed, few people in the world achieve the fame and financial independence necessary to become transnational citizens of the world, unencumbered by borders or political bureaucracies.

Nevertheless, this is not to say that nation-states always act in co-ordinated ways to achieve economic and societal development. Economic liberalism is right to place its emphasis on the multitude of individual persons transacting in the global economy and socialism is right to place concern for human dignity and equality at the top of the agenda of nation-states. However, it is crucial to appreciate how the relationships among nations and their interactions in the world economy shape the prospects for global human prosperity and development outcomes.

Thus, Helleiner (2002: 312-23) argues that economic nationalism appeals to the national interests by promoting the development of national wealth and power enjoyed by that nation as a territorially situated "collective community". Proponents of economic nationalism seek a world in which a society of nations co-operate for the advancement of global economic and societal development around sustainable human futures. The moral impulse must be to recognise that nations do not stand alone, but as constituent parts of humanity. We live on this planet with its finite natural and material resources. It is the ability of our societies to work together that will serve us best. The key insight here is that nations work together best when their unique national interests are considered. In summary, a reasserting of national interests is not unwarranted so long as this avowal to economic nationalism is not uncritical of the limitations of the theory. Critically, a focus on national interests should not lead to detrimental consequences for the economic and societal development objectives of other nations because this threatens continued international

peace and security. Thus, there is a need for a moral economic nationalism, which would recognise the international impact of purely nationalistic aims in the context of a globalised and integrated world economy (Levi-Faur, 1997: 370).

However, in the context of accelerating globalisation and the increased connectedness of human communities, the importance of national economies in the world economy may be diminished by the importance of their constituent regions. This is because as Scott and Storper (2007: 193-94) point out, urbanisation, mega-cities, and the increasing connectedness of metropolitan zones are important drivers of contemporary economic growth and productivity. Indeed, national contexts are important because “territories are arrayed at different points along a vast spectrum of developmental characteristics” (Scott and Storper, 2007: 194), but so, too, are regions within the world economy because of the connectedness and integration of countries in these regions. This gives credence to the view that national interests need to be considered.

Nevertheless, globalisation is bringing regions not nations closer together in a network of agglomerated urban and peripheral spaces along the production processes of many commodities which thus undermines the view of nation-centred economic planning. The web would seem to have been spun. Nations are now interdependent and interconnected more than ever (Scott and Storper, 2007: 197-98). Regardless, what would seem to further provoke the need for – if not plausibility of – a nation-centred approach to economic and societal development is that increased interconnectedness globally has not reduced divergent trends in living standards, income inequality, or economic production. Hence, 50% of world GDP is produced by 15% of its population and the bottom half of humanity contribute to only 14% of global production (Scott and Storper, 2007: 197). Indeed, globalisation and economic development do not occur evenly across countries or even regions. Therefore, although casting the foundation for a nation-centred economic development practice may be difficult because of trends toward regional integration and global networking, the objective of ensuring national interests remains important because humans are still limited by their national boundaries.

2.3.2 Innovation and Entrepreneurship

This nation-focussed development strategy involves stimulating innovative activity in an economy and encouraging the impulse toward entrepreneurship, so long as government intervention does not eclipse genuine national solidarity. This strategy consequently entails fostering conditions that promote innovation and encouraging an enterprising spirit among private citizens. As a development strategy, it emphasises the importance of vision and innovation in achieving economic and societal progress (Prendergast, 2006: 253).

According to Schumpeter (1942: 82-5), this will necessarily involve a process of “creative-destruction” in the economy. The term, creative-destruction, captures two different but linked elements involved in the process of human-societal development envisaged by this strategy, firstly, the *circular flow* of economic activity (Prendergast, 2006: 253), and secondly, the *impulse to innovation* (Prendergast, 2006: 258) that alters elements within the former process thereby creating the emergence of new ideas, technologies, or practices in an economy, or *progressive* developments (Prendergast, 2006: 263) in a society. Under this strategy, institutional elements in society are either seen to work in favour of innovativeness and entrepreneurship or against them.

This strategy is nation-focussed because the sources of endogenous innovation arise from domestic stores of innovative potential and from the enterprising efforts of private citizens in pursuit of private liberty and self-interest which might be conceptually captured by the idea of the *profit motive*. That is, this strategy defines the impulse to innovativeness which is implicit in the efficient markets strategy. This development strategy might also be considered human-centred and reliant on the quality of human capital. These two elements, creation and destruction or replication and alteration, are seen to have occurred throughout history and to have shaped the development across societies.

According to (Schumpeter, 1947: 150), this ongoing process of replication and alteration defines the process of development and represents an *adaptive response* to changing circumstances, new information, and the progress of human-societal development. Three characteristics of this adaptive response process are notable. These are, firstly, that the process can only be understood with the benefit of hindsight, secondly, that it facilitates societal transformations which irreversibly alter future possibilities for development in society, and thirdly, that its location, intensity and continuous manifestations are informed by the nature and quality of human capital. This third characteristic concerns innovators and entrepreneurs. Indeed, the character and acumen of people is key to this strategy. Moreover, according to Sen (2005: 153), what people can do is very much linked to what they are allowed to do and the opportunities they have access to for self-improvement. What is more, Hausmann and Rodrik (2003: 605) point out that the quality of entrepreneurship in any avenue is informed by the quality of learning and the availability of knowledge in any given context. Indeed, the ability of people to contribute to the adaptive response in society depends on the richness of their human capital, that is, their ingenuity and skilfulness, the relative nature of human capital across different societies, and the freedom of individuals a society to effect innovative change.

Thus, the process of economic development in society unfolds, and societies progress materially through the emergence of a spirit of enterprising innovativeness among its citizens. Consequently, according to Rodrik (2003: 19-20), a strategic approach for encouraging investment and entrepreneurship in an economy would be two-fold. One, governments should foster investment and enterprising activity in the economy by removing barriers to these factors such as unnecessary regulation, policies that favour “large politically-connected firms, institutional failures (i.e. licensing and other regulatory barriers, inadequate property rights and contract enforcement), and high levels of policy uncertainty and risk”. And two, governments should play a “pro-active” role in the economy by eliciting the “crowding in [of] investment and entrepreneurship with some positive inducements”. To reiterate, government should firstly implement an efficient markets strategy (Subsection 2.2.1), and, secondly, promote innovativeness and entrepreneurship through providing positive incentives to induce these.

In addition to removing barriers to innovation and dynamic enterprise and inducing these through positive incentives (i.e. tax benefits or state financing etc.), under this strategy, the state should promote human capital development. This is because the nature and quality of human capital in the creative-destruction view of economic development is the key ingredient to promoting the readiness to innovation and the impulse toward entrepreneurship in the economy. Indeed, human capital is the source of the ingenuity and skilfulness that underscore dynamic and innovative

activities toward the bringing forth of innovations in society and the application of these innovations to new opportunities, respectively. Improving human capital development could include an emphasis on improving education, national ingenuity, skills acquisition, and the quality of leadership in society. Firstly, this is because improving education would expand the productive capabilities of citizens. Secondly, because promoting creativity would encourage greater invention and innovation which could expand economic opportunities by speeding up the adaptive-response mechanism. Thirdly, because greater skills acquisition would promote the ability of the entrepreneurs and other visionaries in society to realise their aspirations and a better society for everyone. And fourthly, because developing leadership skills would encourage the exploitation of new enterprising opportunities within society.

Furthermore, Prendergast (2006: 257) highlights the importance of adaptability in the implementation of this strategy and its subsequent applicability to the developmental success of all countries. Indeed, because the adaptive response in question arises from endogenous forces governing innovation and entrepreneurship in each society, the outcome of this strategy is always tailored to the domestic context of countries in question. That is, the process of creative-destruction in any economy is shaped by the nature of human capital and the various institutional settings in which it arises. Thus, adaptation to new circumstances or information is by design not only the product of innovative thinking or good governance but also an outgrowth of the human capital and institutions of any society. In this way, the process of development is continually aided or constrained by the social and political realities which colour the moods, currents of thinking, and quality of human capital in every society.

Consequently, the degree and quality of human capital defines the innovative potential of societies. What is more, the available stores of human capital among the general populace either aid or constrain the innovative and enterprising efforts of individual innovators and entrepreneurs. Thus, poor stores of human capital may frustrate potential for economic development. Moreover, differences in human capital between countries and the presence or absence of supporting institutions might affect the expression of innovative capability across the world which in turn could explain the global inequalities that persist with regard to innovativeness and entrepreneurship among divergent societies. Differences in the distribution of human capital endowments may arguably be at the global level responsible for differences in innovative activity across countries and disparities in the outcomes of the adaptive response mechanism. Furthermore, a move toward greater and greater levels of development would thus be affected by the nature of sociocultural institutions in countries because these affect the quality of human capital and the ability of people to adapt positively to changing conditions.

Much research has been done on the long history of development divergences as purely explained by institutions that constrained or liberated inventive and innovative intellectual activity. Acemoglu has written prolifically to demonstrate his theories regarding the effects of colonialism on development and democracy and the enduring legacy of extractive policies on present-day economic and human-societal development and on institutions in former European colonies (Acemoglu and Robinson, 2001; Acemoglu *et al.*, 2001; Acemoglu and Johnson, 2005; Acemoglu and Robinson, 2008; Acemoglu *et al.*, 2003).

Acemoglu and Robinson (2001: 957) noted that inequality is “a crucial determinant of political instability because it encourages the rich to contest power in democracies, and also often encourages social unrest in nondemocratic societies,” as well as being likely to “lead to fiscal volatility.” Acemoglu *et al.* (2001: 1395) further argued that “differences in colonial experience could be a source of exogenous differences in institutions;” this argument rested on the premise that “Europeans adopted very different colonization strategies, with different institutions” that were “in part determined by the feasibility of European settlements.”

In the interim these theories have come under scrutiny, however, Acemoglu *et al.* (2012: 3106) have vigorously defended their claims and backed-up their hypotheses with extensive econometric analysis noting that the “results [of the 2001 studies] on the relationship between institutions are highly robust to a range of checks and variations”.

In another vein, Prendergast (2006: 257) observes that this adaptive response in the creative-destruction mechanism is performed by the *great individuals*⁴⁹ of history. These individuals have been able to envision the collective aspirations of their generations and thereafter make such dreams a reality. The great innovator or entrepreneur has thus developed society by transforming ideas and mere gumption into new businesses, employment opportunities, everyday conveniences, or until then unexploited market avenues etc. The great leaders of history labelled the entrepreneurial type by Schumpeter (1947: 149-59), have been able to capture, in their mind's eye, a vision of where society should go and then realise a new future for everyone. They have done this through their abilities to innovate and be enterprising. The innovative aspect of economic progress is fulfilled by entrepreneurial capacity within all societies, which can be embodied by individuals and/or organisations (Prendergast, 2006: 261). Indeed, there is a commonplace wisdom here in celebrating the ingenuity and tenacity of some people to persuade by way of argument and appeals to the *better angels* of our humanity.

Nevertheless, for Schumpeter (1947: 152), entrepreneurial capacity does not actually reflect an exceptional creative characteristic of some agents in the system to originate progress all by themselves. Instead, entrepreneurial capacity reflects the special leadership ability of some people to bring to fruition the various, underutilised, under-adapted but nevertheless invented ideas, which have remained up until now dormant in society. Moreover, according to Schumpeter (1947: 153), although progress bursts forth in this ratcheting pattern, it remains shaped, one might say held back, by stores of available human capital and the existing institutions within society. Thus, innovative activity is not removed from history and visionaries and entrepreneurs must contend with the limitations of their times and the technical and human capacities and values of the generations and times that have produced them. The great individual of history or the entrepreneurial type is encouraged by a democratic structure in society wherein people are free to pursue their liberty and self-interest. Thus, this strategy would likely work best under the conditions of a democratic and open society whereby the promotion of individual liberties and interests is possible and private enterprise is encouraged.

⁴⁹ Better known as the great man theory, a 19th century idea that history has been shaped by heroes like Napoleon, Christopher Columbus or Nelson Mandela to name a few great men (A counter argument is that these men were products of their times).

Finally, this nation-focused strategy is compatible with the strategies of the conventional approach and could explain the impulse to enterprising activity that underscores the workability of the efficient markets strategy. Indeed, in line with the strategies of the conventional approach, neoliberalism would see the flourishing of entrepreneurial spirit in society as an important counter measure against creeping state power and market inefficiencies (Olssen and Peters, 2005: 315-16). Moreover, it is in the best interest of the state to temper its interventions in the economy and promote “freedom, choice, consumer sovereignty, competition and individual initiative” as well as “compliance and obedience” within the marketplace.

This is because these are the true fruits of good governance, not government overreach or micromanagement. Indeed, a society of individual actors in pursuit of private interest, but in agreement to the rule of law and the regulatory authorities is a society that promotes mutual co-operation and respect for shared development and prosperity. What is more, Hall *et al.* (2010: 444) suggest that entrepreneurship, as a strategy for advancing progress in society, could help promote sustainable development. This is because opportunities for innovation and enterprise exist in combating situations of environmentally relevant market failure and environmentally harmful behaviours. Indeed, this strategy could help support a move toward environmental sustainability because it aims to strengthen social interactions among people and it promotes co-operation around the flourishing of our shared innovative potential in society and the development and realisation of a vision for our common future.

2.3.3 The Golden Age Economics Strategy

This nation-focussed development strategy, the Golden Age Economics strategy, describes the economic, social, and political developments that defined the era of human-societal development that occurred during the post-war period in the West and Japan. The purpose of discussing this subject here as a development strategy is not necessary to recommend post-war policies for achieving economic and societal development in contemporary settings, but rather represents an opportunity to learn lessons from history and to assess the contribution that can be made by certain policies and ways of thinking about progress. That is, to assess the relevance of social and economic policies for countries in the process of development today and to understand the mechanics which were key to achieving and maintaining social sustainability in the past. This development strategy is divided into two parts. The first focusses on the economic realities that defined post-war economic development, and the second looks at how democratic societies progressed socially during this so-called Golden Age.

The Golden Age of post-war economic development and societal prosperity was characterised by extraordinary economic and societal progress in the United States, the rest of the Anglosphere (i.e. Australia, Canada, New Zealand, and the United Kingdom), Western Europe, and Japan from the 1950s through to the 1970s (Toniolo, 1998: 252). What is more, alongside such extraordinary economic success, many ideas about how best to organise democratic societies enjoyed ascendancy. These social matters will be discussed in the second part to this strategy. The Golden Age heralded an age of nation-building in much of the liberal democratic world. This was supported by an overarching ideology that favoured the rebuilding of national infrastructures in the West and Japan following the devastation of the Second World War, the fostering of global peace and security through shared development and mutual prosperity, and the desire to out-

perform communist countries as a demonstration of the superiority of liberal democratic values and systems of governance. To this end, liberal democracies could not merely be more prosperous societies, they had to be better societies as well. Furthermore, according to Chang (2002: 540), Golden Age Economics, comprising welfare economics, Keynesian economics, and development economics, arose in the post-war era after the disappointments of the failed laissez faire economics that characterised the inter-war period. This new emergence of an interventionist approach to development saw a greater role for government in correcting market failures and in directing the economy toward greater levels of human-societal progress.

With respect to economic matters first, three economic subcomponents or underpinnings of the Golden Age Economics strategy can be deduced, namely, intermediation of finance into real investment, the stabilisation of macroeconomic demand, and the employment of surplus human capital. In addition, the lessons of war-time economic planning and control over the economies of the Allied powers had aroused an interest in mixed market systems among policy-makers. That is an interest in organising the economy around free and open markets that are subject to state-led direction. Consequently, the miraculous economic recovery of the post-war era was firstly aided by the availability of investment finance. In this conception of economic and societal development societies were assisted by a so-called big push in investment spending.

Indeed, through such programmes as the Marshall Plan development finance reached countries in Western Europe outside of communist influence; funding was poured into reconstruction projects, infrastructure spending, and the development of new industries in areas of national comparative advantage. Furthermore, the United States and Canada made additional funds available through loans and aid to the United Kingdom, Japan and other Asian countries. Thus, surplus stores of capital flowed into areas where an artificial deficit had been created through the devastation of war to foster rapid economic development and returns of investment.

This helped to develop new industries, especially in export sectors and promoted economic growth while creating destinations for surplus global capital. The first explanation for Golden Age development is seen to be a unique circumstance of a relatively high availability of natural, financial, and human capital combined with a shortage of material capital immediately following the end of the Second World War due to damage to infrastructure done by that war.

This meant that factors of production could combine faster and result in economic growth and commensurate societal reconstruction and development more quickly. The post-war economic recovery and boom can be attributed to a big push in infrastructural and industrial investment. This suggests that economic take-off and higher levels of economic growth resulted from an increased availability of finance from development aid and investment and idle stores of natural resources, labour, and technical skills. Hence, economic development will result when diversified infrastructural and industrial development is undertaken through state loans and increased financing opportunities from private investors so long as quality stores of natural and human capital are also available. This then lends strength to the promotion of real investment strategy. However, this strategy requires that governments take a proactive role in procuring finance for infrastructural development and private enterprising opportunities and necessitates that the state can make good co-ordination and investment decisions regarding the economy.

The second explanation for the post-war Golden Age boom in economic recovery is suggested by the legacy and use of Keynesian policies during the war. Indeed, the macroeconomic stability that demand spending provides was seen as a sure path to growing economies in Western Europe and East Asia out of recession. The policies of the Keynesian approach used to stabilise demand included lower interest rates and higher government spending on infrastructure and welfare improvement which stimulated investment in the real economy and shored up consumption, respectively. This led to a more rapid growth in the middle-class and the emergence of a consumer society and consumption driven economic growth. Hence, the post-war period benefited from improved macroeconomic stability and the establishment of a social safety-net. Nevertheless, the second explanation is seen to be somewhat at odds within the current global context of inflation targeting, which has been effective in reducing output volatility, and high public debt. Indeed, this may be another instance of the unique circumstances that contextualised post-war economic development and societal recovery.

This is because demand spending when the economy is structurally in need of infrastructural building may help sustain economic development but, when capital invested is high and average living standards already improved, this may sponsor inflation. That is, spending must have a place to go. It either goes into real investment in the economy and human capital or into prices whereby it results in a nominal expansion of the economy without real improvement. The social inequality that preceded the war and the devastation it caused created a vacuum for investment and demand spending which created real jobs and better living standards. The use of Keynesian macroeconomic policies like lower interest rate and higher social spending explains the subsequent stabilisation of macroeconomic outcomes, including, higher consumption demand, lower unemployment, and increased post-war economic output.

Therefore, this argument suggests that demand spending should be supported in the domestic economy through a reduction in unemployment and the socialisation of public investments because this will encourage consumption and will stimulate economic growth and privately sponsored economic enterprise. Increased employment and economic investment will raise tax revenues and thus social spending will pay for itself. Put simply, the returns on investment were higher and thus economic growth resulted from increased government spending because increased financing was absorbed by real investments and not by inflation. These objectives require government spending on development projects and welfare as well as the co-ordination of capital investment for the promotion of economic development. However, the long-term benefit of Keynesian strategies beyond their role during short-term economic contraction is contested given that both post-war Europe and Japan enjoyed a higher ratio of human to material capital. That is, there was an unnatural storage of material infrastructure and jobs because of the war. That is, stocks of human capital combined with already developed public institutions in Europe and Japan greatly improved the prospects for economic success.

In other words, factors relating to the degree of social development (call it the sustainability of ongoing social cohesion) were stronger and helped foster prosperity. Nonetheless, reliance on government intervention along the lines of Keynesian economics (i.e. during recessions and depressions) is not necessarily the answer. Chang (2002: 540) wrote, “that we cannot assume the state to be an impartial and omnipotent social guardian as is assumed in Golden Age Economics.”

Indeed, state intervention threatens to alter human behaviour and change incentive structures to diminish innate human capability and desire to care for one's own interests and needs. Keynesian economic strategies can have the effect of stifling private enterprise because higher taxes (e.g. to support full employment and the avoidance of sectoral dislocations in the economy) and higher interest rates (e.g. to avoid price inflation that might result from overheating the economy through increased government spending where more money chases fewer goods and assets), may mean that human capital may not always be able to perform at its optimal level for economic advancement and technical innovation.

Moreover, the Keynesian approach cannot necessarily support a new Golden Age of material prosperity because much of the advanced democratic world remains at present highly capitalised and any attempt to reverse the tendency toward decreasing returns would have to be coupled with a major innovation in terms of technical efficiency or capacity. Indeed, in *The General Theory of Employment, Interest and Money*, Keynes (2016) highlights several aspects related to the problem of over-capitalisation in a specific technical mode of production and the issue of decreasing returns. With no alteration of the material stores of capital (e.g. equipment and technical specifications of the production process) in the short-term, productivity cannot be increased beyond the marginal unit of production through merely increasing output, as efficiency will decline (Keynes, 2016: Ch 2.v).

Moreover, sustained diminishing returns on capital over time, will trigger a decline in wages, resource efficiency (including labour resources) in inefficient and unproductive sectors, and stifle prospects generally for innovative new growth opportunities to emerge. The resulting decline in wage earnings will depress consumption demand and lead to the stunting of investment and savings in a downward spiral. Thus, in the long-term sustained falls in total factor productivity (TFP) will lead to stagnant growth (Keynes, 2016: Ch 5.ii). One implication arising from the need to anticipate consumer demand and maintain TFP growth, is the need to invest in capital renewal and expansion, while also adopting new technical innovations in production processes, and simultaneously gauging the competitive advantage of sectors relative to other countries (Keynes, 2016: Ch 5.iv). Returns to capital cannot merely be increased by increasing the amount of labour employed because productivity is determined by physical factors (i.e. the capacities) of material, capital resources, and demand (Keynes, 2016: Ch 21.vi). Hence, governments must be mindful of their policymaking so as to not engender cumbersome and/or inefficient industrialisation.

Moreover, in a different vein, the role of the state as an omnipotent guardian is perhaps ill advised as many societies that have entertained such have observed trends toward population decline (which is arguably cultural suicide), decreased philanthropic traits toward community concern and collective action, and a general malaise at personal involvement in and responsibility for the challenges of economic, social, political, and environmental genesis that threaten global human civilisation today.

Here, we come to our third economic explanation for post-war economic development. That is, that improvements in human capital (in addition to surplus human capital in existence after the war) and continued institutional development during the post-war period helped facilitate dynamic economic development. Indeed, this third explanation explains the two previous economic

2405 explanations. The development that occurred in the West and Japan during the post-war period
2406 represented a recovery from pre-war times and so qualifies the importance of human capital
2407 development over other factors of production in the long-term success of societies. Indeed, it was
2408 stores of available human capital that made aid and investment financing lucrative and it was the
2409 burgeoning of the middle-class that drove early consumption demand and the prospects of
2410 development through Keynesian policies. Thus, the presence of capable people able to work and
2411 contribute to enterprising activity as well as the impulse to a middle-class centred economy is what
2412 resulted in the Golden Age of prosperity. This explanation is strengthened by the social explanation
2413 for the Golden Age period which now follows.

2414
2415 With regard to social matters, the West and Japan witnessed a modernisation and convergence of
2416 values about how best to build successful societies and on ideas about how to define the good life.
2417 These included the pre-eminence of the rule of law, equality before the law, and the improvement
2418 of average living standards, as well as the ascendancy of many liberal sentiments including,
2419 freedom of speech, freedom of the press, freedom of religion, freedom of assembly, secularism in
2420 government, civil rights, gender equality, rights for minorities, multiculturalism, free and open
2421 markets, international co-operation, and the general move toward greater international
2422 cosmopolitanism. These ideas were considered appropriate to economic and societal development
2423 and to policy-making. Furthermore, humanitarian values concerning the protection of people from
2424 the ravages of poverty and inequality, the making of compassionate policies, and the rights of
2425 workers all enjoyed prominence. Therefore, in Western Europe and the Anglosphere socialism
2426 influenced the formation of more compassionate and inclusive societies, while in the United States
2427 and Japan liberalism ensured a softening of interclass conflicts and the emergence of a large
2428 consumption-driven middle-class in society.

2429
2430 This social explanation needs to be made at this juncture because it does not fit with a purely
2431 economic analysis of the social and political situation experienced during the post-war period. In
2432 some ways, it is akin to an institutional argument in that it relates to how societies function, but it
2433 also concerns matters of culture and values. This might be called constitutionalism. Therefore,
2434 alongside the extraordinary economic development that occurred during the Golden Age period,
2435 there was also an active pursuit of greater constitutionalism and a general concern for issues of
2436 social justice. The horrors of nationalism and racialism that characterised Axis power objectives,
2437 declines in religiosity, the rise and appeal of secular ethics, and opposition to traditional class
2438 distinctions arguably led the West and Japan away from the chauvinism of traditional
2439 conservatism toward the liberalism and humanitarianism of modern society.

2440
2441 Although the earlier part of the 20th century had been characterised by economic hardship, social
2442 upheaval, and the devastation of two world wars, now, the post-war period saw unprecedented
2443 economic growth and improvements to the living standards of people the world over. Moreover,
2444 the social experience of post-war recovery in the advanced world saw an expansion of economic
2445 luxuries and civil liberties many of which had not previously been known to any human society.
2446 These societal achievements and liberties later became the characteristics associated with societal
2447 development across the world and included such indicators as economic growth, upward social
2448 mobility, improved living standards, greater entrepreneurial activity, democratic governance, and
2449 the general expansion of individual personal liberties. Thus, this episode in economic and societal

development seems to constitute a moment of profound change in the way human societies develop and thrive. It is this overarching constitutional approach that is of interest for the remainder of this section because of its potential to work in tandem alongside other human-societal development strategies.

Consequently, after the Second World War, The United States, the Anglosphere, Western Europe, and Japan witnessed social change unlike any experienced previously in the history of human societies. Indeed, this period was characterised by large increases in living standards and social welfare, an expansion of women's rights as well as greater representation for women, and the presence of a significant and growing middle-class of consumers in society. Consequently, the effect was that democracy flourished because of the expansion of individual freedoms under a renewed appreciation for the rule of law and human rights. What is more, a spirit of constitutionalism emerged following the atrocities which had been instigated in the name of unrestrained political power in Europe and Japan. Thus, as societies become more democratic there was also a clear move toward becoming more humane. Poverty was something to be fought, war crimes were atrocities to be prosecuted, the education and health of all people was to be improved, and personal weaknesses were to be overcome not chastised. Societies in the liberal democratic world in a word become compassionate to human needs.

In this new era, the whole of society would either thrive or suffer together. Therefore, an approach informed by the values of constitutionalism would emphasise the importance of the democratic principles of freedom, equality, and social justice albeit on a continuum with some societies embracing more fully those certain individual aspects and values over other aspects. Thus, countries in the liberal democratic capitalist sphere sought to balance and place limits on the powers of societal interest groups, including the state, through the pre-eminence of the law and the promotion of economic opportunities. In so doing these societies stimulated the expression of individual human agency in economic, social, cultural, political and personal dimensions to create the freest conditions for human life that have ever existed on Earth.

This transformed the nature of modern societies and set a precedent by which future free, fair and just societies would be identified and recognised. This research argues that the emergence of constitutionalism was an additional factor in stimulating economic development during the Golden Age of post-war economic and societal development. This is because the practice of constitutionalism enshrined the values of freedom, equality, and social justice, albeit to varying extents, as already mentioned, which in turn created opportunities for greater social cohesion, private enterprise, human capital development, and demand-driven economic growth. Indeed, Fischer and Boer (2011: 171, 173-74) state that increased wealth and individualism across societies is associated with higher levels of health, lower levels of anxiety, lower risk of burnout, and improved wellbeing. Individualism – especially in individualistic societies – was seen to be a more important factor than wealth for determining overall wellbeing.

Wealth, it was suggested was important for providing individuals with greater autonomy in their decision making which thereby strengthens individualism in society and overall average wellbeing among citizens. Moreover, according to Rodrik (2003: 26), “meritocratic public bureaucracies, independent judiciaries, central banking, stabilizing fiscal policy, antitrust regulation, financial

supervision, social insurance, and political democracy” and especially “democratic institutions and civil liberties” are important factors for achieving the full economic convergence of developing countries with rich countries, and progress generally.

Constitutional democracy facilitated economic development by creating a more conducive environment for commerce and the pursuit of economic prosperity. Moreover, these constitutional reforms arguably gave rise not only to the most prosperous period in human history but also helped create the foundation necessary for the establishment of more dignified, socially conscious, and stable societies of the future. However, this development approach was perhaps too dependent on economic growth and consumerism and becomes problematic when one considers the finite nature of many natural resources and the Earth's growing population. How do we develop human and cultural capital stores in a more targeted way? How do societies of low average human development realise the benefits of investment financing and increased social spending? How do societies fit the mechanics of development? These are questions that will be discussed under the de-growth approach in Section 2.4. Regardless, the consequences of this constitutional reform, namely, the size and power of the middle-class in many societies, human capital development and improvements in education, and the creation of numerous public institutions may provide the foundation required for greening society in the future and achieving reforms that reposition human values in-line with ecological carrying capacities.

More to the point, environmental concerns are not the only limiting factor facing the application of this strategy. Indeed, igniting economic growth and sustaining it are two distinct processes according to Rodrik (2003: 3). Therefore, except for a few East Asian countries growth spurts have tended to peter out in regions such as Latin America and sub-Saharan Africa and incomes have also not converged toward those of rich countries (Rodrik, 2003: 4). Thus, igniting growth “generally requires a limited range of (often unconventional) reforms that need not overly tax the institutional capacity of the economy” while sustaining growth “is in many ways harder, as it requires constructing a sound institutional underpinning to maintain productive dynamism and endow the economy with resilience to shocks over the longer term” (Rodrik, 2003: 3).

Consequently, the constitutional/institutional approach to economic and societal development becomes relevant. Moreover, the cost of national infrastructure improvement and human capital development is also relevant. This is because according to Reinhart and Rogoff (2010: 1, 22-24), there is an inverse relationship between the degree of indebtedness of countries and economic growth. They find that advanced and emerging economies face a 90% threshold with respect to public debt and GDP. That is, once countries reach 90% public debt/GDP, economic growth declines notably. Worryingly, emerging markets face a lower 60% threshold with respect to external debt (i.e. public and private) and GDP. Thus, burdensome debt levels have the potential to shackle countries in situations of low growth. What then is the solution? It is argued that initial reforms need to be deepened by “strengthening the institutional underpinning of market economies” (Rodrik, 2003: 4). This is achieved through the protection of property rights, the enforcement of contracts, and the rule of law, as well as through institutions which regulate market power, internalise market externalities, resolve information asymmetries, and regulate product and safety standards to list a few examples (Rodrik, 2003: 26).

Nevertheless, the overall sustainability of society must also be considered. Consequently, human capital development must be prioritised to spur impulses toward compassionate societies, dynamic enterprise, and the emergence of an innovative drive in the economy which will all help foster long-term prosperity. Thus, other factors beside the availability of finance and the stability of macroeconomic demand might be relevant. The health of human capital development, potential destinations for real investment in the economy, and the health of social factors that promote shared development may be important pre-determinants of long-run human societal progress and development. Indeed, the social factors that bring markets and societies into being are vital to understanding the mechanics of how human societies actually develop and thrive. Again, this strengthens the reasoning of this research to consider social sustainability factors in our analysis of the four case studies of developed countries.

2.3.4 The Developmental State

The final nation-focussed development strategy in this section is the developmental state strategy to achieving economic and societal development. This strategy reasserts a role for the state in directing economic and societal affairs and places the importance of this role at the centre of a country's development strategy (Evans, 2010: 37). This strategy takes the lessons of the benefit of real investment, the building of societal institutions, and social capital development found under the Golden Age Economics strategy and seeks to promote human-societal development through government-directed private investment and the accelerated development of institutional and social capital in society. Thus, where governments took a more active role in infrastructural and industrial investment under the Golden Age Economics strategy, under the developmental state strategy governments play a *facilitating role*. Moreover, whereas institutional and social capital developed *naturally* (i.e. the social explanation for the Golden Age) in the West and Japan during the post-war period, under a developmental state strategy these attributes are to be directly encouraged by the state. Consequently, there is an aspect of emulating the development trajectories of now developed economies under this strategy. Furthermore, the "facilitating role" performed by the state under this strategy involves, the state ensuring that market preconditions are in place, that macroeconomic factors are stable, and that investment is directed into areas of strategic and beneficial comparative advantage.

This strategy is 'developmental' in the sense that it seeks to accelerate the passage of country's natural economic development through state-led industrialisation and the fostering of competitiveness in secondary and tertiary sectors. What is more, the notion of the developmental state is couched amid a backdrop of noticeable failures of the market economy in the development experience of developing countries. Indeed, there are areas where the state can perform a facilitative role by filling the gaps left behind by market inefficiencies or by promoting the emergence of firms in industries of potential comparative advantage.

The state can, for example, provide information on natural resource endowments and abundant skills to encourage and direct investment into areas of national strategic interest and/or build and maintain infrastructure to support such industries. Thus, the state aims to promote the emergence of new industries and to avoid the labour market and output dislocations typically associated with transitions from one dominant economic activity (i.e. agriculture) to another (i.e. manufacturing). This strategy aims to raise activity and productivity in value adding sectors of the economy thereby

effecting measurable improvements in society through job creation and increased average earnings. In addition, the developmental state strategy allows for the protection of emergent as well as infant industries if these will provide employment opportunities and/or are deemed to be in the strategic interest of a country. This approach requires a government with substantial political and economic influence over the economy which unfortunately are not the common-sense hallmarks used to describe democratic societies. This does not mean that the developmental state strategy is hostile to democracy. It does, however, imply that for this strategy to work in democratic societies a great deal more co-operation among societal actors and institutions would be required. This discussion leads naturally to the other influence on the notion of the developmental state strategy. That is the influence of the observations made about several Asian countries and their development experience. Consequently, the idea of having a developmental state emerges as a theory of development after observations were made about the growth of several Asian economies starting notably with Japan, but also including South Korea, China, and most recently Vietnam.

In this vein, the developmental state strategy describes an economy with a high quantity of domestic savings and foreign direct investment, which are intermediated through state-controlled financial systems into domestic infrastructural and industrial developments (Wade and Veneroso, 1998: 5-6). Alternatively, it may also describe a situation where an otherwise command economy allows international investment within the domestic economy in restricted industries (e.g. China following its opening up to the world economy in the late 1970s). The focus of the approach is economic growth and subsequent trickle-down development. The focus of this strategy for improving average wellbeing is not through the creation of compassionate welfare regimes, but rather via industrialisation and job creation. Additionally, various regulatory settings, including industrial, competitive, and educational ones, human development policies, and government-funded industrial projects direct the path of economic development along a trajectory mapped out by the state. Thus, this strategy represents an embrace of the ideas that inform the strategies of the conventional approach to economic and societal development without a willingness to let such development occur as a result of the actions of the invisible hand or from natural impulses toward enterprise. The mechanics of the conventional wisdoms are maintained without the ideology of leaving it up to individual societal actors. The state takes on a much more significant role in achieving such progress.

Consequently, the resulting high level of investment solves for the common co-ordination failure of not investing at the socially optimal level (Co-ordination Failure 1) (Huang, 2002: 538). This further demonstrates the reluctance under this strategy to leave development up to chance. Indeed, it also echoes the experience of countries in Western Europe when there was an urgency to rebuild those societies after the devastation suffered from the Second World War. Furthermore, institutions such as South Korea's Economic Planning Board and Japan's Ministry of Finance are crucial under this strategy because their oversight solves for the co-ordination failure of investing in too many firms within an industry in an undisciplined manner (Co-ordination Failure 2) (Huang, 2002: 540). That is, bureaucrats pick winners and losers and not the operation of the efficiency principle in free and open markets. Thus, these societal institutions, by controlling the "commanding heights"⁵⁰ of finance and investment are seen to be able to intermediate financing into promising firms which

⁵⁰ A phrase coined by Tun-jen Cheng, (1993), Professor of Political Science at the College of William and Mary Williamsburg, Virginia, USA.

are also in the strategic interest of an economy (Wade and Veneroso, 1998b: 9-10) In fact, according to Locke (2005: 6), “the world’s second largest pool of private investable capital is subject to the control of a few hundred elite bureaucrats in Tokyo. The leverage they exert by controlling where this capital goes is the key to all their power.” Fundamental to the success of this strategy is the importance of a strong centralised bureaucratic government that is capable of navigating through a specific country’s development terrain to attain prosperity. Replicating the success of this strategy, however, may be difficult as Co-ordination Failure 2 is particularly problematic when the state cannot distribute the rents accruing from state investment effectively. This may lead to cumbersome and inefficient production and the stifling of natural impulses toward innovation.

In another vein, this strategy also favours human development not in the compassionate sense as was evident under the Golden Age Economics strategy, but in the practical sense of building national infrastructure and power, and by enhancing labour productivity in the economy thereby contributing to national prosperity. What is more, the political objective behind such development can be seen as an attempt to demonstrate the workability and ongoing potential of communist nations like China and Vietnam and to highlight the autonomy and prosperity of these societies over that of democratic societies. Regardless, these countries experiences offer insight on how to develop human capital stores and engender the success of economic and social policy-making to produce outcomes favourable to economic growth and stability.

Indeed, what becomes evident within the policy recommendations of the developmental state paradigm, is the expansion of Sen's “capabilities” approach, that is, an appreciation for human development (Evans, 2010: 43). Interestingly too, Sen (2005: 152) argues that it is humans’ rights and their fulfilment that lead to conditions which ensure that people can develop capabilities of usefulness to society and economy and utility to themselves. Clark (2006: 2) states that Amartya Sen admits the influence of John Rawls’⁵¹ *Theory of Justice*⁵² in promoting the notion of a right to basic “‘self-respect’ and access to primary goods”. Clark (2006: 3) further delineates Sen’s approach as focussing on developing a commodity (1) into a capability (that functions) (2) and thereafter ensuring that this capability is able to function (3) in order to produce utility (and more importantly happiness) (4) for humans. Indeed, “like Adam Smith, Sen... emphasises that economic growth and the expansion of goods and services are necessary for human development. However, like Aristotle⁵³, he reiterates the familiar argument that ‘wealth is evidently not the good we are seeking [in itself]; for it is merely useful and for the sake of something else’ [i.e. human wellbeing and social cohesion]” (Clark, 2006: 3).

Following on from this vein, for expansive bureaucracies to work effectively and new industries to thrive, countries must possess a high degree of human capital. It is this necessity for human development which makes this strategy applicable to non-authoritarian democratic societies. Furthermore, the one-size-fits-all policy approach, typical of IMF structural adjustment programmes (SAPs), is seen to make little intuitive sense, as countries are different in terms of

⁵¹ John Rawls: A 20th century American moral and political philosopher within the liberal tradition.

⁵² Indeed, peoples’ right to liberty requires the assignment of rights and duties in order to regulate the distribution of social and economic advantages in society (Rawls in (Feinberg and Shafer-Landau, 2002: 660).

⁵³ Greek political philosopher and writer from the 4th Century B.C. He studied under Plato and tutored Alexander the Great.

population, environment, and degree of technological advancement. Thus, the strategies of the conventional approach are seen to have merit mechanically but must be informed by the wisdom of pursuing the kind of economic nationalism found in Subsection 2.3.1 In this way, according to (Evans, 2010:37), the developmental state strategy emphasises policy-making that is reflexive and which accounts for historical factors, social constraints, environmental conditions, and national contexts. Indeed, as mentioned already the developmental state wishes to avoid the economic dislocations and disequilibria typically associated with the unconscious and fluid nature of the operation of free and open markets. Therefore, the invisible hand of the market is not necessarily seen to be a just nor particularly useful hand when assessing a country's prospects at the broadest macroeconomic level. Indeed, the guidance of the state is sometimes required on various matters relating to investment in human capital development, social sustainability, and environmental sustainability.

Moreover, the importance of human capabilities in society and human capital development is underscored by the emerging transition toward knowledge economies globally. In the context of an ever more skilled global workforce, it is important for governments and nations to consider the development of human capital and knowledge production for developing the net human capabilities of their societies (Olssen and Peters, 2005: 333-34). With knowledge being a new form of capital, it is crucial that policy-makers address how it is acquired, absorbed, and accumulated within economies and nations (Olssen and Peters, 2005: 335-36). Moreover, knowledge must be distinguished into two types. Namely, knowledge of *technologies* and knowledge about *attributes* or knowledge of the other factors of production. Acquiring knowledge relates to international trade, foreign investment, and the licensing of foreign knowledge, as well as to indigenous knowledge and domestic research and development initiatives. Absorbing knowledge concerns basic education, life-long learning, and tertiary education. Accumulating knowledge relates to communicating it through the use of modern technologies, improved market competition, market provision, and the effective regulation and protection of knowledge. Knowledge production, especially in its role in technological innovation, might be at least as important as capital accumulation in the story of development (Olssen and Peters, 2005: 140). This lends support to the decision in this research to consider education and skills formation in each of our four case countries from Chapters 3 to 6.

To this end, under a developmental state strategy the notion of “learning by doing” is the key insight, which allows countries to initiate meaningful development where the trajectory is set through state co-ordination. In this sense, the developmental state also encourages the kind of societal co-operation promoted under conditions of democracy and constitutionalism albeit with a more limited focus on economic development and less on social welfare. Japan is a good example of a country that has followed a developmental state strategy while being a democracy. What is more, Japan fulfils aspects of both the Golden Age and developmental state strategies.

Nevertheless, following on from the notion of *learning by doing*, economic and societal development becomes “path-dependent” and evolves in accord with current conditions through an adaptive political process and with the help of supportive institutions (Evans, 2010: 38). The state ensures that education policy and skills formation in the economy as well as in welfare policies all encourage economic development and the trajectory of industrialisation toward more prosperous

outcomes. For the developmental state strategy to work for liberal democratic countries, Evans (2010: 43) further argues that the state can partner with societal institutions that are based in democratic decision-making processes to build social and institutional capacities that facilitate comprehensive progress and development. Indeed, the role played by the state in more authoritarian countries can be performed by other societal actors. This would seem to also lend agreement with the notion discussed under economic nationalism in Subsection 2.3.1 of ensuring a national focus in policy-making and a symphony of mutual co-operation among individuals, societal institutions, and the state around the national interest.

Consequently, according to Fine (1999: 13), the developmental state can be understood by either its economic or political attributes, respectively. The economic side to the developmental state is related to the state's potential role in correcting for market imperfections such as negative externalities, allocative inefficiencies, or situations of imperfect information. This will help direct investment finance into productive avenues for development. The political side of the developmental state relates to social capital and those non-economic non-markets factors that help foster prosperity. Therefore, the developmental state can take a pro-active role in developing social capital stores through such measures as institutional building (e.g. in education and health), strengthening of macroeconomic factors (e.g. price stability), and the human capital development and thus of human capabilities (Fine, 1999: 14). This relates to the ability of governments to foster customs, engender trust, create a supportive institutional culture, and build networks in society that promote long-term economic development.

Therefore, state-led development does not necessarily become bureaucratic or authoritarian, nevertheless, the risk of this happening remains a possibility with this strategy. To democratise this strategy human wellbeing must become the end goal of economic and social policy-making. This is because increased economic output and raising income levels within the economy is only one of the many objectives behind economic development and improved living standards. Thus, the only universally applicable contribution made here is that growth can be achieved by increasing peoples' functioning capabilities, that is, what people are able to do (or their human capital). Indeed, democratic institutions empowered by the state can promote access to social provisions that support human development and wellbeing which then, in turn, enhances the potential for capabilities building in societies (Evans, 2010: 44).

This is because, as mentioned in Subsection 2.3.2, under the innovation and entrepreneurship strategy, human capital is not divisible in that sharing it with others does not decrease the total stock of human capital. To be clear, to democratise the experience of countries like China and make their development experience relevant to democratic societies, the concern for the good society and the ideal life found in the constitutional subcomponent of the Golden Age Economics strategy must be incorporated. That is efforts to improve human capital stores and wellbeing must be motivated by more than a desire to improve productive efficiency or promote national success and power but must be pursued as societal goods in and of themselves. The objective is not to increase the power of the state but to use its bureaucratic machinery to deliver wide-reaching economic and social improvement to human living standards and wellbeing.

2759 Additionally, increased political awareness and involvement of citizens within the democratic
2760 arena can result in the creation of even more capable and responsible citizens (Evans, 2010: 45).
2761 The main import from this strategy is that democratic countries can achieve similar developmental
2762 outcomes without resorting to the Asian variety of this strategy which has mainly occurred in a
2763 less democratic context. For our purposes, however, the notion of the developmental state does not
2764 by design have to be hostile to the free and open democratic society. Indeed, at the heart of the
2765 developmental state, is not a set of policies but an idea about the state and its politics – a useful
2766 principle that need not be interpreted literally, but that simply asserts a role for the government of
2767 the day in directing the trajectory of the economic and societal development toward better
2768 outcomes. Such an opening provides an opportunity for the state to not merely mitigate against an
2769 antagonism of individual interests but promote a unity of purpose around achieving various
2770 national interests. The insight is that governments in democratic societies can lead economic and
2771 societal development in symbolic and ideological ways. The state can facilitate dialogue and co-
2772 operation between societal actors with the aim of promoting socially inclusive development. This
2773 may be justified because the operation of free and open markets does not by design necessarily
2774 result in an even accumulation of economic development and improved livelihoods. That is, left
2775 alone the market economy does not necessarily result in broad-based inclusive development. Such
2776 a developmental state ideally realised may actually help contribute to nation-level environmental
2777 reform and progress by solving information asymmetries in knowledge of the environmental
2778 concerns at the national level and by internalising the costs of environmental degradation and by
2779 bringing relevant parties together in a spirit of co-operation and shared prosperity.

2781 **2.3.5 Endnote to the Nation-Focussed Approach to Development**

2782 Democratic societies must take the moral high ground over other systems of social and political
2783 organisation by demonstrating the best social and economic outcomes for their people. In this way,
2784 economic development must be accompanied by robust social dialogue, increased political
2785 participation, and the realisation of not only individual human aspiration but societal aspiration as
2786 well. The strategies of this approach offer their own renditions of what constitutes the so-called
2787 good society. This society is characterised by an increase in average living standards, an increase
2788 in the average level of educational attainment, reduced poverty, improved infrastructure,
2789 technological innovation, dynamic labour markets, competitive industries, social justice, and
2790 national autonomy. These efforts focus attention toward stringing the functioning of human
2791 societies by promoting human wellbeing and social cohesiveness.

2792
2793 The strategies of this nation-focussed approach, namely economic nationalism, innovation and
2794 entrepreneurship, Golden Age Economics, and the developmental state, have aimed to strengthen
2795 sympathies for placing the national interests of countries, and especially their respective peoples,
2796 in primary focus, highlighting the importance of natural impulses toward innovation and an
2797 enterprising spirit within economies, legitimising the need for social justice, and reinforcing the
2798 urgency of human capital development for attaining societal progress.

2799
2800 In this way, we have seen the need to reassess the strategies of the conventional approach with the
2801 insights offered by a focus on the national context, by an understanding of how human capital
2802 development and the protection of private liberty help sponsor innovation and entrepreneurship,
2803 how the social sustainability of societies improves prospects for human capital employment, and

how societal institutions, including the state, can play a role in directing economic activity toward mutually beneficial development and shared prosperity.

Economic nationalists argue for the pursuit of traditional ambitions for strengthening the nation and preserving national autonomy. Common-sense urges the need for dynamic innovation and the ability of private actors to contribute to the development of society motivated by the prospect of personal gain. Post-war social democrats and liberals establish an inclusive social contract in which economic and civil liberties become possible. In this way, such proponents of progress seek to ignite innate potential and ingenuity in people by ensuring an enabling framework and a dynamic business environment that promotes free enterprise. Whereas, developmental state strategists defend democracy by asking how open and free societies can ensure their prosperity amid competition from command economies. Indeed, how can a small democracy hope to compete against monolithic state powers that have veritable armies of modern-day serfs at their disposal in the oppressive and totalitarian regimes of the world?

In this vein, developmental state strategists, that envision a third way between totalitarianism and liberty, argue that the promotion of investment, be it infrastructural, institutional, or human capital-related, must be empowered by what makes democratic societies successful, that is, their capacity for social cohesion, co-operation, and long-term social sustainability. This is because the developmental state emphasises skills development training, capacity building, and a social infrastructural landscape that promotes human capabilities and work opportunities.

At this point, it is important to draw a distinction between social and economic liberalism. Indeed, in the course of the 20th century, the pursuit of social liberalism led to the cementing of constitutionalism which established control on the distribution of power in democratic societies and sought to protect citizen rights, including those of minorities. Thus, the struggle for minority rights and the equal status of minorities and for gender equality drew courage from earlier class-based struggles. This, in turn, led to the struggle for greater civil liberties in much of the liberal democratic world. Furthermore, left-leaning positions on economic matters previously held by social democrats become the positions of many liberals. Liberalism emphasised both liberty and equality. Social democrats further emphasised solidarity or what this research calls social cohesion. The liberalism here must not be confused with economic liberalism in Section 2.2 which draws on classical liberalism and which advocates for the autonomy of individuals, free and open markets, and free trade. Consequently, economic liberalism is associated with strategies of the conventional approach to societal progress.

Hence, the tenets of modern social liberalism, advocating both liberty and equality, are more compatible with innovation and entrepreneurship, post-war economic development, and the developmental state than with economic nationalism. This is because liberalism favours cosmopolitanism, which asserts the need for a common morality among human societies and usually in practice results in multiculturalism and protection of minority rights. By contrast, nationalists favour patriotism and the preservation of traditional cultural and religious values even in the context of multicultural societies. Nevertheless, the sentiment about refocussing attention at the level of nations is valid. Evidently, the strategies of the nation-focussed approach do not align totally in terms of ideology but instead on the thematic basis that they all advocate the importance

of progress at the level of nations. Thus, these strategies may share common ground on matters of the economy but not on social matters and vice versa. Indeed, liberty and equality can be applied unevenly by their various ideological proponents and in different ways in the different areas of their application, be these social or economic. Regardless, the lessons about the mechanics of how societies progress socially and the importance of human capital development for achieving and maintaining economic and societal development ring true universally and the added insight about how strengthening social factors improves prospects for economic prosperity, average living standards, and human wellbeing is an important complement to the goal of finding ways for societies to prosper and thrive

Indeed, human and societal aspirations are not by definition self-limiting, while environmental services and carrying capacities are limited and thus limiting of human-societal development. Thus, the fulfilment of both human and societal aspiration has multiple causal determinants such as longer lives lived, healthier people, better living standards, more disposable income, and more time reserved for recreation, which can clearly never be fully satisfied. Conversely, there is a limit to how much CO₂ and other GHGs we can emit into the atmosphere without triggering irreversible increases in the average global temperature through global warming.

2.4 The De-Growth Approach to Progress

The de-growth approach (*Décroissance* in French) to development or progress will be discussed in this section. This unfortunately named approach to economic and societal development does not suggest total regress as the term *de-growth* might imply. Instead, the theory of de-growth suggests a targeted reduction in and prioritisation of certain sectors in the economies of the world. According to Whitehead (2013: 142), “the distinguishing feature of the concept of de-growth is that it brings attention to the nature and effects of growth.”

This approach has its basis in the thoughts of anarchists like Leo Tolstoy who argued against the moral corruption of humanity by modern society. It is concerned with the ecological limitations that exist in opposition to current economic development and asserts that prospects for ongoing human progress still exist if we, as a collective, are willing to change our individual human and societal aspirations. Essentially, the theory of de-growth suggests a new notion of what a good society might look like. However, before we discuss what the theory is really about and the kind of society it advocates we must first introduce the foundational premise of the theory. This premise consists of three potential futures for the human species and our societies.

These are, firstly, if no societal change occurs, technological innovation may provide the tools needed to overcome environmental challenges by providing humans with a source of clean inexhaustible energy for example. Secondly, if no societal change occurs, it is presumed equally likely that no such providential technological innovation will occur. That is, humans continue to use fossil fuels and other natural resources in an unsustainable way thereby further contributing to climate change and environmental degradation, which in turn increases the potential for inter-societal inequality and conflict while decreasing our prospects as a species for global human development moving forward. Thirdly, and importantly, humans co-operate to change the way societies function to harmonise the objectives of human progress with the limitations that are imposed on societies by the finite nature of many natural resources and by the ecological carrying

capacities of the planet's life support and waste processing systems.

Arguably, the third future is the most prudent scenario to prioritise. Indeed, “wisdom demands a new orientation of science and technology towards the organic, the gentle, the non-violent, the elegant and beautiful” (Schumacher, 2011: 20). That is, a genuine understanding of the purpose for technological advancement and scientific progress must be informed by knowledge of what makes for happy and satisfied lives. Humans are not in need of further distraction and complication, but rather better methods of understanding themselves and their circumstances and enhanced capabilities with respect to pursuing a life that is rewarding to the human need for purpose and belonging. The warning by Schumacher, written some decades ago, appears to have gone unheeded by the majority, but is nevertheless even more relevant today, namely, that “an attitude to life which seeks fulfilment in the single-minded pursuit of wealth – in short, materialism – does not fit into this world, because it contains within itself no limiting principle, while the environment in which it is placed is strictly limited” (Schumacher, 2011: 17).

Therefore, the most practical and ethical recourse would be to encourage the passage of societies along a path that would involve greater human co-operation and the co-ordination of economic, societal, and environmental objectives. In fact, it could be argued that a conversation about human and societal aspirational objectives in the contemporary context is vitally important. The narrative which recommends the maintenance of economic growth *ad infinitum*, and which has been so dominant since the mid-20th century onward, has resulted in uneven and discriminating economic development. The process has too often been wasteful of natural resources and has not always improved the wellbeing of the most impoverished and underdeveloped people in the world. The de-growth approach to human-societal development will be discussed in Subsection 2.4.1 and will address these concerns of wastefulness.

2.4.1 The De-Growth Strategy for Development

The de-growth strategy for economic and societal development involves a rethinking of our value relations with current economic growth, human aspiration, and the long-term objectives of societies that seek to prosper and thrive. Indeed, the current mode of economic thinking, according to Friedman (2006: 15), has seen material concerns occupy central prominence when it comes to development, and have eclipsed other moral concerns. Present economic progress has in many cases failed to reduce class inequalities as well as poverty, jeopardised the development prospects of future generations, and threatened the continued survival of many other living beings on the Earth through overuse of non-renewable resources and the burdening of ecological systems with biodiversity loss and pollution. The success of the free operation of the economy to produce benefits to individuals and societies is challenged by the fact that it has resulted in societies of social excesses, environmental degradation, and – from the perspective of geological time and a consideration of intergenerational fairness – an inefficient and wasteful use of natural resources. This jeopardy into which societies have plunged themselves requires a preparedness on the part of everyone great and small around the globe to take corrective measures. In the words of the essayist Henry David Thoreau, “It is never too late to give up our prejudices. No way of thinking or doing, however ancient, can be trusted without proof. What everybody echoes or in silence passes by as true today may turn out to be falsehood tomorrow, mere smoke of opinion, which some had trusted for a cloud that would sprinkle fertilizing rain on their fields,” (in Thoreau and Harding, 1995: 6).

Indeed, the promise of technological advancement and perpetual improvement to human living standards might be seen as a kind of prejudice which could be left behind. Nevertheless, when assessing the viability of particular solutions, and in particular the de-growth approach, it is crucial that the concept of development be understood in terms of economic, social, and environmental sustainability. Firstly, the ongoing productive ability of the economy must be socially sustainable, that is, able to be continuous, thereby prioritising the provision of basic needs across generations and among different nations (Lattimer, 2012: 2-3). Secondly, any such economic activity must be physically and biologically sustainable, that is in-line with the finite nature of the planet's natural resources and within the limits of ecological carrying capacities.

This would secure intergenerational fairness and thus ongoing economic and societal development. A third, yet ancillary, condition for maintaining sustainability would be that economic development avoids the possible loss of ecological biodiversity, and thus genetic material, across habitats. In another vein, according to Rammel and van den Bergh (2003: 130-31), “sustainable development policies have to deal with uncertainty, unpredictable changes, and evolving properties of complex [biological] systems”. Indeed, environmental policies must emphasise innovativeness, flexibility, and adaptability while considering the long-term success of sustainable development policies when faced with the diversity of environmental problems that face human societies at the national and global levels wishing to advance human wellbeing.

Consequently, Holden and Linnerud (2007: 176-78) argue for three simplifying “extra prima” criteria, or preliminary conditions, which establish the constellation points of the so-called “sustainable development area” that countries can strive toward, and describe the basic themes that sustainable development should engender. First, safeguarding long-term ecological sustainability. Second, satisfying basic human needs. Third, promoting inter- and intra-generational equity. Stated differently, there is a need for a transition away from the current state of affairs that human societies are in at present, which will most probably involve some technological innovation, toward a situation of greater sustainability (Ruth *et al.*, 2011: 160-61). This transition would require an awareness of various sub-components relating to the environmental crisis and the interconnections and feedbacks mechanisms between the ecological, social, economic, and political aspects of the problem. That is, any sustainable development solution will have to be solved by first recognising the ecological, social, economic, and political challenges that face human societies and the social and environmental feedback mechanisms which reinforce such challenges in the 21st century. Put differently, the problems of climate change, biodiversity loss, and environmental degradation more generally are systemic challenges and involve social and economic systems which need to adjust and align with the real physical and ecological limitations which exist to their future attainment.

With tragic irony, however, it can also be observed that in order for social and political progress to be advanced on the subject of environmental degradation, economic progress is arguably first required in order to enhance the democratic and collective decision-making ability of people in societies (Friedman, 2006: 16). This must be achieved through human capital development. That is, it is a truism that consciousness about the inhumanity of many economic realities, the cause of environmental devastation, or the plight of animals, incapable of speech is only improved through the provision of consciousness-raising education in societies.

Consequently, human development is not only desirable, it is also necessary to promote the emergence of informed and proactive citizenries who are able to act in the interests of the Earth's environment and all its creatures. Therefore, sustainable development must involve progress of all kinds be it social, ethical, intellectual, or even spiritual. The path to development must then entail systematic processes and co-ordinated attempts at adapting the factors that govern human behaviour and societal objectives around what constitutes true progress, what a green society looks like, and what an ideal life for human beings would mean. In the enduring words of Thoreau (in (Thoreau and Harding, 1995: 87), "It is something to be able to paint a particular picture, or to carve a statue, go and so to make a few objects beautiful; but it is far more glorious to carve and paint the very atmosphere and medium through which we look, which morally we can do. To affect the quality of the day, that is the highest of arts." This is the crucial point, which is the golden theme of this thesis, that the power of human imagination offers humanity an opportunity to conceive of alternatives to the present mode of production. We can shape our environment through changing our thinking and repositioning our values.

It is here that post-war economic development discussed in Subsection 2.3.3 offers insight. This is because the spread of liberal and progressive ideas that took place during the post-war period of the Golden Age in much of the liberal democratic world has allowed for much social and political progress. The growth of the middle-class and the acceptance of a so-called social wage made up of publicly-funded social services in terms of education and healthcare has done much to render interclass distinctions materially meaningless in many societies. Indeed, the emergence of a social wage represents a significant development in human societies towards creating a more compassionate society based on co-operation and compromise.

Furthermore, the civil rights movement – besides providing recognition of rights and liberties for black people as well as a political space for non-conformists – created the bedrock upon which many minority groups have sought equal standing and representation before the law. If consciousness can be raised further to encourage concern for people living in other countries, for non-human animals, and for the planet's ecology generally, then the prospects for moral and environmental progress are made even more promising. Indeed, an attitude that begins to approximate species-level identification is crucial for redirecting the trajectory of human societies from the independent accumulation of wealth to the pursuit of collective objectives that advance wellbeing, scientific discovery, technological innovation, and social and environmental sustainability. Democracy and the freedoms it gives to individuals may thus be crucial to achieving reforms that arise from citizenries provoked to act in their own best interest.

Following on from this, Rammel and van den Bergh (2003: 129) state that modern realities such as fossil-fuel cars, industrialised agriculture, and fossil-fuel based energy production are examples of environmentally unsustainable societal lock-ins. That is, these contemporary realities are difficult to escape because of the scarcity of viable alternatives to transport, food supply, and energy production. However, it is also evident that challenges like these face individual consumers and the solutions to these societal lock-ins must surely arise from the actions of concerned citizens and their ability to lobby governments, change their economic behaviours, and provoke fellow citizens to the common cause of environmental reform.

It is therefore relevant to discuss an approach that advocates a reconceptualization of how human societies can continue to prosper and thrive into the future. Consequently, this approach, the de-growth strategy, to sustainable development is complementary to the notion of universal sustainability albeit more strictly defined. The aim is to achieve improved human wellbeing across societies and between generations without causing irreversible damage to the Earth's ecology, which would compromise the ability of humans to prosper in the future (Ruth *et al.*, 2011: 164). However, as Moran *et al.* (2008: 471) point out, the question remains, “how a growing global population with growing resource demands will share the planet’s finite resources”. By what criteria can the economic, social, and environmental considerations be weighed against and reconciled with one another. This approach is one answer to this question.

Consequently, merging this argument with the plight of the environment and the issues of economic and social sustainability, the recommendation being made here is that human capital development and particularly education be enhanced and extended to more people in spite of the planet’s resource limitations. The consequence of more educated citizens, it is hoped, will be better democracies which will be better able to make decisions in the interests of the whole of society and the environment. However, the problem that arises is that education and improved well-being do not necessarily lead to spontaneous improvements in environmental outcomes. This is because more educated people on average experience an increase in affluence, which more often than not results in behaviours and lifestyles that are wasteful of economic and natural resources. Thus, economic development must embody economic and societal progress that holds nobler objectives than merely the expansion of wealth, which most often benefits an elite transnational class of people in business spheres (Lattimer, 2012: 2).

In other words, the current pattern of economic transactions disproportionately benefits the upper echelons of people in societies and unfairly prejudices impulses toward greater equality and environmental reform. The solution is an approach that satisfies the need of all individuals in society as well as the economic and societal conditions necessary for ongoing human flourishing, prosperity and dynamism. In this vein, genuine economic development would reduce inequalities, redress social and environmental challenges, and promote “sustainable values” and societies becoming universally sustainable or “too sustainable to fail” instead of “too big to fail” (Lattimer, 2012: 3). Therefore, the question of ecological sustainability becomes answerable upon the simultaneous inclusion of social sustainability. Put simply, societies that prioritise social sustainability and the basic needs of people being met will require lower economic growth and will move toward environmental sustainability by using resources more efficiently and effectively. Furthermore, prioritising human capital development will help societies raise average consciousness about social and environmental sustainability concerns.

In a similar vein, civic education and citizen responsibility are crucial components of this approach to sustainability which aims to balance different forms of knowledge within the institutions of knowledge creation. Indeed, Ruth *et al.* (2011: 161) argue for three specific institutional innovations that will create favourable conditions for technological innovation and societal adaptation. These are, firstly that universities must advance knowledge in the sciences of “coupled human-earth system dynamics”. That is knowledge of human-earth system interactions. Secondly, that within the sciences, knowledge must inform and be informed by human and societal needs.

And thirdly, that investment and policy-making must be guided in a bi-directional manner by human-earth system dynamics. That is, by human-earth system relations so that social policy benefits environmental reforms and environmental policy increases human co-operation among societies. Consequently, it is crucial that societies focus on human development and knowledge production which will certainly leave societies better equipped to pursue the good life for their citizenries while also provoking knowledge of environmental concerns and the interlinkages of these concerns with the economic and social systems that govern human behaviour, aspiration, and societal advancement generally.

Moran *et al.* (2008: 471) suggest a method which may help govern the process of transition that various human societies must undergo along the path to universal sustainability. The two current key measuring criteria are the Human Development Index and the Ecological Footprint per capita to globally available per capita biocapacity. The former establishes the state of human development across countries and creates a standard at which basic needs are considered satisfied. The latter measures the current prospects for sustainability across countries and sets the limit on human and societal development which overshoots Earth's biocapacity for sustaining human societies and continued economic activity. Such an approach could aid in the realisation of greater inter-societal and intergenerational fairness as less developed societies could use such a principle to negotiate environmental concessions from more developed ones.

This thinking conceptualises one possible approach to implementing the central premise of the de-growth strategy, namely, meeting the basic needs of everyone in society and prioritising certain areas of development that benefit people and societies while staying within the biological carrying capacities of the Earth and its biosphere. Moreover, for the notion of de-growth to gain momentum in societies this strategy must propose a view of the good society that embodies more than material advancement as already implied. Yes, despite all the advantageous benefits that economic growth provides such as improved living standards, greater affluence, and increased leisure time, humans do often view the ascetic life as being inherently moralistic (Friedman, 2006: 19). This research does not suggest the ascetic life for everyone but rather suggests that other factors also govern the satisfying of human aspiration, the realisation of self-actualisation, and the pursuit of happiness within and among societies.

Such factors were considered in Chapter 1 and include the making of art and music, the realisation of scientific understandings about the universe, and the free expression of liberty in people's lives. Indeed, the heart of humanity is reachable by appeals to our sense of justice and our sense of being socially compliant with our fellow citizens. Policy-makers should appeal to these proclivities. Consequently, greater awareness about the nature of human and societal dependence on the Earth's life-support and waste-processing systems and the real limitations that ecological biocapacities pose on unfettered economic growth is needed to encourage the needed transition to a new global society. A society of co-operation, not competition, of collective aspiration, not individual disappointment, of compassion, not the survival of the fittest, and of interconnected responsibilities, not personal opportunism might be required for a society that wishes to balance the needs of human and institutional development with nature.

Consequently, voluntary global de-growth may become politically safe if constituencies everywhere were aware of the consequences of non-response to the problem of global environmental degradation, including climate change. Indeed, contrary to what the name might suggest de-growth does not necessitate downscaling human development but instead requires the formation of sustainable economic and societal objectives which are currently not being championed by many societies (Schneider *et al.*, 2010: 511). Indeed, perhaps a re-emphasis on the importance of human wellbeing would create a basis for re-formulating individual and societal aspirations. De-growth suggests a way of life and a system of economics that would reconcile the social and environmental challenges facing humanity with the current economic and political systems. It seeks to provoke humans to re-imagine their prospects for realising the individual and collective interests for humanity. In this sense, de-growth is not pessimistic or even Malthusian⁵⁴, but instead transformative in that it seeks to change our idea of progress by discarding wasteful practices while igniting new potential for societal prosperity. Therefore, de-growth is a simple idea that suggests that societies prioritise what is most important, namely, human development, human happiness, and the ongoing potential of global human society.

Moreover, de-growth is pro-democratisation because it emphasises the importance of collective decision-making in societies and the building of social and institutional capital which can help satisfy human needs in an egalitarian way and maintain social sustainability along environmentally friendly and humane lines. By contrast, traditional approaches to environmental policy-making can strengthen the likelihood of unsustainable outcomes by focusing on short-term efficiency rather than long-term stability (Rammel and van den Bergh, 2003: 126). This kind of thinking is made worse by conventional assumptions about rational economic agents and concern for policies being socially workable. As an alternative, maintaining a plethora of policy-making approaches – with a diversity of theoretical opinion – available to deal with unsustainable outcomes and having an attitude informed by risk minimisation is put forth by Rammel and van den Bergh (2003: 131). The de-growth strategy, by contrast, focusses on long-term effectiveness rather than short-term efficiency and is unattached to any definite theoretical position other than a concern for collective human wellbeing moving forwards and the continuing workability of social cohesion in the world.

2.4.2 Endnote to the De-Growth Approach to Progress

The de-growth approach to progress offers an alternative to wholesale expansionary development along economic or social lines found under the two previous approaches to development. It presents a more nuanced idea of what the good life can be for people living today and of the institutions in society that are most important to our long-term success and prosperity. The notion of de-growth and awareness of the environmental limitations to *business as usual* presents an opportunity for us to re-evaluate what we cherish most and to change the functioning of the world economy for the better. Indeed, an ecologically sustainable global society may actually be the best type of human society because it would realise the need for equality among humans and would promote human needs in a manner that would allow democracy to thrive in every aspect of community decision-making, as well as prioritise, human capital development, scientific and technological progress, innovation, and adaptive dynamism in societies the world over. To be sure,

⁵⁴ Denoting Thomas Malthus (an 18th century English cleric and scholar of political economy and demographics), who argued that human population growth would outpace natural resource production, especially with regard to agricultural output.

de-growth would be supportive of scientific exploration and technological innovation where these are mobilised for the benefit of societies as a whole (Schneider *et al.*, 2010: 512). Societal development under a future de-growth approach would follow a path of prioritising economic and human development that was informed by regional specifics. This would provide room for the national context of societies to be considered in the pursuit of human-societal development. The point would be to achieve equitable human development across societies and for these societies to adapt their economic activity to their own unique ecological habitats, thus promoting a pattern of bi-directional human-societal development in accord with the natural environment and social needs. Finally, Turner *et al.* (2007: 37) and Wiedmann *et al.* (2007: 15) emphasise the importance of working with multi-sectoral, multi-regional, multi-directional trade data for assessing ecological footprints and the environmental impact of trade. In this vein, a de-growth strategy focussing on effectiveness rather than efficiency would look at the pattern of trade from the point of view of best benefiting all societies with access to life-improving conveniences, innovations, and technologies in a way that remained globally sustainable. However, this is also a limitation of the de-growth strategy in that it may work for already advanced societies who possess an abundance of social and institutional capital, but disadvantage less developed societies that lack these factors.

This is because it could make it difficult for less developed societies to prioritise the requisite development needed for improving living standards, and societal infrastructures, as well as the capacities for knowledge production, educational objectives, and human development more generally. That is, for this strategy to work at the global level, much more knowledge sharing would be required and a cosmopolitan vision of developing human capital globally in a way that remained environmentally sustainable at the international level. However, developed societies might be unwilling to share their stores of human and societal capital with less developed countries which could disadvantage the global South. In this sense, for this strategy to work, far less reliance on the strategies of the conventional approach may be required and the active involvement of governments may be necessary to ensuring the kind of development in societies that focussed on human development and scientific progress. That is, the *trickle down* approach to human-societal development would be wasteful of economic and natural resources because it would rely on happenstance rather than co-ordination. Instead, economic and societal development, under such a regime, would require the efforts of national institutions and governments to provide for targeted human development and the building of environmentally friendly and supportive societal infrastructures, which would serve to mitigate against the potential hazards and shortfalls of a laissez-faire type economic growth model.

2.5 Conclusion to Development Theory

In conclusion, it is evident that there are many different approaches to stimulating economic and societal development. This creates opportunities in terms of assessing the prospects for realising individual and societal human aspiration. The multiplex of views on the subject of economic and societal development informs our problem of satisfying human wants and needs from a number of different angles but also introduces the additional urgency to examine the validity and usefulness of these various development strategies. Chapters 3 to 6 will attempt to examine this by assessing real-world historical and experiential evidence for various types of economic and societal development that occurred since the post-war period in Japan, the United Kingdom, New Zealand, and Sweden. It will also be seen which of the theories of development relate to the realities

examined in this research. This exploration in the experience of these countries will, it is hoped, help recommend appropriate strategies and guidelines for promoting sustainable development and universal sustainability values in Chapter 7 and 8.

Chapter 3: Universal Sustainability Inter-Linkages: The Cases of Japan, the United Kingdom, New Zealand, and Sweden

3.1 Introduction to the Case Countries

The next four chapters explore real-world historical experiences of economic and societal development across the geographically and ideologically diverse countries of Japan (see Subsection 3.1.1), the United Kingdom (see Chapter 4), New Zealand (see Chapter 5), and Sweden (see Chapter 6). Furthermore, in accordance with the thematic breakdown of this research into economic, social and environmental components, the country cases in this Chapter will be broken into three sub-sections, namely post-war economic development strategies (Subsections 3.2, 4.2, 5.2, and 6.2), factors promoting social sustainability (Subsections 3.3, 4.3, 5.3, and 6.3), and the factors promoting environmental sustainability (Subsections 3.4, 4.4, 5.4, and 6.4). Social sustainability is further broken down into two sub-sections on labour markets and skills formation (Subsections 3.3.1, 4.3.1, 5.3.1, and 6.3.1) and welfare (Subsections 3.3.2, 4.3.2, 5.3.2, and 6.3.2) respectively because these targeted discussions will allow for the concept of social sustainability to be better defined theoretically and understood conceptually. Environmental sustainability is assessed through discussions on sustainability measures taken and environmental policies being implemented (Subsections 3.4, 4.4, 5.4, and 6.4).

The two goals of Chapters 3 to 6 can be reduced to the following two questions concerning the development experiences of Japan, the United Kingdom, New Zealand, and Sweden. These are, firstly, “What economically viable development policies also allow for the creation of improved human wellbeing and greater equality?”, and secondly, “What strategies might societies use to satisfy human aspirational objectives while slowing the processes involved in environmental degradation like biodiversity loss and climate change for example?”. That is, these chapters will explore the mechanics of how Japan, the United Kingdom, New Zealand, and Sweden achieved economic development and look at the factors that promote social sustainability in these countries as well as what steps are being taken toward green reform. The results of the discussion will be summarised in Table 7.3 in Chapter 7 and these questions will be addressed based on the discussions and comparisons drawn in the following four chapters.

Observations with respect to policies and strategies made in these four chapters will be combined in Chapters 7 and 8 with those put forward by economic theory in Chapter 2. Thus, these chapters will help this research recommend strategies and policy guidelines for promoting economic development which are also socially and environmentally sustainable. This is important in relation to the main aim of this research which is to promote transition toward universally sustainable development outcomes.

Chapters 4 to 6 concern the economic and human-societal development of Japan, the United Kingdom, New Zealand, and Sweden from a historiographical point of view. For information on the current state of these countries in terms of several socioeconomic and development, indicators refer to Table 7.2 and the discussion which follows in Section 7.1.

3.1.1 The Case of Japan

3.1.2 Japan in Brief

Japan is situated in East Asia in an archipelago lying alongside the north-eastern part of the Eurasian mainland. The modern history of Japan begins in the 1860s with the Meiji Restoration which ended the Tokugawa Shogunate, a period of approximately 200 years when Japan was controlled by military commanders. Japan was then a pre-industrial feudal society (Totman, 2005). The Meiji Restoration introduced constitutional reforms that restored power to the Emperor, but more importantly established a centralised bureaucracy which transformed Japan from a feudal society under the control of local *daimyo* or 'lords' into a modern industrial nation (Totman, 2005). This process was facilitated through contact and trade with the outside world, especially through the importation of technology. By the early 20th century, however, pro-democratic elements in Japan lost political power to military leaders once again. These leaders involved Japan, as a belligerent power, in the Second World War, which ended with Japanese surrender in 1946.

This Chapter is concerned with the post-war re-emergence of democratic influences in Japan, the subsequent economic recovery, the improvement in living standards as well as the recent social (i.e. demographic distortions) and economic challenges (i.e. economic stagnation). This is done in order to better understand economic development and its relationship to social sustainability. Furthermore, with respect to environmental sustainability, this section will suggest whether or not Japan has made progress toward more universally sustainable criteria.

3.2 The Post-War Economic Development of Japan

The post-war history of Japan must begin with a discussion on the so-called 'American Occupation' of Japan under the Office of the Supreme Commander for the Allied Powers (SCAP), General Douglas MacArthur, from 1946 to 1952 (Totman, 2005). During this time, the SCAP influenced policy with respect to Japan's economy in two distinct phases which helped shape the nature of economic and societal development in Japan (Morishima, 1982: 91). During the first phase, from 1946 to 1950, the United States (US) dominated SCAP aimed to re-shape Japan into a democracy based on free enterprise and lacking an offensive military directive (i.e. being pacifist) (Totman, 2005). The idea was for Japan to be "a free, peaceful, medium sized economic unit" within the world economy. However, following the sudden bolstering of communism in East Asia, the second phase of reform, from 1950 to 1952, sought to transform Japan instead into "a powerful country equipped with the military and economic strength" to act as a bulwark of the US-dominated liberal capitalist world in East Asia in order to counter the influence of the Soviet-dominated communist world in East Asia (Morishima, 1982: 91). Consequently, Japan has a de facto military in the form of the Japan Self-Defence Forces in spite of the fact that the Japanese constitution disallows the country from possessing military capabilities (CIA, 2018a).

Furthermore, through the importation of natural resources its economy was rebuilt and has become an international giant in terms of nominal Gross Domestic Product (GDP) and other measurable indicators of human-societal development such as life expectancy i.e. 83.8 years in 2015, and low maternal mortality ranking 171 (out of 184) in the world (World Bank, 2017; CIA, 2018a). The first phase of these US-led SCAP reforms sought to transform the rural and urban inhabitants into conservative stakeholders who would support a conservative democratic government. This process was achieved in rural Japan through land reform whereby tenant farmers were transformed into

land owners as a way of reducing rural poverty and creating a new conservative middle-class. This arguably had the effect of eroding inter-class distinctions and fast-tracking the prospects for more widespread human capital development. In the urban economy, this process was begun, but not completed, through the dismantling of large monopoly firms across industries in order to encourage the expansion of free enterprise.

During the second phase of US-led SCAP reforms, policy reversed course and the re-industrialisation of Japan was now prioritised. According to (Morishima, 1982: 92), economic policy during the second phase ironically aimed to achieve what pre-occupation Japanese governments had, which was an economically powerful and industrialised Japan. This strategy entailed positioning large companies at the centre of trade and industrial policy. The Showa Genroku, which was the period of the economic miracle from 1960 to 1990, was based primarily on the urban economy (Totman, 2005:467). Indeed, the manufacturing sector received its first post-war boon when the US military ordered “Special Procurements for Korea”, after the outbreak of the Korean War, which lasted from 1950 to 1953.

According to Morishima (1982: 92), this encouraged economic growth after Japan began to sell trucks, vehicle components, cotton cloth, coal, and from 1952, armaments to the US. What is more, the demand for military equipment assisted in the expansion of the iron, steel, spinning, coal mining, and machine tool industries. The population grew from about 32 million near the end of the Tokugawa Shogunate, to 70 million by the 1930s and then to more than 100 million by the 1960s because of improvements in diet and public health from before the time of the occupation and later from the forced repatriation of ethnic Japanese from Japan’s imperial territories after the Second World War under the direction of the Allied Powers (Totman, 2005: 466). This growth in population had two direct economic impacts: one, it provided stocks of labour for growth in the urban economy, and two, a growing consumer market for domestic industries.

However, several other factors that supported economic growth during the three decades of Showa Genroku from the 1960s until 1990 are also identifiable. These are firstly, continued urbanisation and convergence of many people around the coastal regions that were the only suitable regions for urban development. Indeed, by 1990, 60% of people lived in cities of 100,000 or more and only 2% lived in small communities, whereas in 1940, only 29% of people had lived in cities of 100,000 or more and 32% lived in towns and villages of less than 5,000 people (Totman, 2005: 487).

Secondly, the increasing availability of labour was further permitted by the natural geography of Japan. Indeed, the narrow band of mountainous islands that form the landmass of Japan have historically caused people to cluster in coastal regions, where there is level ground suitable for cropping and human habitation. During the Japanese economic miracle, these areas allowed cities and harbours to emerge in close proximity, which greatly increased the efficiency of trade in resources and the manufacturing of goods in these locales (Totman, 2005: 468, 486). Moreover, some of the workforce who lived in the countryside were able to commute daily to cities near the coast due to the short distance between towns and cities, which was assisted “by improvements in roads and the proliferation of motor vehicles” (Totman, 2005: 487).

3383 Thirdly, according to Fan and Chan-Kang (2005: 136-7), the completion of agricultural land
3384 reform undertaken during the SCAP occupation whereby “small tenant farmers became small
3385 owner cultivators” had little effect on agricultural production, which is not usually the case with
3386 land reform programmes. Nevertheless, since 1961 the government introduced the “Basic Law of
3387 Agriculture” that sought to increase the size of Japanese farms in order to increase the economies
3388 of scale enjoyed by farmers and the level of production. This process has, however, occurred
3389 slowly because of agricultural subsidies which maintain less productive smaller farms for social
3390 and cultural reasons as well as the presence of part-time salaried farmers who do not want to sell,
3391 and high land prices. Nevertheless, agricultural production became scientifically rationalised from
3392 the 1950s to 60s according to Totman (2005: 467), which has helped offset the food requirements
3393 for a growing population while the remaining 60% is supplied through trade.

3394
3395 This process has involved intensive use of chemical fertilisers, herbicide and insecticide, field
3396 rationalisation, seed improvement, crop diversification, as well as multi-cropping in greenhouses
3397 and under plastic sheeting. Indeed, according to Fan and Chan-Kang (2005: 141), although the
3398 total factor productivity of agriculture rose annually by 2.82% from 1960 to 1968, this declined to
3399 an increase of 1.11% from 1969 to 1990, suggesting diminishing returns. By 1990 the amount of
3400 farmland in productive use had decreased by more than 30,000 hectares (Totman, 2005: 486-87).
3401 This was because a small proportion had reverted to woodland, other tiny and inaccessible fields
3402 had been abandoned, but most of this land had been consumed by urban sprawl in the form of
3403 residential, commercial, industrial, transport, recreational, and storage structures etc. However, the
3404 agricultural sector fought back by resorting to intensive farming methods. Consequently, on the
3405 farms where agricultural production continued farming operations used as much as 387 kilograms
3406 of chemical fertiliser per hectare in 1990 whereas during the same period American farmers were
3407 only using 100 kilograms per hectare.

3408
3409 Fourthly, the reformed and expanded education system (discussed in Section 3.3.1) was producing
3410 “more highly trained and trainable young workers” as the number of students in education beyond
3411 grade 9 rose from 50% in the 1950s to 90% by 1975 and to 95% by 1990 (Totman, 2005: 467).
3412 Moreover, university enrolments which amounted to 240,000 in 1950 are said by Totman (2005:
3413 467) to have “nearly tripled by 1960” and then risen to 1.67 million by 1970. Thus, there has been
3414 no shortage of skilled labour in the Japanese economy during the post-war era.

3415
3416 Fifthly, according to Totman (2005: 469), the geography of the islands which enabled urbanisation
3417 and cities with port access to emerge, further advantaged the introduction of “up-to-date industrial
3418 technology” and efficiency improving procedures. Such innovations included the introduction of
3419 “cracking equipment” which enabled lower grade and thus cheaper petroleum to be used in power
3420 stations and by the 1960s “thermal power plants that could burn the crude [oil] directly” improved
3421 efficiency in electricity generation (Totman, 2005: 469). Furthermore, procedures such as the “just-
3422 in-time” supply of components reduced the storage capacity required within manufacturing
3423 facilities (Totman, 2005: 469). Moreover, coastal landfill sites allowed for the creation of
3424 additional level ground, in cities like Tokyo. In this way, salt marsh wetlands have been
3425 transformed into *Kombinato*, which are huge integrated industrial complexes complete with
3426 combined wharf and warehouse facilities, electric plants, refineries, petroleum storage fields,
3427 steelworks, chemical plants, shipyards, and wharfage as well as rail freight terminals (Totman,

2005: 469). This has improved the efficiency of industrial production as many of the processes within an export industry are found in close proximity to each other and to a harbour. This, in turn, increases the efficiency of harbours as exports of industrial goods and imports of natural resources and fossil fuels can be loaded and delivered, respectively, in a short period of time. Thus, the production processes are fully rationalised. Consequently, international trade can allow for the import of technologies that address problems relating to domestic geography and demography and that improve efficiency.

Sixthly, Totman (2005: 474) argues that Japan's competitive advantage was enhanced through the imposition of formal import controls, which restricted “nearly 500” product categories in 1960, falling to 29 by 1975 and to 23 by 1987. Furthermore, the inability of foreign producers to appeal to Japanese tastes and conduct their business effectively in the Japanese domestic market afforded local firms “time to develop the [internal and] external markets necessary to the support of imports of raw materials and other goods and services that sustained both the growing population and its rising level of consumption per capita” (Totman, 2005: 475). Indeed, according to Totman (2005: 475), without the 15% that foreign trade added to Gross National Product (GNP), “and most fundamentally without the gigantic fossil fuel energy boost it permitted”, Japan's economy would not have grown so rapidly. However, the miraculous success of Japan's economy from the 1960s to 1990 was facilitated additionally by institutional alignments that fostered economic convergence with Western Europe and the United States in terms of national wealth and living standards. These institutional factors are discussed next.

According to Matsuura *et al.* (2003: 1003-14), there are three institutional configurations which contributed to Japan's rapid growth period from 1960 to 1990, namely, enduring bank-firm relationships, inter-corporate relationships and strong industrial policy. Firstly, long-term bank-firm relationships allowed for so-called main banks within the banking system to function as a primary source of financing for certain companies and these represent a horizontal relationship between banks and companies. Furthermore, the main banks owned stocks in and provided corporate management services to, their client firms. Consequently, several advantages arose from such long-term relationships, namely, reduced bank agency fees due to greater bank access to firm information, long-term corporate monitoring of firms by banking professionals, and a greater willingness on the part of banks to forestall repayment of loans during periods of insolvency until their client firms resumed making profits.

Secondly, long-term inter-corporate relationships facilitated a great impact on the supply-chain of several industries, most notably automobile manufacturing. This represents a vertical relationship between firms and is based on an integrated and hierarchical structure called a *Keiretsu* which operates between buyer and supplier firms within an industry (Lin, 2003; Miyashita and Russell, 1994). These are composed of a “customer company” together with primary, secondary and tertiary subcontractors. Firms in this system use the “just-in-time” method to supply components to other firms in the supply-chain (Matsuura *et al.*, 2003; Totman, 2005). Furthermore, all firms collaborate during the design of products which optimises the productive efficiency of the entire supply chain, however, the customer company with its ability to outsource to foreign suppliers possesses more power and influence than the other firms in the Japanese system because their position in the market is secured by consumer demand and these firms' relationships to end-users. Nevertheless,

the advantages of vertical integration include reduced information asymmetry among firms, shared Research and Development costs, technology transfer, lower production costs, collaboration in the design process, maximisation of firm incentives, inter-corporate skills and knowledge transfer, improved overall efficiency, as well as national development through a nationally-bound although not nationalistic innovation system, co-ordinated by state technical institutions (Miyashita and Russell, 1994).

Thirdly, the above factors promoting industrial development and the system of lifetime employment and firm-specific skills training to be discussed in Section 3.3.1 were part of an emphasis on strong industrial policy and weak competition policy. The Ministry of International Trade and Industry (MITI) during the post-war economic growth period, imposed import quotas and managed foreign capital flows in order to control business and investment activities (Totman, 2005). What is more, anti-monopoly laws and the Japanese Fair-Trade Commission (JFTC) were weakened during the rapid growth period (Locke, 2005; Matsuura *et al.*, 2003; Miyashita and Russell, 1994). The combined effect was that the Japanese government was able to pursue a pro-active industrial policy in order to develop industrial competitiveness. Furthermore, attempts by firms to receive subsidies and tax relief from government ironically resulted in increased competition in many industries as companies vied for these benefits. This promoted economic catch-up with Western countries (Totman, 2005).

Finally, Matsuura *et al.* (2003: 1013-14) state that economic catch-up was largely complete in terms of technology by the 1980s, in part due to MITI supported joint research initiatives during the 1970s in for example, the computer industry, and in terms of annual per capita GDP by the 1990s (Totman, 2005). This Section so far has explained the successful economic development of Japan from the end of the Second World War in 1946 to the start of stagnation in 1990 (Hayashi and Prescott, 2002; Totman, 2005). The period of persistent economic stagnation began with the collapse in 1991 of the so-called Japanese asset price bubble which began in 1986. This bubble had been caused by inflated real estate and stock market prices combined with a heightened availability of credit.

According to Matsuura *et al.* (2003: 1004-6), the availability of foreign capital and rising asset prices gave more bargaining power to firms, which were able to borrow on the basis of their stock market valuation rather than on expected future profits. Thus, banks' ability to monitor firms was reduced by the increased availability of international capital and the inflated stock prices which combined to allow firms to over-borrow against their equity. Consequently, the collapse of asset prices in 1991 caused many firms and banks to become instantly insolvent, which resulted in an ensuing debt crisis among banks and companies further depressing already depressed economic growth. The debt crisis resulted in "some bankruptcies of banks and the acceptance of public funds from the government in the 1990s" as part of a public bailout of the banks (Matsuura *et al.*, 2003: 1006). As an observation, it is interesting to speculate whether the Japanese experience during the so-called lost decade and the 2000s is an indication of the kind of growth that the European Union and the United States can expect following their bailouts of the banks in the aftermath of the global financial crisis. What follows is a discussion on the economic stagnation experienced during the so-called lost decade of the 1990s, the changing institutional relationships within the economy, and the industrial policies that have since been implemented.

Firstly, long-term bank-firm relationships were altered by the asset price bubble and then by the ensuing crisis of non-performing loans. Consequently, Matsuura *et al.* (2003: 1006) state that the so-called main banks became “more cautious in lending and unwilling to provide rescue loans to distressed firms” in the 1990s because of the heavy degree of exposure to risk which they incurred before the crisis. At that time main banks had increased the number of their debtors in response to increased foreign and domestic competition in the financial industry. Meanwhile, after the crisis, these banks increased the number of managers dispatched to industrial firms in order to safeguard their existing investments while reducing their lending to and shareholding in such firms to reduce their risk of insolvency.

The outcome, arguably, was a shortage of loans and thus potentially unexploited investment opportunities, which could have contributed to continued economic contraction in the 1990s⁵⁵. However, according to Hayashi and Prescott (2002: 227), the economic stagnation during the 1990s decade was largely not the result of an inability on the part of small and large firms to “find [and access] financing for investments” in capital markets. Hence, the problem was not a shortage of loanable funds. Rather, Hayashi and Prescott (2002: 207, 211, 228) argue that poor economic performance was because of declining Total Factor Productivity (TFP) since the late 1980s and the reduction in the work week between 1988 and 1993 from 44 hours to 40 hours, which reduced returns from 6.1% to 4.2% between the late 1980s and the late 1990s. This occurred alongside an increase in capital deepening of 30% (change in capital-output ratio from 1.86 to 2.36) in the period from 1990 to 2000.

Declining TFP is a problem associated with advanced stages of economic development with diminishing returns on capital outlays and a limitation on the potential for human capital improvement. Furthermore, Krugman (1996: 21-23) challenges the very idea of competitiveness over time by emphasising the need for trade policy to be strategic and cognisant of the international trading dynamics, which often advantage some countries over others in terms of specific expertise, resources, and consequently the industries which emerge and remain dominant and competitive. Moreover, diminishing returns can lead to the imposition of adjustment costs when having to move into new areas of industrial specialisation in the presence of more competitive producers during later stages of the *product cycle*⁵⁶. Recognising this need to shift to new industries and minimise the cost of adjustment is key as “government support of an industry may help that industry compete against foreigners [in the immediate term], but it also draws resources away from other domestic industries. That is, the increased importance of international trade does not change the fact the government cannot favour one domestic industry except at the expense of others” (Krugman, 1993: 26).

In reference to the theoretical development strategies discussed in Chapter 2, the above may demonstrate one of the risks associated with the developmental state approach to development.

⁵⁵ This is discussed in Subsection 2.3.3 on the role of Keynesian macroeconomic stabilisation policy on short- and long-term investment and prospects for economic development. The key point is that state stimulus and intervention in the economy can, outside of macroeconomic volatility, lead to stagnant growth, industrial inefficiency, and a decline in natural impulses geared toward private savings and investment.

⁵⁶ In this context, this denotes the succession of stages by which a product moves through its life-cycle in one country (i.e. design, advertising, sales, maturity, and decline), and eventually moves to a more efficient producer in another country where there is renewed appetite for the products consumption either due to renewed novelty or to reduced costs of consumption.

This is because in an effort to avoid economic dislocations, governments and possibly also other societal actors may not enable the market to naturally sever unproductive or capital saturated sectors of the economy, which in the presence of poorly regulated financial market activity may trigger unproductive value transactions in financial market instruments like stocks, leading to increased volatility. Put simply, money will be chasing inefficient capital and allow room for crises of confidence to emerge with wide-ranging consequences in the global interlinked economy. Indeed, it is shown that the share of government output increased from 13.7% to 15.2% from 1984-1990 to 1994-2000 while the share of private investment fell from 27.6% to 24.3% (Hayashi and Prescott, 2002: 211-13). There is speculation as to whether this decline in TFP was the result of government policies that subsidised inefficient firms and other declining industries (Hayashi and Prescott, 2002: 228).

Nevertheless, Nishimura *et al.* (2005: 75-76) argue that the fall in TFP growth, as well as poor economic growth, was the result of the failure of the Natural Selection Mechanism (NSM) which promotes efficient winners at the expense of inefficient losers. The failure of the NSM was itself a product of the high proportion of non-performing loans in the financial system after the bursting of the asset price bubble. According to this narrative, banks were short-sighted in that they continued to supply credit to inefficient firms with whom they already had vested interests and others on whose corporate management bodies these banks had representatives, and hence corporate influence. Consequently, banks disregarded potentially profitable investments with entrant firms, which perpetuated the failure of the NSM and the decline in TFP which exacerbated economic stagnation.

Secondly, inter-corporate relationships, which helped promote international competitiveness since the 1960s, became altered during the 1980s and are less significant today because of “the internationalisation of the economy” which increased competition for domestic suppliers and weakened inter-corporate relationships. Furthermore, communication costs associated with long-term business relationships and sunk costs for new suppliers created incentives for firms to abandon the practice of inter-corporate relationships while trading standards that required openness to increased international competition necessitated this change (Matsuura *et al.*, 2003: 1011). There was thus a “hollowing out” effect whereby the proportion that domestic firms contributed to intermediate supplies fell from 55% to 37% between 1986 and 1996. Furthermore, between 1992 and 1996 Japanese multinationals created 2.22 million jobs abroad, representing 17.2% of Japan domestic workforce, while conversely domestic jobs were reduced by more than 1 million (i.e. unemployment rose) (Cowling and Tomlinson, 2000: F378). Moreover, according to Matsuura *et al.* (2003: 1011), increased internationalisation and the reduced importance of inter-corporate relationships was also a response to “an ageing population, technological innovation, the emergence of an information-oriented society, the growing importance of soft [or tertiary] and service sectors, and deregulation”. Other factors associated with these changes, including, the decline in lifetime employment and seniority wages as well as the increase in non-regular work since 1990, will both be discussed in Section 3.3.1.

Thirdly, the focus on industrial policy, which helped Japan to develop international competitiveness by protecting infant industries through import quotas and subsidies, has been replaced with a focus on competition policy. From the 1970s onward, the number of cartels that

were exempt from anti-monopoly law has decreased which means that the ability of the MITI to “exercise control over industries” has also declined (Matsuura *et al.*, 2003: 1014). This reflects a broader shift in emphasis from an industrial to a competition policy focus. Moreover, anti-monopoly laws were strengthened in 1977, 1999 and 2000, the number of *amakudari* or government bureaucrats dispatched to work in private companies upon retirement from public office declined from 36 in 1985 to 17 in 1997 to 2 in 2000, while the number of legal actions by the Japanese Fair-Trade Commission (JFTC) brought against anti-competitive firms increased after 1990 (Matsuura *et al.*, 2003: 1015). This change has shifted power from the MITI (later the Ministry of Economy, Trade and Industry or METI) to the JFTC. Indeed, this has reduced the significance of industrial policy while raising the profile of competition policy and has since the 1970s, also resulted in firms not receiving support and consequently being less willing to co-operate with the METI.

Yet, according to Totman (2005: 546-49), despite persistent economic stagnation throughout the 1990s various indicators for living standards in Japan remained largely unchanged or only worsened moderately. Unfortunately, the economy has continued to stagnate during the 2000s and growth which had resumed in late 2003 and early 2004 was reversed by the global financial crisis (Totman, 2005: 547; Patrick, 2013: 3). The peculiar nature of Japanese government intervention in the economy can thus be seen to maintain the quality of life for people (through high government spending for example), but also stifles market-based solutions to economic stagnation, and more broadly the structural transformation of the economy; this is seen in times of stagnation as well as crisis.

Indeed, the bursting of the asset price bubble in 1991 and the circumstances that followed resulted in bouts of recession, increases in public debt, and eventually deflation. Ihori *et al.* (2006: 16) conclude from their study of Japanese fiscal policy during the 1990s that “long-run structural reform is more important than the short-run Keynesian policy”. Put simply, if the Japanese economy were to recover in the conventional sense, structural reform and necessary economic dislocations would have to take place. If anything, then, the Japanese case suggests there are not necessarily any discrete ways for countries to respond to stagnation and/or crisis in order to preserve citizen livelihoods. Indeed, they argue that short-run counter-cyclical Keynesian policy, involving government expenditure and reduced taxation rates, were ineffective against the crisis because they crowded-out private investment and added little to private consumption (Ihori *et al.*, 2006: 6).

According to Ihori *et al.* (2006: 9-10), there is a need for fiscal reform to raise tax revenues, reduce spending, and ensure the efficiency and effectiveness of government spending. With regard to fiscal policy reforms, Ihori *et al.* (2006: 16) state that recent reforms have helped mitigate the fiscal deficits because they emphasise government spending on infrastructure that improves living standards, efficiency and transparency in contracting, and a cost-benefit approach to public spending approval. However, Kuttner and Posen (2002: 1) disagree that counter-cyclical measures were ineffective in stimulating economic growth and instead argue that the extent of economic contraction during the 1990s would have been worse without the use of expansionary fiscal policy. Kuttner and Posen (2002: 15) do however agree with Ihori *et al.* (2006: 9) that continued government expenditure combined with declining economic output during the 1990s increased

public debt as a result of persistent fiscal deficits, which arose from increased spending and low taxation.

More recently, the global financial crisis and the 2011 Great East Japan Earthquake have contributed to poor recovery during the 2000s. Abenomics, the new policy approach, named after Prime Minister Abe, is attempting to revitalise the economy. This approach involves fiscal stimulus, quantitative easing and structural reform and is “termed the ‘three arrows of Abenomics,’ reflecting the proverb that while one arrow can be broken, three arrows together cannot,” (Patrick, 2013: 3). The intended result is to trigger an inflationary growth spurt, which would kick-start the economy, encourage socially sustainable outcomes and help ease the public debt situation by raising tax revenues, (Patrick, 2013: 4). Short-term indications suggest that this policy is working, as it has already resulted in the weakening (i.e. increased competitiveness) of the Yen, reduction in fulltime unemployment, upward trending valuations on the stock market, growth in consumer spending, and economic growth. The immediate negative impact has been an increase in the number of persons not in regular fulltime employment, (Patrick, 2013: 4), along “with some combination of significantly reduced benefits for the elderly and further consumption tax increases” (Patrick, 2013: 12). There is optimism: “some CPI forecasts are net of the effect of the 3 percent increase in the consumption tax, which is projected to add about 1.5 to 2 percent to the CPI in fiscal 2014,” (Patrick, 2013: 4).

More recently, Japan has been taking a bigger role on the international geopolitical scene, reinterpreting its constitution in 2014 and 2015 to allow the country to use its Japanese Self Defence Forces to join the international war on terrorism as well as other conflicts in which its allies are involved. Under Prime Minister Abe, Japan has also had to respond to increasing aggression on the part of North Korea, but Japan has responded positively on the world stage as well by committing itself to fighting climate change, helping developing countries advance in science and technology, and providing aid to fight poverty and inequality. Through these international political connections, Japan is also advancing its position through international trade deals that seek to secure a place for Japan in the international economy.

3.3. Social Sustainability in Japan

The social sustainability of a country like Japan refers to the ability of Japanese society to reproduce itself in a way that either replicates or improves the quality of life indicators relating to education, skills formation, employment opportunities, income inequality, healthcare, and social security. Social sustainability can be measured by such factors as quality of life as well as other factors including social equality, adaptation to diversity, social cohesion, democracy, good governance, and innovativeness. Social sustainability chiefly relates to those factors that ensure that society remains stable and secure from generation to generation.

Japanese social sustainability will be assessed through an investigation into the nature of participation in Japanese labour markets in Section 3.3.1 and of welfare in Section 3.3.2. For purposes of this research, matters relating to education and skills formation are discussed in the section on Japanese labour markets while the nature of public welfare and social security concerns are discussed in the section on welfare. However, there are some things that can be observed about social sustainability in Japan at the outset of this section (see Table 7.2). Japan scores high on the

Human Development Index (HDI) measuring in at 0.912 or 10th best in the 2013 Human Development Report (Malik, 2013). Japan's Gini co-efficient is 37.6, which suggests a medium degree of inequality. Nominal GDP is ranked 3rd highest in the world at US\$ 4,846 trillion, and per capita GDP 25th highest at US\$ 38.142 thousand. GDP by Purchasing Power Parity (PPP), which adjusts for exchange rates, is ranked 4th at US\$ 4.835 trillion, and per capita GDP (PPP) is ranked 22nd highest at US\$ 38.053 thousand. Furthermore, on the Where-To-Be-Born Index (WTBBI) in The Economist magazine (The Economist Intelligence Unit, 2012), which is a measure of quality of life, Japan was ranked the 25th best place to be born in 2013. These indicators suggest that Japan is an economically prosperous country, with a high degree of development, and a comparatively moderate degree of inequality. The following sections will discuss the factors promoting or stifling development and the maintenance of social sustainability in Japan in greater depth.

3.3.1 Labour Markets and Skills Formation in Japan

The educational system of Japan was reformed during the period of the American occupation of 1946-1952. According to Totman (2005: 547), in pre-war Japan, demand for more advanced educational opportunities had eluded provision. The SCAP reformed the education sector by replacing the highly complicated career-oriented schooling system of the pre-war period with a new "hierarchy of elementary, intermediate, and secondary schools" of six, three, and three years respectively, comparative to the American system. The reforms also included the assertion of notions such as democracy and individualism as well as institutional changes that decentralised control over schools by granting greater autonomy to local governments in such matters.

Despite protest by local teachers, schools were recentralised after the American occupation. According to Morishima (1982: 96), post-war school education, although officially in support of the US-imposed constitutional principles of individualism and liberalism, saw uniformity imposed on the classroom in order to better assist in the standardisation of assessment. As discussed in Subsection 3.2 post-war expansion of educational throughput of basic and higher education was rapid and impactful. Moreover, though, additional company training was from the beginning of the post-war era considered important for encouraging solidarity among workers and loyalty to companies. The expansion of educational opportunities continued and today Japan has one of the most educated citizenries in the world (Totman, 2005: 457).

With respect to skills formation, according to Estevez-Abe *et al.* (1999: 5), Japanese manufacturing takes the form of Diversified Mass Production (DMP) which provides a wide range of products and is reliant on workers who can perform a large number of tasks, adapt to change and solve problems on their own. Consequently, employees have historically invested in firm-specific skills supported by employment protection policies such as wage subsidies in times of economic downturn (Estevez-Abe *et al.*, 1999: 15, 25). This means that career advancement is mainly through internal as opposed to external labour markets (Estevez-Abe *et al.*, 1999: 27). Interestingly, according to (Estevez-Abe *et al.*, 1999: 41), both general and firm-specific skills economies lack institutions to govern collective wage bargaining. However, instead of the antagonism often witnessed in general skills economies between workers' unions and employers, there is a tendency in Japan to develop long-term contracts. This is because as Matsuura *et al.* (2003: 1007) point out "neither workers nor firms invest in this type of skill without a long-term contract" in place as these skills are "sunk", that is, non-transferable (i.e. firm-specific).

These long-term contracts are further 'sweetened' through the use of seniority wages, which reward long-term service. Furthermore, according to Morishima (1982: 93-94), this system has created an environment of highly competitive and gruelling school and university learning because the acquisition of company-sponsored specific skills has gone along with lifetime employment and recruitment based on school grades. This encourages employees to demonstrate a high degree of loyalty to their employer. Similarly, Shavit and Müller (2000: 35) state that in Japan "there is a strong institutional linkage between schools and universities on the one hand, and firms on the other" and moreover that "employers rely on school grades in the same way that employers in other countries rely on letters of recommendation", which in turn places pressure on schools' screening criteria as school prestige derives from the rate of company recruitment. With respect to economic growth and the education system, Self and Grabowski (2003: 573-75) find that while primary education had a causal effect on pre- and post-war economic growth, secondary and tertiary education had a causal effect on post-war economic growth. Furthermore, post-war economic growth caused expansions in primary, secondary, tertiary, and vocational education, and that human capital growth possibly caused growth in physical capital. Vocational education was found to not have a causal effect on post-war economic growth. This effect might arguably be explained by the above which emphasised the importance of firm-specific skills because workers do not obtain these kinds of non-transferable skills as much from vocational colleges as they do from firms in industry.

According to Estevez-Abe *et al.* (1999: 35-36), 16% of secondary school leavers opt for vocational training, but most young people choose to engage in a combination of school-based and on-the-job training opportunities. Furthermore, university education in Japan tends to be specialised and there are strong linkages between "engineering and trade schools" on the one hand and "private industry" on the other (Estevez-Abe *et al.*, 1999: 37). However, Yonezawa (2003: 153-54) notes that "the recovery of mutual trust among government, higher education institutions, industry, students and parents is highly necessary if Japanese higher education is to thrive in a global market" and become more humane in character because the Japanese educational system has become brutally competitive. Moreover, it has to face the challenge of increased global competition, the presence of international quality standards for higher education, and the tendency of Japanese industry "to place [more] importance on selectivity [criteria] of university entry rather than the value added during university studies". This situation suggests that the labour market has become so saturated with skilled individuals that firms resort to assessing potential recruits on tertiary as well as secondary education grounds. This could be another factor in explaining the decline in TFP if workers are sought not on the basis of objective skill but on the basis of qualifiers like the prestige of a particular college.

In addition, according to Matsuura *et al.* (2003: 1007-8), the system of lifetime employment and seniority wages has come under significant pressure because of slow economic growth and a rise in bankruptcies that has caused companies to "renege", revoke, or break their implicit agreements with expensive older workers. Furthermore, alongside low economic growth since 1985, the population of Japan has aged. This means that companies appeal to the younger workers by promising higher wages in the future ahead of what would have been possible under the rigid system of seniority wages. There has also been weakening in the importance of firm-specific skills within the Japanese economy because of new technologies, which use transferable technical skills

and training. This has begun to change the relative position of worker productivities with respect to firm-specific skills and transferable skills.

However, according to Kato (2001: 512), the practice of lifetime employment endures as large firms “accomplish their restructuring and downsizing targets by relying heavily on transfers of their employees to their subsidiaries and related firms” as well as by cutting back on hiring. What is more, even though employees are reluctant to be moved to less prestigious subsidiaries and related firms, human resource management and enterprise union officials agree that such transfers are a necessary modification to the system of lifetime employment.

In a similar vein, Watanabe (2000: 328-29) argues that the employment and wage systems, which have supported Japan's post-war international competitive advantage, will not disappear. Instead, current reforms will mainly affect workers in offices and services where rationalisation has lagged since the 1950s. These reforms will be assisted through the “progress of information technology”, computerisation, and a decrease in the ratio of regular to non-regular work from 7:3 to 6:4 (i.e. temporary, contract, and part-time employment is increasing relative to permanent and full-time work). Consequently, according to Watanabe (2000: 330-31), lifetime employment will continue in sectors where firm-specific skills remain important, however, the system of seniority wages will decline because “as an incentive for lifetime training [it] is virtually irrelevant to employees requiring little training and to workers who are so highly specialized that they cannot be trained in-house”. In other words, seniority wages are tied to firm-specific skills and only apply to those workers who require such specialised non-transferable in-house training and apply less to general work or highly skilled professionals.

Nevertheless, the work-based wage system that replaces it will undoubtedly be sensitive to the livelihoods of workers. With respect to the emergence of non-regular work, Sano (2012: 121-23) states that companies have introduced a new incentive system which allows non-regular workers to engage in a wide range of tasks, advanced tasks, as well as tasks requiring greater responsibility thus leading to regular employment. However, in practice, existing regular workers have greater access to these opportunities than non-regular workers. Nevertheless, the labour movement in Japan is peculiar because of the high degree of co-operation between managers and employees and low levels of antagonism in the common pursuit of economic prosperity. Indeed, according to Morishima (1982: 93-94), the labour movement, encouraged by the SCAP as part of its efforts to liberalise Japan, became largely limited to 'Enterprise Unions' in co-operative rather than antagonistic relationships with management. Moreover, Morikawa (2010: 1036) observes that the presence of enterprise unions is correlated with increased firm productivity due to innovation, but suggests that unionised firms also result in wage increases that keep pace more or less with productivity gains which means that profits from increased productivity are eroded by ongoing wage increases. Thus, unionised firms had greater declines in employees than non-unionised firms and demonstrated an increased reliance on non-regular workers who do not benefit from wage contracts with the remaining unionised segment of the workforce.

It has been suggested that union presence could merely be a proxy for better human resource management practices that improve the productivity of unionised firms. According to Ang and Madsen (2011: 1370), Research and Development is correlated with improvement in total factor

productivity and economic growth (see Subsection 2.2.2) suggesting a Schumpeterian⁵⁷ explanation for post-war economic growth among the Asian Tigers, namely, Japan, Hong Kong, Singapore, South Korea, and Taiwan. In this vein, Watanabe (2000: 329-30) optimistically states that Japanese companies are expanding training opportunities, hiring international study programme returnees, and engaging in more university-industry research collaboration, but, also expresses concern by stating that “the entire system of Japan’s post-war education and official training programme is in need of fundamental reform” to align it with the changing Japanese labour market. An additional problem is that many Japanese women (60%) leave the workforce after the birth of their first child, which means that a significant proportion of human capital is not being retained within the formal economy (Steinberg and Nakane, 2012: 20). Indeed, policies that facilitate the re-entry of these highly educated women into the workforce, after maternity leave, could help increase productivity in the economy.

3.3.2 Welfare in Japan

The type of welfare regime in Japan, according to Holliday (2000: 711), can be defined as being Developmental-Universalist. This means that social policy in Japan is subordinate to economic policy. This satisfies the developmental component because it uses social policy to the benefit of economic policy. However, the Japanese constitution explicitly provides for “a minimum standard of healthy civilised life” for all citizens under Article 25 of the post-war Japanese constitution. This led to the refurbishing of the health insurance scheme and pension system in Japan from 1948 and 1952, respectively. Hence, these social welfare provisions became universally available. Furthermore, government spending on social welfare from 1955 to 1975 remained at 2% of Gross National Product (GNP) per annum. In 1973 Japan declared that year “Year One of the Welfare Era” under a plan to expand welfare. However, due to subsequent Oil Shocks during the 1970s as well as declining economic performance during the 1980s and 1990s, the existing structure of welfare changed little.

The country continued to pursue a welfare programme that was subordinated to economic growth, despite promises in the Constitution. Indeed, according to Okamoto (2007: 528-29), reliance on company-centred welfare and traditional family-centred welfare provisions has continued to influence welfare policy in Japan, which has resulted in an absence of traditional European-style “cradle to tomb” state welfare. Nevertheless, declining economic performance has helped contribute to an increase in the percentage value of government spending allocated to social welfare. Moreover, the Japanese example of this type of welfare regime is not “a pure form of developmental-universalism”, according to Holliday (2000: 712), because it makes social welfare provisions that “extend beyond the productive elements in society,” albeit only in a limited capacity. Put differently, the Japanese welfare system is not purely motivated by economic and developmental objectives but social and humanitarian sympathies as well.

Consequently, in unpacking the Japanese welfare regime, Kwon (1997: 468) states the “system can be divided into three categories: medical care, income maintenance and social services”. Firstly, every citizen has access to healthcare via “Employees’ Health Insurance, National Health

⁵⁷ In a Creative-Destruction model human capital improvement and innovative activity precede economic development and creates the underlying conditions necessary for the adaptation mechanism to advance technological innovation, the structural transformation of society, and industrial development.

Insurance or the Health Service for the Aged” (Kwon, 1997: 468-69). Secondly, with respect to income maintenance “the National Pension guarantees a basic pension to every Japanese citizen, and the Employees’ Pension and Mutual Aid Pension Programmes provide pensions which are supplemental to the National Pension, in proportion to remuneration during working life”. This further includes “the National Fund [which] provides a supplemental pension for the self-employed”. This pension system provides “entitlement of pension to 79.38 per cent of the working population” in Japan. In addition, income maintenance is further provided through unemployment protection, workers’ injury compensation, and family allowances for children. Thirdly, social services (i.e. a social safety net) for people with mental and physical disabilities, fatherless families, and poor people are also provided.

However, as discussed in Section 3.3.1 there has been a reduction in the practice of lifetime employment and a concurrent increase in irregular workers which also reflects the global trend toward non-standard work. This obviously has reduced the number of company pensions as irregular workers do not access this benefit. Furthermore, according to Okamoto (2007: 529-30), depressed economic performance combined with a cultural bias for familial welfare support systems has meant that the third category of social welfare, the social safety net, may be deficient and might suggest a reason for an observed increase in homelessness. Finally, “from a substantive [(i.e. outcomes-focused)] and methodological perspective,” Ferragina *et al.* (2013: 783-805) conducted research in which they examined trends in family policy and unemployment protection in 18 countries by means of a system called Multiple Correspondence Analysis; the study demonstrated that the Japanese welfare regime is neither liberal nor Christian-Democratic, but exhibits characteristics of both (Ferragina *et al.*, 2013: 794, 796, 799). In other words, the Japanese welfare system is neither scant nor rationalist, in that it does not seek to merely compensate for market failures, nor is it the comprehensive cradle-to-grave welfare typical of Western European democracies (i.e. continental Europe excluding the UK), which seeks to maintain certain basic equitable social outcomes between the rich and the poor as class groupings within society. Indeed, in Japan, certain cultural values and mores about personal and familial responsibly have informed welfare policies in a direction that favours more traditional approaches to redressing a lack of income and/or homelessness to name two examples.

3.4 Environmental Sustainability in Japan

Environmental sustainability refers to the capacity for the natural world or the environment together with its biodiversity and life-support systems to endure intact over time. In the context of economic development, this means that human societies must, for example, move away from the consumption of fossil fuels which releases greenhouse gases (GHGs) and toward developing reliance on renewable energy sources in order to cap or reverse climate change. However, in the less immediate sense, it also necessitates that human societies stabilise population growth and re-align individual and societal development needs and aspirations with levels of land, forest, water, ocean, mineral and energy use that will satisfy essential human interests as well as preserve the natural world. Consequently, this section will assess the factors influencing environmental sustainability in Japan.

Totman (2005: 512-13) argues that despite the degree of industrialisation and economic development in Japan, its biological endowments, especially its forests, have not suffered

damaging losses as a result of economic development. However, the Japanese economy is entirely dependent on international trade because of its need to satisfy its food and energy requirements. Moreover, the presence of large human settlements and industrial *Kombinato* has resulted in coastal damage (Totman, 2005: 508). Arguably the concentration of toxins also worsens environmental degradation because ecological systems have physical limitations to the quantity of industrial waste they can absorb and process before breaking down themselves. The consumption of fossil fuels contributes to CO₂ emissions and in turn to climate change. According to Kameyama (2002: 34), Japan is responsible for 5 per cent of total global CO₂ emissions in fourth place behind the United States, China and Russia. However, given the size of the Japanese economy, greenhouse gas (GHG) emissions per capita are relatively low compared to other developed countries at 9.7 tons (Kameyama, 2002: 34), “which means Japan will find it more difficult than other developed countries to reduce its emissions any further.” That is, the efficiency of its production is obscured by the sheer scale of that production. Indeed, Japan produces a huge amount, and it is for this reason that it is such a huge emitter of GHGs. Moreover, from the supply-side perspective, Japan, as a net-importer of fossil fuels, is contributing to the unsustainable depletion of these non-renewable resources at the global level.

Therefore, Japan faces a greater challenge than many other countries in reducing its total GHG emissions whether under the now lapsed Kyoto Protocol or the Paris Climate Accord agreement. This is because the Japanese economy is highly energy intensive and has to support a large population which means transformation in the economy will be slow and have to remain sensitive to the needs of the Japanese people. Under the Kyoto Protocol, it should have reduced its emissions by 6 per cent of its 1990 level of CO₂ emissions by the period of 2008 to 2012. However, the first commitment period under the Kyoto Protocol has now expired. In December 2009, at the UN Climate Change Conference in Copenhagen, “Japan pledged highly ambitious 25 percent emission cuts below 1990 levels by 2020” (Dimitrov, 2010: 18-19). At the present time under the Paris Climate Accord, Japan still remains committed to cutting greenhouse emissions as seen by declining figures: “Japan’s total greenhouse gas emissions in FY 2015 declined for the second consecutive year, to 1,325 million tonnes CO₂ equivalent, representing decreases of 2.9% from the previous year, 6.0% from FY 2013, and 5.3% from FY 2005” (International Energy Agency, 2017).

Moreover, according to (Sugiyama and Takeuchi, 2008: 436), as much as one third of available energy is lost in energy conversion industries in the form of wasted heat energy. This wasted energy could alternatively be used for heating buildings and supplying hot water, which would reduce CO₂ emissions because less energy would be used for such utilities. This contrasts with the high degree of micro-level efficiency found “in industrial processes, in cars and in electronic equipment” (Sugiyama and Takeuchi, 2008: 436). Nevertheless, the point is that Japan's energy demand is its biggest factor to negotiate when it comes to gearing the economy toward an environmentally sustainable trajectory.

Environmentally benign manufacturing refers to the notion that firms can compete more effectively in the international context by ensuring that their products and processes are environmentally benign. According to Gutowski *et al.* (2005: 7), “Japan has recently enacted extensive “Green Purchasing” guidelines for all government agencies”. Furthermore, the Japanese government is working to create a Life Cycle Assessment (LCA) database that will be specific to

Japan. Indeed, in terms of recycling Japan has enacted legislation that is aimed at the collection and recycling of post-consumer waste and companies are establishing standards for recycled materials like polyvinyl chloride plastic (PVC) (Gutowski *et al.*, 2005: 7).

More recently, according to Matsumoto *et al.* (2009: 575), “Japan seeks policies to promote cellulosic biofuels that do not compete with food”. The potential for biofuels to reduce Japanese GHG emissions is at present limited by difficulties associated with growing feedstock domestically and the availability of imports (Matsumoto *et al.*, 2009: 575-76). Moreover, the future utility of biofuels will depend on technological advances that improve efficiencies in second generation biofuels as well as in vehicle technology. Ishida (2013: 127) concludes that “Japan cannot seem to realize both continuous economic growth and the departure from dependence on fossil fuels” and suggests consequently that “growth-oriented macroeconomic policies should be re-examined”. Arguably, the Japanese economy has to transform toward satisfying societal and environmental needs and it may potentially be a good candidate country for the de-growth approach. What this seems to suggest is that more than improvements in the efficiency of energy production and consumption there will have to be a reduction in the demand for energy. This is difficult to imagine especially after the move away from nuclear power following the 2011 earthquake and subsequent Fukushima nuclear crisis. Indeed, in 2012, the Japanese government decided to reduce dependence on nuclear-generated power and rather focus on renewable and fossil-fuel-generated power (Hong *et al.*, 2013: 418). Unfortunately, within the basket of electricity supply sources, reliance has mainly shifted to an increased use of coal and oil in the production of electricity (World Bank, 2017). This shows the potential lock-in effect of fossil fuel use in the production of electricity especially for countries with abundant coal reserves and the challenges of deploying renewable energy generation technologies. In fact, according to Poortinga and Aoyagi (2013: 19) the Japanese public are not willing to accept the building of new nuclear power stations even if these are intended to help lower the country's CO₂ emissions or improve energy security.

In review, Japan fairs well in terms of the first two measures of universal sustainability, namely economic development and social advancement characterised by high education and a healthy population. However, due to its rapid population growth during the second half of the 20th century and its capital-intensive growth model, the country uses more resources than it possesses domestically (i.e. its ecological footprint) to support its population needs and economic prospects for the future. Thus, the country scores low in terms of resources use and planetary sustainability despite the fact that it has safeguarded many of its own natural resources and biodiversity.

Chapter 4. The Case of the United Kingdom

4.1 The United Kingdom in Brief

The United Kingdom is a nation situated in Western Europe occupying the Island of Great Britain comprising England, Scotland and Wales and the northernmost part of the island of Ireland known as Northern Ireland (CIA, 2018b). The United Kingdom as a state came into being in 1707 through the Acts of Settlement, which were passed in the English and Scottish Parliaments. The Act of Union of 1800 added the Kingdom of Ireland to the Union. The First and Second Industrial Revolutions began in Britain from about 1760 to 1840 and 1840 to 1870, respectively, and thus it became the world's first nation to industrialise. In the 20th century, the United Kingdom played a significant role in both the First and Second World Wars. However, by 1949 the Republic of Ireland, which had been formed in stages since the declaration of Irish independence in 1916, had left the Union and the Commonwealth, but Northern Ireland remained a constituent country of the United Kingdom (Speck, 1993). Meanwhile, the United Kingdom continued to influence language, ideology, politics, law, science, technology, and culture internationally in spite of the dismantlement of the British Empire during the second half of the 20th century. As in Section 3.2, the strategies discussed in this section will be compared in Chapters 7 and 8 to the strategies that were suggested by economic theory in Chapter 2. This will assist in the task of examining the validity of different economic development strategies and will thus contribute to the final set of strategies this research will suggest for achieving economic development. This will also provide an understanding of economic development informed by the social and environmental sustainability outcomes it produces.

4.2 The Post-War Economic Development of the United Kingdom

The post-war economic development of the United Kingdom, from 1945 to the present, can be divided into four ideological phases which have shaped the economic landscape of modern Britain. Notably, these phases have transcended different party cabinets and even different political parties because they reflect shifts in ideology. These phases are the Atlee reforms and the post-war consensus politics of 1945 to 1979, Thatcherism of 1979 to 1997, New Labour and the Third Way of 1997 to 2010, and the new policies of the conservative governments of 2010 to the present. The discussion that follows uses these phases to frame the ideological context of economic policy-making in post-war United Kingdom. This is done in order to understand the economic development path of modern Britain and to identify the strategies and policies that have stimulated economic development and improvements in human wellbeing. Labour, in power from 1945 to 1951, inherited a country that was devastated by the effects of war and was in dire need of economic reconstruction. The United Kingdom had already benefited from An Act to Further Promote the Defence of the United States, that had supplied Britain and other countries with military materials and equipment, which ended after the surrender of Japan in 1945 (Speck, 1993: 175).

By 1946, Britain obtained a loan amount of \$5,000 million, \$1,250 million from Canada and \$3,750 million through the Anglo-American Loan Agreement (Cairncross in Floud and McCloskey, 2003: 39-40). This latter agreement together with the 1944 Bretton Woods agreement required the United Kingdom to enable currency convertibility and end exchange controls the following year in 1947 (Tomlinson in Floud and McCloskey, 2003: 256). This precipitated a run on the pound and the re-imposition of exchange controls that same year. Furthermore, in 1949,

minor economic depression in the United States led to reduced sale of rubber, tin and other British commodities in the American market and 'dangerously' low levels of foreign currency reserves (Cairncross in Floud and McCloskey, 2003: 41). Hence the exchange rate could not be sustained at \$4.03 to the pound and sterling was devalued in 1948 to \$2.80 to the pound (Speck, 1993: 175). This devaluation of the Pound reversed the foreign exchange situation so much so that it restored reserves of foreign currency and contributed to reasons justifying an end to Marshall Aid for Britain in 1950 from which the United Kingdom had benefited since 1948 (Cairncross in Floud and McCloskey, 2003: 41).

Meanwhile, Labour, under Prime Minister Atlee, embarked on the realisation of a new post-war consensus based on the experience of government intervention in the economy during the war and a populist resolve to enact social reform (Speck, 1993: 172). This involved the raising of taxes, the nationalisation of industries, and the creation of publicly-funded national health (i.e. National Health Service), pension and social security benefits. Industries were nationalised which included coal, gas, iron and steel, electricity, the railways, road transport, the Bank of England, television and the radio (Speck, 1993: 174). Remarkably, the Conservative Party, in power from 1951 to 1964, formed a consensus in British politics when it recognised that concepts such as government involvement in the economy and social reform were important issues for gaining the support of the electorate (Speck, 1993: 172).

This consensus which began to emerge in 1945 under Labour was then reinforced by the Conservatives and indeed remained a mainstay of British politics until 1979. Thus, successive governments of Labour (1964 – 1970), Conservatives (1970 – 1974), and Labour (1974 – 1979) remained committed to the post-war consensus about state involvement in the economy, support of nationalised industries, and the welfare state. Indeed, according to (Speck, 1993: 180-81), “the application of Keynesian economics to the management of the economy” was a characteristic true of successive governments from the 1940s to the 1970s. Indeed, the United Kingdom is an example of a country that employed the Golden Age post-war approach to economic development (see Subsection 2.3.3).

The Keynesian influence during the post-war period in the United Kingdom (from the 1940s to the 1970s) involved bolstering demand through benefit transfers, co-ordination of the economy through macroeconomic policy, and pursuing social democratic ideals. According to (Rhodes, 2000: 162), the eventual replacement of social democracy with Thatcherism in 1979 was because of “the failure of social democracy in Britain to internalise a consensus on the social wage and broader welfare priorities”. The social wage refers to those amenities that the state makes available through public funding such as the health care and pensions, which have the effect of supplementing earned incomes. Indeed, during the post-war Golden Age period of economic growth, which Japan and Germany also experienced, Britain became trapped in a vicious cycle of “industrial maladjustment [because of state support for uncompetitive industries], macroeconomic mismanagement [by maintaining full-employment] and social strife” (Speck, 1993: 173). Hence, neither labour nor conservatives could convince labour unions to enter an enduring collectivist agreement whereby they would accept a social wage and halt their demands for wage rate increases (Rhodes, 2000: 163-67). Therefore, voluntarism in industrial relations, reluctant collectivism, and a reluctance to antagonise trade unions created the so-called stop-go economy of the 1950s and

1960s. Moreover, the pursuit of full-employment and the nationalisation of internationally uncompetitive industries for the sake of preserving welfare undermined the fiscal sustainability of the British economy because welfare must be financed preferably via taxes on a productive and efficient economy. Thus, the maintenance of the welfare state requires as a precondition the continued competitiveness of firms in domestic industries relative to their international competitors.

Similarly, the external role of the United Kingdom placed strain on the economy. The British involvement in the Korean War, which began in 1950, tightened pressure on fiscal budgets that since 1946 had frequently suffered deficits (Speck, 1993: 175). Furthermore, the withdrawal from the Suez Crisis in 1956 marked the symbolic end to Britain's role as a superpower because after this event the United Kingdom would retreat even more rapidly from its empire and relinquish its remaining imperial responsibilities (Speck, 1993: 185-86). Meanwhile, the domestic economy ran regular current account deficits from 1964 to 1982 being eased by a devaluation of the pound in 1967 from \$2.80 to \$2.40 and later through North Sea Oil revenues by 1981 (Speck, 1993: 195; Cairncross in Floud and McCloskey, 2003: 72).

From 1964 to 1973 unemployment seldom deviated from full-employment and although current account deficits persisted, output expanded by 31% compared to previous growth of 29% from 1955 to 1964 or subsequent growth of 7% from 1973 to 1982 (Cairncross in Floud and McCloskey, 2003: 67). However, according to Broadberry and Crafts (1996:65), compared to other industrialised economies after 1950, the United Kingdom actually experienced slower productivity growth. Indeed, during the post-war period, Britain was overtaken by countries that in 1950 had experienced lower productivity growth rates and living standards. Consequently, Britain experienced a slowing down of productivity measured by GDP per hour worked over the period 1870 to 1987. This allowed productivity gaps to form with the United States as early as 1913, with Canada by 1950, and with Australia, France, the Netherlands and Sweden by 1973 (Broadberry and Crafts, 1996: 66).

However, this slowdown in overall productivity affected manufacturing less and the out-performance of other countries may partly reflect the shift out of low productivity agriculture occurring in Japan and continental Europe. Moreover, Rhodes (2000:168) states that social democracy in Britain failed to address the problem of the lack of competitiveness within the economy because concerns about maintaining employment, demand, and social welfare remained central to economic management. Furthermore, there were a number of other problems that affected the British economy, including, the decline in apprenticeship training, the peculiarities⁵⁸ with British manufacturing that made it inefficient, as well as declining Research and Development (R&D) spending in the United Kingdom in the post-war period.

According to Broadberry and Crafts (1996: 68-69), British firms were firstly successful because they used apprenticeship training, which provided skilled labour, to compete with American mass-production methods from 1870 to 1914. What is more, British apprenticeship training kept pace with German trends through the 1920s and during the early post-war period, "stimulated by skills

⁵⁸ Related to the artisanal/traditional mode of British manufacturing as opposed to the rationalised modes used in America, Germany, and Japan.

shortages”, and was still able to train “a substantial number of skilled workers” although this practice had declined relative to other European countries. However, by the late 1960s, British and to a lesser extent German apprenticeship training was declining faster due to the rising dominance of the American technique of mass-production.

Secondly, Broadberry and Crafts (1996: 70) further state that “the persistence of ‘personal capitalism’ in Britain is contrasted with the successful development of ‘competitive managerial capitalism’” in the United States and later in Germany. The former required skilled workers on the shop-floor who were individually responsible in a system of craft and/or flexible production while the latter was based on the existence of a professional managerial class in charge of supervision of unskilled workers and who were responsible for the production line. Hence, it is noteworthy that despite the declines in apprenticeship training, which supply skilled workers necessary for personal capitalism, British manufacturing firms failed to “develop managerial capabilities” concentrated in a managerial class, with transferable skills, which would be necessary for American-style mass-production. This delay is arguably because of the late emergence of ‘comprehensive’ or standardised schooling in the 1960s and the late expansion of university admissions from the late 1980s to 1990s (Subsection 4.3.1).

Thirdly, British Research and Development (R&D) spending as a proportion of net manufacturing output from 1937 to 1983 lagged behind that of the United States but was ahead of that of Germany (Broadberry and Crafts, 1996: 71). Figures quoted by Broadberry and Crafts (1996: 71) show that Britain’s R&D expenditure as a proportion of net output in manufacturing rose from .43% in 1934 to 4.77% in 1989, whilst the percentage spent in the US went from .98% in 1937 to 7.33% in 1987. The American lead is also confirmed when R&D is “measured by research expenditure per employee, [and] qualified scientists and engineers per 1,000 employees”, which accompanied the needed rise of managerial capabilities. American manufacturers using mass-production methods “required much tighter managerial control of the labour process, with managers taking responsibility for tasks previously performed by skilled workers” (Broadberry and Crafts, 1996: 69-71), and hence better trained managers.

The United Kingdom in comparison to its European peer group experienced a relative decline in total factor productivity growth from 1950 to 1973 amounting to 0.7 percent per year, which suggests “that catch-up is not automatic nor is [economic] potential always realised” (Broadberry and Crafts, 1996: 72). They further argue that this decline in productivity can be explained by the lack of binding contracts in British labour relations, which caused “under-investment in technological improvement” on the part of employers (Broadberry and Crafts, 1996: 73-74). This is because the workforce, in the absence of binding wage agreements, were able to appropriate for themselves some part of the return on that addition to the stock of capital through wage disputes. Rhodes (2000: 165-66) agrees that the failure of the British labour relations are inherent in the misalignment of policy, which sequentially are as follows: the move from ‘universalism’ to ‘selectivity’ in the provision of welfare benefits, the subsequent “defence of free (i.e. voluntary) collective bargaining” and the failure to agree on competitive wages. The failure to create an efficient welfare trade-off between social wage provisions and the wage rate is what stifled industrial competitiveness and the realisation of social democracy.

Meanwhile, the United Kingdom gained access to the European Economic Community in 1973 in an effort to boost economic growth after two failed attempts in 1963 and 1967. However, the 1973 Oil Crisis resulted in electricity shortages and the introduction of the Three-Day Week, which further weakened relations between the government and the trade unions. By 1978 industrial relations had again deteriorated amid rising inflation, increasing social unrest and strike action. These events culminated at the end of the decade with the Winter of Discontent and the election of Prime Minister Thatcher who would reverse the economic decline of Britain and introduce Thatcherism amid the backdrop of an ideological revolution in economic policy-making and a political turnaround within the Conservative Party. The Conservative Party, under Thatcher (1979 – 1990), and then Major (1990 – 1997), would end the post-war consensus around demand-side management of the economy by introducing the Thatcherite approach to economic policy, which represented a shift toward supply-side management of the economy. This reflected an end to the influence of Keynesianism and involved, privatisation, deregulation, weakening trade union power, tax cuts, and a shift from an industrial policy focus toward competition policy. This shift was engineered with the express purpose of encouraging greater efficiency in the British economy, shedding industrial weight, and promoting enterprise.

According to Broadberry and Crafts (1996: 86), electorates punish politicians for rises in both unemployment and inflation, and if it were not for her decisive leadership during the Falklands War, Margaret Thatcher would probably not have won the election in 1983. Indeed, the maintenance of social contracts had always taken precedence to supply-side policy reform for previous governments of both Conservatives and Labour, which perhaps explains some of the declines in productivity during the early post-war years. Broadberry and Crafts (1996: 86) conclude that British industrial productivity “suffered from a relative lack of human capital formation and that the environment in which firms and workers bargained was conducive to overmanning and a failure to obtain the full potential productivity gains from new technology”.

Thatcherism combined a political revolution with an economic strategy. Whatever its economic successes or shortcomings, it changed the future of economic management in Britain, the nature of the welfare state, and the future of the Labour Party (Rhodes, 2000:173). Thatcherism made welfare a tool of employment policy (Rhodes, 2000: 173). However, spending on formal welfare as a percentage of GDP from the mid-1980s to the mid-1990s “changed little” (Rhodes, 2000: 174). In keeping with the new subservience of social policy to economic policy, welfare was used to soften the harsh effects of economic reforms. The long-term result of these reforms was inflation targeting policy, low taxation, and liberalised labour markets.

The low corporate tax rate and benefit contributions required by the lean British welfare state promoted foreign direct investment (Rhodes, 2000: 175). The result was a liberal market economy that created employment in high-paid and low-paid jobs but that also created growing income inequality. Employers were empowered over trade unions, non-standard work was allowed, and welfare adjustments created incentives for people to find work. Nevertheless, reforms under Thatcherism were too aggressive and the losses in employment through shedding stagnant manufacturing were not absorbed by job creation in the new service sectors that emerged as the British economy restructured (Rhodes, 2000: 175). However, as Cairncross (in Floud and McCloskey 2003; 90) points out, not all the declines in manufacturing were due to Thatcherism as

during that period declines in manufacturing were observed globally.

In 1997, Labour regained executive power, under Blair from 1997 to 2007 and then Brown from 2007 to 2010. Remarkably, Labour built on the Thatcherite edifice or structure of supply-side management including inflation targeting. Indeed, Labour went further by transferring control over the bank lending rate to the Bank of England, the central bank of the United Kingdom. Furthermore, Labour sought to repair the deficiencies of market liberalisation through the introduction of the so-called Third Way, which included the introduction of the minimum wage in 1999, improved funding for the National Health Service, greater welfare transfers, and the expansion of the public sector to alleviate unemployment.

Meanwhile, de-industrialisation continued during this period as the economic axis of the economy shifted from manufacturing to services and particularly financial services. Consequently, employment within the motor vehicle sector fell as companies began to shift production to countries with lower labour costs. Nevertheless, economic growth persisted steadily until slowing down in early 2008 while inflation remained under control. This period concluded with the global financial crisis, which triggered economic recession and increased unemployment. This downturn lasted longer for Britain than it did for other European countries because of the worse fiscal position that the country was in at the onset of the crisis.

In 2010, the general election resulted in a hung-parliament and a Conservative-Liberal Democrat coalition government led by Prime Minister Cameron. The priorities of this government were to reduce the budget deficit, restore economic growth, scale back welfare provisions, and implement proceedings to address the economic and political concerns arising from membership of the European Union and matters relating to the future of the United Kingdom regarding its constituent countries.

Amid these concerns, economic growth has returned to the United Kingdom. The Conservative government under Cameron elected in 2015 continued certain policies of the past governments while devising other policies that were meant to promote economic growth and a more compassionate inclusive society (Evans, 2010). In keeping with a campaign promise, the Conservatives held a referendum on the United Kingdom's membership of the European Union, and on the 23 June 2016, the British people decided to leave the economic and political union known as the European Union. This so-called Brexit has caused shocks to the pound, the stock market, and concern for the prospects for future prosperity. The 2017 snap election resulted in a Conservative minority government and a weakened position for Prime Minister May. The public remain concerned about the Conservatives continued use of austerity measures to cut state financing and Britain's declining relevance in the world.

4.3 Social Sustainability in the United Kingdom

This Section discusses the social sustainability of the United Kingdom. That is, the ability of British society to reproduce itself in a way that either replicates or improves the quality of life indicators relating to education, skills formation, employment opportunities, income inequality, healthcare and social security. Social sustainability can be measured by such factors that encourage inclusive economic growth and development of quality of life for all, as well as other factors

including social equity, diversity, social cohesion, democracy, good governance, and adaptability. This is assessed through an investigation into the nature of participation in British labour markets in Subsection 4.3.1 and of welfare in Subsection 4.3.2. For purposes of this research matters relating to education and skills formation are discussed in the section on British labour markets while the nature of public welfare and social security concerns are discussed in the section on welfare. However, there are some things that can be observed about social sustainability in the United Kingdom at the outset of this section. The United Kingdom scores relatively high on the Human Development Index (HDI) measuring in at 0.875 or 26th best in the 2013 Human Development Report (Malik, 2013). Furthermore, on the Where-To-Be-Born Index (WTBBI) in The Economist magazine (The Economist Intelligence Unit, 2012), a measure of quality of life, the United Kingdom was ranked the 27th best place to be born. The following sections will discuss in greater depth the factors promoting development and the maintenance of social sustainability in the United Kingdom.

4.3.1 Labour Markets and Skills Formation in the United Kingdom

According to Estevez-Abe *et al.* (1999: 1-2), in the United Kingdom people prefer to invest in transferable, that is general, skills because of the absence of safeguards, like implicit agreements on long-term employment and real wage stability supported by government policy, that protect employment, and which are necessary to the formation of specific skills. Instead, liberal regimes like the United Kingdom are seen to provide unemployment protection as a complement to the acquisition of transferable skills (Estevez-Abe *et al.*, 1999: 26).

The education sector in the United Kingdom has undergone much change and reform since the end of the Second World War. During the 1960s secondary education was reformed in Britain with grammar and vocationally-oriented schools being replaced with “comprehensive” so-called mixed-ability schools (Hansen and Vignoles, 2005: 2). Significantly, access has been expanded at primary, secondary and tertiary levels. Indeed, 55% of 16-18 year old learners remained in secondary education during the 1990s compared to 35% in the late 1980s (Hansen and Vignoles, 2005: 3). Moreover, participation in higher education by those 16-18-year-old learners who remained in secondary education rose from 20% in the 1980s to more than 33% by the 2000s. Furthermore, of interest are 2002 statistics showing that the United Kingdom spent 4.9% of GDP on education in compared to an OECD average of 5.7%, while actually getting better results in terms of “the expected average years of education”. What is more, compared with OECD countries the UK enjoys the highest tertiary education graduation rate measuring in at 37.5% (Hansen and Vignoles, 2005: 10). However, this increase in access has not dissolved class distinctions in Britain in terms of access to higher education. Indeed, “48% of young people from professional, managerial and skilled non-manual backgrounds enter university” compared to “only 18% from a skilled manual or unskilled background” (Hansen and Vignoles, 2005: 3). It is factors like these that stifle upward social mobility, encourage inter-class antagonism, and work against achieving greater social cohesion in British society and stifle opportunities for social compacts.

Furthermore, according to Hansen and Vignoles (2005: 6), “the system of vocational training and qualifications in the United Kingdom is complex and has changed substantially over time”. Indeed, Britain remains without a unified system of administration for vocational education despite the fact that participation by 16-17-year-old people has risen from 15% during the 1980s to 25% by

the early 2000s. The subject of vocational education is important not only for promoting an equal opportunities society that celebrates the aptitudes of all citizens but also for the case of South Africa in Chapter 8 where vocational work might present an opportunity to reduce unemployment and reduce the rush toward tertiary education. In another vein, Hijzen *et al.* (2005: 861) mention that there is “fear in developed countries that outsourcing [of unskilled labour-intensive stages of production] will tend to reduce the demand for relatively unskilled workers resulting in either falling relative wages for, or increased unemployment of, unskilled labour”. Moreover, Hijzen *et al.* (2005: 875) find that 'outsourcing' and 'Research and Development' have, respectively, a negative effect on demand for unskilled labour and a positive effect on the demand for skilled labour and have caused skills restructuring in British manufacturing. These are the kinds of social dislocations that can occur in countries as they move out of certain sectors and into others requiring different skills.

Nevertheless, on a positive note, according to Nickell *et al.* (2000: 173-75), the United Kingdom has experienced nothing short of an “unemployment miracle” since the 1980s. That is a substantial decline in long-term unemployment. This they argue was attributable to the following factors: legislated conditions for wage bargaining that reduced the bargaining power of labour unions due to an absence of more socially desirable institutions to co-ordinate wage bargaining in the United Kingdom; reduction in unemployment benefits and the promotion of active labour market policies, including subsidies and training opportunities, designed to end long-term unemployment; and the elimination of barriers to part-time work. However, disability benefits have not been subject to stringent enough entry criteria and have allowed abuse of the policy. Moreover, the level of unemployment is disproportionately higher because there is a shortage in the supply of skilled workers. In other words, there is a dislocation in the economy where the skills supplied by the labour market are not available in the quantities demanded. Unfortunately, Britain is allowing those with lower academic abilities to miss out on appropriate educational opportunities. Noteworthy is the current trend in the United Kingdom and around the world of outsourcing work abroad to countries with cheap and abundant stocks of unskilled and low-skilled labour. Yet, the unemployment situation could be improved if more opportunities were made available to low-skilled workers. Dolton and O'Neill (2002: 398) suggest that “the combination of a threat effect [(i.e. the fear of being destitute)] and job search assistance [as provided by the Restart Unemployment Programme] provides a cost-effective way of reducing long-term unemployment in the United Kingdom”.

Regarding the effectiveness of education policy and the demand for different types of labour within an economy, Hansen and Vignoles (2005: 16) state that the final observation in terms of the structure of the economy is arguably a product of the relative productivities of its cohorts in the unskilled, low-skilled, skilled, and highly skilled labour markets, respectively. Girma and Görg (2004: 832) find that high wages are positively correlated with outsourcing, that foreign-owned firms outsource more than domestic-owned ones, and that “outsourcing intensity in the chemical and engineering sectors” is positively correlated with productivity in those sectors, especially in foreign-owned firms. Consequently, the United Kingdom seems to be struggling to maintain productivity. Regarding productivity more generally, Wakelin (2001: 1079) observes that innovating firms within innovating manufacturing sectors receive higher productivity returns for Research and Development expenditure. Indeed, one way to promote labour productivity growth

is to adapt to the changing pattern of industrial performance by changing manufacturing processes (i.e. process innovation), linking machines and workers in an internet of things approach to innovation and embracing the new⁵⁹ industrial revolution. Furthermore, adopting more traditional modes of training in the vein of ancient artisanal practices toward in-house training, worker collaboration, and the combining of technical and human capacity, as well as biological innovation and technology, would improve productivity.

The United Kingdom is embracing the change and is innovating in the new fields of biotechnology, molecular level engineering, and improving connectivity within the built and lived environment to improve data gathering and decision making on a variety of areas including production efficiency, process innovation, and prospects for improvement in human capital through upskilling, augmented reality training, and robotic assistance. These are high-tech advances indeed and reflect the need of all countries to adapt to the changing realities of competition in an increasingly interconnected world in which some countries now possess comparative advantages in industrial manufacturing, labour costs, and technological efficiency.

4.3.2 Welfare in the United Kingdom

The modern distinctions between liberal, conservative, and social democratic welfare systems were defined in an article published by Esping-Andersen (1990: 92-123) in which he sets out *The Three Political Economies of the Welfare State*. Kammer *et al.* (2012: 458) refer to this study as one which “distinguishes welfare state arrangements by means of their eligibility rules, the level of income replacement and the range of entitlement,” and point out that according to Esping-Andersen’s classification, the welfare arrangements of the United Kingdom are classified as those of a liberal regime or economy.

However, according to Aspalter (2011: 740), the liberal or Anglo-Saxon model of welfare arrangements can be described as encouraging a limited role for government in providing and regulating welfare. Instead, individual responsibility of one's needs is emphasised. Aspalter (2011; 740) further states that the government's involvement in “public housing, education, and healthcare is either non-existent, or it plays a marginal role”. Moreover, this system of welfare relies on “economic targeting”, which involves asset and means testing, to determine the worthiness of recipients of welfare. Nevertheless, according to Aspalter (2011:740), the United Kingdom “only approximates this model to some extent”.

Arts and Gelissen (2002: 146) summarise some of the exceptionalities of this fourth welfare regime found in the literature. Firstly, redistribution via social welfare policy that addresses pre-tax and pre-transfer inequality may have been introduced for political reasons by parties on the Left. Secondly, income-related benefits and means-testing used extensively in radical regimes can be effective in the redistribution of income (Arts and Gelissen, 2002: 146). Thirdly, social welfare institutions reflect the interests of groups in society and consequently the construction of inter-class coalitions and thus the redistribution of income and the amelioration of poverty (Korpi and Palme, 1998).

⁵⁹ There is conflict here as to whether this should be accurately denoted as the fourth or fifth industrial revolution. Indeed, some believe that the networking, customisation, and application of new technologies (i.e. the fifth revolution) is distinct and separate from the emergence of the new technologies of the internet, digitisation, real-time data gathering (i.e. the fourth revolution) underlying innovations in terms of industrial processes.

Aside from the classification of welfare in the United Kingdom, recent discourse in the country concerning welfare provisioning and needed reform is informative. According to Wiggan (2012: 400), use of the term “worklessness” in political discussions about unemployment “delinks the availability of job opportunities from the business cycle and economic demand” because the term “worklessness” implies idleness, indolence, and self-imposed financial hardship. This is a part of rhetoric of the post-2010 Conservative governments, which seek to legitimise the desire to reduce welfare spending by recasting the problem in indolent terms (Wiggan, 2012: 400). This can be seen as a political attempt to balance the interests of economic viability and particularly fiscal viability with the need for maintaining social cohesion. However, this sort of attitude is in keeping with the liberal welfare regime which may be seen to utilise welfare spending to enable re-entry into the labour market. The liberal welfare regime can be seen to be associated with the conventional economic development strategies (see Subsection 2.2) which maintain that the free operation of markets is the best way to ensure development with few exceptions. Thus, the welfare system should safeguard only the bare minimum of human dignity and not be an 'alternative' to working.

4.4 Environmental Sustainability in the United Kingdom

Environmental sustainability refers to the capacity for the natural world or the environment together with its biodiversity and life-support systems to endure intact over time. In the context of economic development, this means that human societies must move away from the consumption of fossil fuels which releases greenhouse gases (GHG) and toward developing reliance on renewable energy sources to reverse climate change. However, in the less immediate sense, it also necessitates that human societies stabilise population growth and re-align human-societal development needs with levels of land, forest, water, ocean, mineral and energy use that will satisfy essential human interests as well as preserve the natural world (see Subsections 1.1.2 and 2.4). Consequently, this section will assess the factors influencing environmental sustainability in the United Kingdom and the prospects for a green transition.

The United Kingdom has more than 10,000 statutorily designated protected sites according to Gaston *et al.* (2006: 77). This is a fortunate situation as much of natural habitat of Britain has undergone substantial transformation because of continuous human settlement, agriculture and economic activity. Indeed, according to Brockerhoff *et al.* (2008: 939), as much as 80% of Britain's land surface might once have been covered with ancient forest. However, Firbank (2005: 163-75) argues that agricultural land is not by definition necessarily poor in terms of biodiversity potential or in its ability to supply environmental goods and services. Rather, implementation of biodiversity on farms is complicated by the need for farms to “balance multiple environmental and economic goals” (Firbank, 2005: 172). The questions remain: “How do we rank biodiversity alongside other environmental goals ... clean water ... climate management ...? Should we aim to manage the global ecosystem or to focus on more local needs?” consistent with ecological agriculture under a landscape approach⁶⁰ (Firbank, 2005: 172). These questions have become ever more pertinent.

⁶⁰ Also termed an integrated management approach. It aims to ensure that multiple concerns, including nature conservation, agriculture and other land uses are considered in the management of land resources. Implementing a landscape approach implies balancing the relative ecological, social, and commercial interests of the land so that, in the case of cultivated land for example, multiple outputs are attained from the use of the land, including the conservation of natural habitat, the supply of natural resources, and the preservation of access to wild foodstuffs and medicinals for local communities.

Consequently, the suggestion is that landscapes be managed appropriately with reference to economic and environmental concerns, as then both objectives can be achieved in an integrated and harmonious system. Similarly, Bockerhoff *et al.*, (2008: 939) state that plantation forests, that account for 70% of the 12% of forested surface area in Britain, which were planted during the 20th century, if properly managed, can sustain and even encourage biodiversity. Evidently, afforestation programmes can be used to restore lost habitat and preserve environs in which plants and animals live.

However, Gaston *et al.* (2006: 85) point out that nature conservation as and for itself is not sufficient because climate change and social ills can reduce the effectiveness of its protection. Hence, environmental sustainability must balance social, economic and environmental issues. According to Lorenzoni *et al.* (2007: 445), the United Kingdom was due to achieve a 12.5% instead of the intended 20% reduction on 1990 levels of GHG emissions by 2010 under the Kyoto Protocol. Recently, the United Kingdom has signed on to the 2016 Paris Climate Accord agreement which commits the Britain to reducing its GHG emissions. The United Kingdom's approach to adaptation to climate change is mainly top-down while evidence shows that local engagement is also a driver of effective adaptation (Tompkins *et al.*, 2010: 633-34). Indeed, barriers to public engagement persist in stifling societal transition from knowledge, to impact, through to changes in the behavioural response (Lorenzoni *et al.*, 2007: 449).

Individual barriers include the lack of knowledge, uncertainty and scepticism, distrust in the information sources, externalising of responsibility and blame, reliance on technology, climate change perceived as a distant threat, the importance of other priorities, reluctance to change lifestyles, fatalism; and helplessness. Societal barriers include the lack of action by governments, business and industry, the free rider effect, pressure of social norms and expectations, and the lack of enabling initiatives. Moreover, Lorenzoni *et al.* (2007: 456) and Tompkins *et al.* (2010: 633-34) agree that transition to a low-carbon sustainable society requires more motivation than the threat of climate change alone.

It means, therefore, individuals need to be convinced of additional benefits that a low-carbon sustainable society could bring in terms of improving natural and man-made environs as well as human wellbeing. These could include socially engaged communities, pollution reduction, and the preservation of natural habitat. Jeswani *et al.* (2008: 49) reported on research they conducted to assess and compare corporate response to “climate change strategies of different sectors in two different country contexts.” They selected two countries, the UK from the industrialized group and another from the developing countries group, namely, India, being “significantly different countries with respect to economic development, GHG emissions and climate change policies” (Jeswani *et al.*, 2008: 49). They conclude that regardless of the size of a country, its level of economic development, or socio-political context, corporate involvement plays an important role in the successful societal adaptation to climate change in both industrialised and developing countries. Policymakers must be mindful of the drivers and barriers that companies face in altering their environmental impact. Indeed, firm location, size, sector and ownership structure all have a bearing as well as the availability of information, financial support from government and public policy (Jeswani *et al.*, 2008: 57).

Mitchell and Connor (2004: 1935-36) and Lipp (2007:5490-93) agree that although the United Kingdom has an abundance of policy promoting the transition to renewable energy, overall, the strategy is too dependent on the market mechanism and falls short in terms of promoting innovation, picking winners and ultimately reducing CO₂ emissions by 60% of 1990 levels by 2050 which is required, along with other countries' commitments, to preventing more than two degrees of warming.

Nevertheless, development into renewable energy may also become blocked if appropriate consultation and co-operation with local communities is not first sought resulting in situations where trust and mistrust result in either local acceptance or rejection, respectively. Upreti and van der Horst (2004: 66) show how the community of North Wiltshire presented viable opposition to the development of a biomass energy plant. This is because they, the community, experienced a personal disjuncture between the objectives of GHG emissions reduction and their personal interests, related to the amenability of the area, odour pollution, traffic congestion, and property valuations. This reflects a classic problem of short-term and local interests seeming more immediate than long-term and civilizational interests. What is more, Foxon *et al.* (2005: 2135) state that "developing a shared vision between government, industry and the research community for each sector is important" when overcoming 'gaps' in government policy and barrier of risk/reward ratios to developers and investors operating in the renewable energy sector. The above example also vitally establishes the importance of emboldening shared social aspirations in society. This is especially true when it comes to issues surrounding long-term environmental sustainability and the restructuring of the economy toward a low-carbon future and adoption of new technologies.

Consequently, elements of Britain's individualist society that prioritises personal freedoms, which have been key to successes in economic development in terms of promoting enterprise development and entrepreneurship, are those self-same factors that make the formation of social compacts and the realisation of the importance of societal-level transformation difficult. The transition to a sustainable future in Britain will likely entail compromises and trade-offs between different groupings in society and will mean that an individualist community-centred approach, aligned with British culture, would do better than a top-down bureaucratic approach, currently being used, to mitigate the effects of environmental degradation and climate change. Indeed, attaining universal sustainability in Britain requires that its citizens adapt on all fronts, economic, social, and environmental, simultaneously to achieve a developed, equitable, just, socially cohesive, and environmentally sustainable future. This would entail a society-centred approach and implies rightly so that the nature of economic and societal development affects the character of environmental reform and means that such reform is influenced by social and economic values.

Consequently, Britain must choose what kind of a future it is willing to strive for. If it goes down the road of comprehensive environmental reform it will likely miss out on some economic advancement, higher average incomes and consumer goods, and perhaps less state power. However, if the country were to throw caution to the wind and disregard environmental concerns then it be likely face increased pollution, biodiversity loss, and degradation to its landscape. Everything in economics and indeed every endeavour will involve a trade-off.

Chapter 5: The Case of New Zealand

5.1 New Zealand in Brief

The nation of New Zealand is situated in the South Pacific in what might be called the British Antipodes⁶¹. The islands are a subtropical paradise capable of supporting a rich diversity of plant and bird life. New Zealand was settled by humans in two major waves, first by Polynesian peoples in the 13th century and second by extensive British settlement in the 1840s and throughout the 19th century. Historically, the Maori were supported mainly by horticultural gardens whereas Settlers supported themselves through intensive use of agriculture and animal husbandry, which have transformed the ecology of large parts of the islands. The history of New Zealand as a nation begins amid the globalisation period of the late 19th century (i.e. under the imperialism of the British Empire) and was defined by its sacrifices in Gallipoli during the First World War.

However, the importance of the 1840 Treaty of Waitangi cannot be overstated by way of its continued and growing resonance in the development of Settler, or *Pakeha*⁶², and Maori relations during the 20th and 21st centuries. Indeed, the Treaty of Waitangi has informed so much of what it has come to mean to be a New Zealand citizen that it is indispensable. It has become the means by which *Pakeha* and Maori stories have been established, interrogated, juxtaposed and finally accepted within the national narrative of this developed and culturally diverse society. In this way, white and Maori cultures combine in the national story and reflect the marriage of two different but equally 'Kiwi' identities. The cultural desire of settler communities to build a better Britain in New Zealand free of the inter-class struggles that plagued 19th century Britain also had a bearing on the economic and societal development of New Zealand. This was especially true during the post-war nation-building period of New Zealand's history when policy-makers sought to create a prosperous and equal society populated with capable people and Maori fought for their rights to be included in that society.

5.2 The Post-War Economic Development of New Zealand

The Second World War saw New Zealand once again doing its duty in support of the British Empire, although, in actual fact, New Zealand's trade revenues lay with safeguarding Britain's future (CIA, 2018c; Mein Smith, 2005). However, uncertainties and broken promises during the war, namely, the inability of the British Navy to provide a defence presence against Japanese forces, when the islands had been repeatedly assured of such protection, led New Zealand to concentrate on maintaining historic ties with both Britain and Australia economically, while ultimately creating a dual dependency as the focus shifted toward the United States in pursuit of its security objectives in the South Pacific. Meanwhile, autonomies achieved by Maori and *Pakeha* women relating to co-operative development of Maori lands and expanded liberties for women, which had been so encouraging during the war, did not endure after hostilities ended (Mein Smith, 2005).

⁶¹ The geographically opposite location on the planet.

⁶² *Pakeha* is a Maori word that refers to the descendants of white settlers (i.e. Anglo-Saxon white New Zealanders) to the islands who have made New Zealand their home and adapted to life on the islands disavowing their original British culture for a progressive 'whiteness' and identity in their adopted motherland, that has borrowed from Maori culture, accepted racial diversity, and deviated from its parent culture on social mores.

4574 Following the end of the Second World War, New Zealand concentrated on cultivating diplomatic
4575 relations at the United Nations influencing the UN Charter in favour of humanitarian values that
4576 would secure the chances of peace in an age of great powers (Mein Smith, 2005). Economically,
4577 New Zealand tightened connections with Australia to mutually promote the development of
4578 commerce and the maintenance of full employment. What is more, rehabilitation for ex-
4579 servicemen (including Maori) was made possible in the country via settlement on kitted-out farms,
4580 and in town, via access to state housing and preferential employment. Also, on a positive note,
4581 Maori gained greater recognition as citizens through the Maori Social and Economic Advancement
4582 Act of 1945, however, the focus remained on welfare rather than on development (Mein Smith,
4583 2005).

4584
4585 A series of Treaty settlements also followed between 1944 and 1946 (CIA, 2018c; Mein Smith,
4586 2005). The Waikato-Maniapoto Maori Settlement Act of 1944 committed annual payments of
4587 £10,000 for 45 years to the Tainui Maori tribe in recognition of lands confiscated during the 19th
4588 century (Mein Smith, 2005). There was also the Taranaki Maori Trust Board annuity in
4589 compensation for ancestral lands to the Taranaki iwi for £5000. Thirdly the compensation awarded
4590 for confiscated lands of the South Island Maori tribe, the Ngai Tahu, was £10,000 - payable
4591 annually for 30 years (Mein Smith, 2005). Equality between *Pakeha* and Maori became a tangible
4592 hope during this period. Moreover, New Zealand ratified the Statute of Westminster⁶³ in 1947
4593 making the country constitutionally separate from the United Kingdom, which ultimately would
4594 lead to the emergence of a new sovereign state, that of New Zealand (Brooking, 2004; CIA, 2018c).
4595 New Zealand citizenship followed in 1948 with British subjects living in New Zealand forfeiting
4596 British citizenship and becoming New Zealanders or Kiwis – a nation all their own. This signified
4597 an end to the period of Empire and meant that the 1930s and 40s had been a time of nation-building
4598 and nationalism under a long-serving Labour Party. A national culture had emerged through radio,
4599 introduced in 1936, and in the arts, in the form of a national museum, art gallery and orchestra
4600 (Mein Smith, 2005).

4601
4602 In the post-war era, the National Party would dominate starting with the government of Prime
4603 Minister Holland, which sought a middle ground between the settler contract and equality of
4604 opportunity in an era of social change and new interdependencies (Mein Smith, 2005: 176-200).
4605 New Zealand, insignificant and remote, was faced with the monumental challenge of being a small
4606 country in a big world trying to develop and progress. The approach New Zealand followed would
4607 allow it to safeguard itself during the political uncertainties of the Cold War, balancing its
4608 economic interests with Britain and Australia, its security interests with the United States, its
4609 interdependencies on the world economy, and increased multiculturalism at home, while
4610 maintaining its autonomy. The Legislative Council was abolished in 1950, which transformed
4611 parliament into a unicameral legislature. This quickened the process of law-making and the use of
4612 executive power via parliament by present and future elected governments as reforms could now
4613 be enacted with improved efficiency and less procedure.

⁶³ This was an Act of the British Parliament which enabled self-governance in Australia, Canada and New Zealand through the granting of legislative independence and paved the way toward the full independence of these three countries from the British Empire and the United Kingdom.

The Cold War allowed New Zealand to attract the interest of the United States as it positioned itself on the side of capitalism. China had been won over by communism in 1949 which together with North Korea presented a threat to continued security in South East Asia. New Zealand tacitly supported the United States by contributing troops to the United Nations forces during the Korean War. Also, American friendship with Japan showed that alliances in the post-war era had now shifted with economic interests. The Colombo Plan provided American funding of scholarships for Third World students at that time to study in Australia and New Zealand, thus resulting in economic gains to both Australasian countries. Australia, New Zealand and the United States formed the Australia New Zealand United States (ANZUS) pact as a military defence alliance during 1951 to act as a protection against Asian communists in the Pacific.

The post-war era saw the domestic birth rate increase as the number of older couples who had delayed their nuptials now added to the number of new marriages. This phenomenon resulted in the baby boomer generation. Consequently, less immigration was required to maintain economic growth. However, assisted immigration resumed in 1947, and between 1945 and 1971, 70,000 British, 6200 Dutch, 1100 Hungarian refugees, and 4500 European displaced persons entered the country. Kin immigration continued into the late 1980s mainly from Britain (half) and from Australia (quarter). Indians could enter the country as British subjects and then later as Commonwealth citizens. However, immigration from China was viewed with prejudice and the numbers of Chinese were restricted by imposing a heavy poll tax. In 1944 it was finally abolished and in 2005 the Government set up a Chinese Poll Tax Heritage Trust as compensation.

Chinese people living in New Zealand regained the right to become naturalised in 1952 for the first time since 1908. In practice, the Immigration Amendment Act of 1961 made entry difficult as migrants were required to have entry permits. Only Australian migrants did not require an entry permit or even a passport until 1981. This reflected the inclusion of Australasians both white and 'brown' in the definition of "good migrants". Indeed, 26,000 Pacific Islanders relocated to New Zealand in 1966 from its dependencies, namely, the Cook Islands, Niue, Tokelau and Western Samoa, a United Nations trusteeship territory under New Zealand administration. Western Samoa became self-governing in 1959 and independent in 1962. Tokelau remains a New Zealand dependency, whereas, the Cook Islands and Niue became self-governing territories in free association with New Zealand in 1965 and in 1974, respectively. The free association status of these islands forms a part of an immigration policy that catered for the needs of the economy, while also having the least impact on society and culture. Thus, the social sustainability argument is reflected in that European immigrants supplied skilled labour while Maori and Pacific Islanders supplied unskilled and semi-skilled labour, which did not also significantly alter cultural values. However, the presence of Pacific Islanders also helped frame New Zealand within its Pacific context.

Moreover, Maori relations with town and country were changing. From the 1930s, population recovery combined with limited land holdings to support subsistence had compelled Maori to move to urban areas in search of work. A so-called "silent migration" of Maori had been facilitated by the labour demands of the Second World War. The economic boom of the post-war era was no different. Consequently, between 1945 and 1976 Maori changed from being 74% rural to being 77% urban. This was a significant occurrence in New Zealand's history as it would have positive

implications for welfare as well as association between *Pakeha* and Maori. Indeed, the disparity in life expectancy between Europeans and Maori converged during the post-war years. Also, following rapid Maori urbanisation cultural interaction increased. Maori who could not be sustained through the development of their lands hitherto were viewed as a reserve supply of industrial labour. Consequently, an official relocation scheme was in effect from 1960 to 1967 to promote urbanisation and occupy over 20,000 vacancies that were present in the economy during this time.

Social change was accelerated in 1962 with the introduction of the contraceptive pill; this gave women greater control over their lives and once the duties of motherhood had been dispensed with, married *Pakeha* women would take paid employment. Indeed, the figure of women in employment increased from less than 8% in 1945 to around 20% by 1966. Skills shortages in education and healthcare throughout the 1950s and 60s further encouraged this trend. The government promoted state jobs for married women as well as equal pay from 1960. Finally, women's movements achieved equal pay for women in the private sector with the introduction of the Equal Pay Act of 1972.

With respect to the economy, New Zealand maintained an export-led growth approach. Through the 1950s and 60s, the National Party retained power because of the benefits it managed to accrue for the economy during the Cold War. Indeed, full employment for men was a reality until 1967. The National Party had embraced the free-market, but the country continued to be dependent on trade with Britain. Moreover, early in the post-war era, the more militant aspects of the labour movement were undermined, and the Labour Party weakened. The labour movement became divided between the Federation of Labour, which sided with the state, and the more militant Trade Union Congress. During the Korean War, exports were disrupted at the wharves in a dispute with the waterside workers which lasted 151 days. This threatened export revenues, which were lucrative at the time. The Trade Union Congress representing the waterside workers rejected compulsory arbitration. The National Party ordered the armed forces to the wharves to end “industrial anarchy” and protect export revenues. The incident identified the role that a state may play in safeguarding the economic interests of society and was symbolic of the National Party’s consolidation of power.

Nevertheless, through the Vietnam War, which was the first war that New Zealand entered without Britain, the political left would experience a revival to the advantage of the Labour Party. Participation in this war resulted from external political pressure and out of fear for a loss of ANZUS. Regardless, New Zealand's contribution was small at only 3500 troops who served there from 1965 to 1972. Internationally, hippie counter-culture, feminism, and the human rights movement had become popular and at home, the baby boomers were now a New Leftist constituent who rejected conservative social norms as being prejudiced and outdated. The Vietnam War had torn domestic sentiments apart on the issue of foreign policy. Labour won the next election ending the National Party's long reign in 1971. Following the withdrawal of Britain and America from South East Asia, New Zealand followed suit. The Labour government under Prime Minister Kirk opened relations with China and the Soviet Union (USSR)⁶⁴ and showed that for “global citizens” nationalism, within the context of an interconnected and interdependent world, must also mean

⁶⁴ Union of Soviet Socialist Republics

4705 promoting internationalism. This was a particularly realistic and pragmatic⁶⁵ approach for a small
4706 island nation like New Zealand.

4707
4708 Further interconnectedness followed for the island nation when The Air New Zealand Company
4709 emerged in 1965, and by 1970, the cost of air travel fell to the same level as sea travel. Meanwhile,
4710 duty free exports of meat and dairy to Britain continued until 1967, whereas wartime bulk purchase
4711 agreements stopped in 1954. As part of the Commonwealth, New Zealand stayed in the sterling
4712 area until the mid-1960s as American relations were still more political than economic.
4713 Nevertheless, a decline in British consumption of butter, cheese, lamb and mutton, all of them
4714 staple exports, and the crash of the international wool price in 1967 ended the economic boom. As
4715 a balance of payments crisis arose, the National Party imposed austerities. One of the benefits that
4716 was cut in 1967, was a thirty-year-old scheme to supply half a pint of milk to each schoolchild;
4717 this move was a clear indicator of austerity measures at that time. Moreover, in the same year the
4718 metric measuring system was adopted and amid American dominance, the New Zealand dollar
4719 was introduced to bolster the international competitiveness of New Zealand's exports by giving
4720 the country its own currency.

4721
4722 The new coinage showed images taken from nature and suggested that New Zealand was
4723 realigning its sense of nationhood with its environment and surroundings. Significantly, this new
4724 currency was devalued by almost 20% in order to restore parity⁶⁶, which had been lost in 1948,
4725 with the Australian Dollar. Further realignments in the economy occurred as Britain looked to
4726 Europe for its future economic prosperity. French reluctance in 1961 to allow Britain access to the
4727 European Economic Community (EEC) (the predecessor to the European Union) revealed most
4728 fortuitously Britain's intentions to New Zealand without the immediate loss of exports giving the
4729 country time to re-order its trade relations.

4730
4731 The entry of Britain into the European Economic Community (EEC) proceeded in 1973, but not
4732 before New Zealand and Australia were able to agree on and sign the New Zealand-Australia Free
4733 Trade Agreement in 1965. From 1965-1966 to 1970-1971 trade between the two countries
4734 increased by over 50%. This was the defining moment in the triumph of the Australasian model of
4735 state-led development. This trade agreement originated in talks going back to 1956 when Prime
4736 Minister Holland had negotiated access to the Australian market for timber and newsprint. New
4737 Zealand, along with its closest partner Australia, sought to manage domestic vulnerabilities to
4738 political and economic uncertainties by learning from each other and diversifying their economies.
4739 The survival of the New Zealand economy was due partly to government development initiatives
4740 of the previous half century and the 1950s, as well as to the new openness of the economy to
4741 seeking out opportunities with other nations. Indeed, the state-owned Kaingaroa forest, established
4742 during the inter-war years, would provide timber for the Tasman Pulp and Paper Company, formed
4743 as a joint-venture in 1952, contributing 50% of manufactured exports by 1965 and 45% exports to
4744 Australia.

4745
4746 The period from 1975 to 1984 in New Zealand history is known as the era of Muldoonism after
4747 Prime Minister Muldoon. According to Mein Smith (2005: 205) "to many people Muldoon stood

⁶⁵ In the usual sense of meaning sensible and realistic.

⁶⁶ The equivalent value of one currency in terms of another at an established exchange rate.

for 'divide and rule' politics, hostility to the world, and totalitarianism.” His supporters included ordinary 'middling' men⁶⁷, returned servicemen, and Maori gangsters. His opposition were protesters of all kinds, educated Maori, the women's movement, the peace movement, the civil rights movement, and conservationists. The era of Muldoonism was characterised by attacks against counter-culture movements, interference in the economy, and abuses of executive power. The mixed economy was now replaced by a co-ordinated economy⁶⁸. Indeed, interest rates were regulated downward if these went up too high with inflation. A farmer's subsidy, in the form of a minimum price scheme, allowed “unwarranted” increases in sheep numbers and farms. In the wake of the Second Oil Shock, following the Iranian Revolution, New Zealand motorists were told to nominate a day when they would not drive. Many young people departed for Australia in search of better futures amid rising unemployment. To make matters worse, these emigrants had to apply to the Reserve Bank of New Zealand in order to remove their savings from the country. Muldoon further used the Economic Stabilisation Act of 1948, a now outdate provision, to enact an “across the board price and wage freeze” (Mein Smith, 2005:205).⁶⁹ Hence the era of Muldoonism became synonymous with regulation, top-down control, and a culturally regressive turn.

Nevertheless, a few ideological exceptions exist to the historic record of Muldoon's legacy, which is mostly viewed in a negative light having been highly interventionist and resulting in increased government expenditure. Muldoon instigated a series of Think Big development projects which sought to reduce New Zealand's dependence on imported energy sources. These included methanol and ammonia-urea plants, a synthetic fuel plant⁷⁰, and the expansion of national oil refineries and the creation of New Zealand Steel. One of these projects was a fast-tracked hydroelectric project on the Clyde Dam, which was completed in 1988. In addition to these national development projects, under Muldoon's leadership, New Zealand signed the Australia-New Zealand Closer Economic Relations Trade Agreement (CER) in 1983. This agreement had developed under the numerous links created under the New Zealand Australia Free Trade Agreement (NAFTA)⁷¹ of 1965. The CER is a positive legacy from the era under Muldoon. The CER resulted in an increase in trade between Australia and New Zealand of over 500%, which was helped along by historically interconnected labour and capital markets between the two countries (Mein Smith, 2005: 207). The two economies have continued to integrate further and in the 21st century, the New South Wales (a constituent state of Australia, and the closest territory barring the island of Tasmania) and New Zealand economies have moved largely in lockstep with one another.

“The Australia – New Zealand Closer Economic Relations Trade Agreement (known as ANZCERTA or the CER Agreement) is one of the most comprehensive bilateral free trade

⁶⁷ Average men of moderate political persuasions and modest incomes.

⁶⁸ Muldoonism should not be conflated with communism or socialism but rather with traditional conservatism which before it was ever liberal in economic terms was in its origins, mercantilist and patriotic, but Muldoonism adds the dimension moral obligation to the less fortunate. That is, conservative in the old sense of the word describing the desire to preserve that which is good and noble in society, which often means ensuring the capital interests of a nation.

⁶⁹ Such a situation is comparable to Zimbabwe during the 2000s and demonstrates that similar economic phenomena affect diverse countries and that policymakers may choose to implement similar responses which bear different results within the context of different economic factors promoting growth, social realities and public institutions. Indeed, these same policy interventions seem to have damaged Zimbabwe's reputation in the eyes of foreign investors more so than these did New Zealand's reputation.

⁷⁰ Derived from coal and biomass.

⁷¹ Not to be confused with the North American Free Trade Agreement

agreements in existence. It covers substantially all trans-Tasman trade in goods, including agricultural products, and was the first to include free trade in services. Since 1 July 1990, all goods meeting ANZCERTA Rules of Origin criteria can be traded across the Tasman free of duty and quantitative import restrictions” (Australian Government, 2018).

Following this period of Muldoonism (1975-1984), which was characterised by intervention in the economy, the economic policies of Rogernomics, named after Finance Minister Roger Douglas, would inform an economy that embraced deregulation and the free market. Under Prime Minister Lange and Finance Minister Douglas, the new Labour cabinet of 1984 would institute “a swathe of economic reforms” (Mein Smith, 2005:208). The justifications for these reforms came from the devaluation crisis at the end of Muldoon's term, a balance of payments deficit, rising inflation, the expensive and fiscally burdensome national pension scheme, excessive regulation, the Think Big projects, a lack of adaptability to changing realities in the economy, and the fact that economic performance had declined relative to the Organisation for Economic Development (OECD)⁷² average⁷³ (Mein Smith, 2005: 208-9).

The reforms would remove the challenges of “poisoning capitalism”, that is those factors burdening the free operation of the market, including “import and capital controls, strong trade unions, a large state sector, and a redistributive welfare state”. The neoliberal reformers also emphasised the importance of finally adapting to the abandonment of the British Empire by the United Kingdom in terms of its economic responsibilities. The economy was to be returned to a state of economic orthodoxy and “social protection against [the] vicissitudes of the market abandoned” (Mein Smith, 2005: 209-10). Ironically though, this shift toward neoliberalism reflected the continued cultural connection to other English-speaking liberal societies as this new ideology had been instigated by Prime Minister Thatcher in Britain and President Regan in America as a counter-revolutionary uprising against radical social democratic trends, and now in New Zealand, it would be implemented by a compliant Labour government.

Consequently, during this era, the emphasis shifted from the worker to the consumer as the principal agent of economic progress. The neoliberals, peculiarly under the Labour government, “strove to expose the economy to external shocks to make it more adaptable and resilient” (Mein Smith, 2005; 210). This involved a theory-driven revolution in economic policy, which included the adoption of monetarism, financial deregulation, floating exchange rates, deregulated banking, abandoning of exchange and price controls, removal of barriers to import licensing, and the removal of agricultural subsidies. The government instituted inflation targeting between 0% and 2%⁷⁴ with the Reserve Bank Act of 1989 which made the Reserve Bank responsible for the inflation rate. In 1986 a goods and services tax of 10% (12.5% in 1989) was introduced on all domestic spending, except financial services. Marginal income tax rates were flattened with the

⁷² A group made up of Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Republic of Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, and United States.

⁷³ However, New Zealand falling behind the average economic growth rate of the OECD countries is not as drastic as it would seem considering that this is an advanced group of leading economic power-houses and the emerging economies of Chile, Mexico, and Turkey. Indeed, falling behind in a club of leaders is not the same as falling behind globally, and should not be seen as such.

⁷⁴ The upper bound figure was adjusted to 3% in 1993.

highest rate being reduced from 66% to 33% in 1988 in an effort to raise overall tax revenues and help balance the fiscal budget⁷⁵. Furthermore, a tax surcharge was introduced on national superannuation (i.e. on the pay-out of pension schemes). Government-run services were reoriented to operate according to commercial management standards with corporate governance structures. The historic system of compulsory arbitration was replaced with voluntary arbitration under the Labour Relations Act of 1987. This diminished the importance of the need for there being compromise between capital and labour classes from the development agenda of the state by effectively making engagement between these constituents voluntary (Mein Smith, 2005: 212).

State owned enterprises (SOEs) were first reorganised to operate based on commercial standards and then were privatised. Public asset sales included Telecom, Postbank, the state insurance scheme, the Think Big projects, government mortgages, the Rural Bank, wood cutting rights in state forests, Air New Zealand, and the railways (Mein Smith, 2005: 212). In the words of Mein Smith (2005: 212), “the public infrastructure created over the previous century was outfitted in corporate clothing and put up for tender”. Consequently, this period in New Zealand's history bears many similarities to economic reforms in Britain during this same era under Prime Minister Thatcher and reflected the move toward neoliberalism in the English-speaking world. There were social costs to these economic reforms. Along with economic restructuring came many sectoral redundancies. The policy agenda of Rogernomics aimed at reducing welfare dependency, while delivering jobs through transformative economic reform. Effectively, this agenda signalled a move away from industrial policy-led development by abandoning less productive sectors of the economy, despite potential employment dislocations, and through eroding social compacts by liberalising labour markets and downscaling welfare. This new era embraced free market solutions to stagnant growth under the refrain that increased competition is always best, and that people motivated by self-interest can advance prosperity.

Ironically, the drastic reforms of both the era of Muldoonism and the era of Rogernomics were made possible by the same political factors. Indeed, the unicameral parliament made sweeping reforms possible and the first-past-the-post electoral system ensured that cabinet would have adequate support from parliament in order to enact reforms (Mein Smith, 2005: 213-14). Interestingly, according to Mein Smith (2005), the CER benefits New Zealand more than the reforms implemented under Rogernomics and furthermore that in fact both Muldoonism and Rogernomics failed to promote the importance of technological advancement in the process of promoting economic and societal development. What is more, the problem of inadequate technological innovation in New Zealand goes back to the 19th century and is related to the country's isolation, lack of resources, and insufficient sector diversity. Arguably, free trade may have positive contributions to make in facilitating the importation of new technologies and ideas especially amid the context of an ever more globalised global society.

However, according to Brooking (2004: 177), New Zealand in the 21st century “sits at an important crossroad in its history”. The country remains subject to the vagaries of international agricultural prices and its tourism exports are dependent on the fickleness of fashions and prevailing international circumstances. Agriculture must still engage with the new demands for non-GMO

⁷⁵ This is part of conservative tax thinking that goes all the way back to the Roman Empire that posits that reducing the tax rate will actually raise overall revenues by encouraging economic activity and enterprise development.

goods and organic foods. The country must use its considerable expertise in biotechnology, developed through agriculture, to negotiate the terrain between environmental sustainability and intensive agriculture. Indeed, Brooking (2004: 177) suggests that the country take a lesson from other small nations including Ireland and Finland on how to use its “well-educated, highly skilled, and creative population” to the best advantage of its developmental objectives as well as in terms of developing new industries. Interestingly, Brooking (2004: 178) notes with surprising allusion to many of the themes of this research that “this new polyglot country will need the extraordinary capacity of its indigenous people to cope with change, the ingenuity of its European settlers, and the entrepreneurial skills of its more recent Asian arrivals to prosper as a healthy democracy in the twenty-first century”. Indeed, the economic development strategies of the nation-centred approach with their focus of capacity building both among citizens and in national institutions should inform New Zealand’s need to traverse the changing landscape of increasing international competition and technological change.

Nevertheless, New Zealand has developed through agricultural and resource exports and through its service sector. It is an example of several of the conventional development strategies (see Subsection 2.2) including the efficient markets, investment, and free trade strategies. Indeed, New Zealand is highly interconnected within the world economy and is dependent on international trade. The country has sought ways to encourage investment by making it easier to do business and by encouraging the development of capable citizens. However, in order to preserve the social gains it has made in terms of social cohesion among citizens, education and welfare, movement toward compassionate and humanitarian values, and environmental justice, New Zealand must face the challenges of adapting to the new realities that the conventional strategies may be losing their usefulness. Indeed, in an era of regions looking inwards, international insecurity from rogue aggressor nations, insurgent groups and terrorism, and increasing technological and social change, there is a greater need for human capital development. Furthermore, co-deterministic collaboration with workers on *technical* and *process* innovation would be needed to stave off massive job losses brought on by the fourth industrial revolution, with its concurrent processes of automation and mechanisation, and a loss of social cohesion.

However, this thesis would not lobby for the introduction of a universal basic income to alleviate the forecast social dislocations that will likely result from modern technology, as this would be at odds with the essential focus on human freedom found in this text. Indeed, a universal basic income would demote all human beings to the status of powerless beneficiaries of an international bureaucratic elite. Such a provision would arguably threaten the socially progressive gains achieved during the Golden Age of constitutionalism in the 20th century and potentially open the door to Orwellian-type⁷⁶ institutionalised global state control. It would not be wise to hand over the wellbeing of all and means of exercising freedom to a global order of technocrats less likely to appreciate human dignity than rational efficiency. Absolute power over humanity through the control of the means to life itself would be a slippery-slope to the denial of justice, independence of thought, personal rights, and freedom.

⁷⁶ Denoting draconian control by propaganda, surveillance, misinformation, and the denial of truth found in George Orwell’s novel *Nineteen Eighty-Four*.

5.3 Social Sustainability in New Zealand

5.3.1 Labour Markets and Skills Formation in New Zealand

During the post-war period, the Labour Party also embarked on progressive reforms that legislated education as a human right and sought to fully develop each individual. The central premise being that whatever a person's intellectual endowment, education should be used to develop their potential. *Pakeha* teachers were educated about Maori culture, pre-school became the rage, and toys were designed to achieve cognitive development. In 1945, the government introduced a 10 Shilling benefit per child for mothers, which teachers observed improved children's dress and appearance in school. Moreover, young Maori men in North Island, for example, migrated to Christchurch to take advantage of trade professions and apprenticeships. Young Maori women took up jobs in hospitality, teaching and nursing, which were seen to be in-line with home-making and motherhood. The Hunn report, published in 1961, suggested that the Maori adopt a modern way of life. The intention was to "combine the Maori and *Pakeha* elements to form one nation wherein Maori culture remains distinct" in society (May, 1999: 55).

May, (1999: 55) cautions, however, that although well-intentioned, this policy still preserved certain cultural hierarchies as it was the *Pakeha* or Westerners who ultimately decided what should be saved and preserved as "relics" from the old Maori ways. Nonetheless, the public image of the Maori was changing; a depiction of pre-modern Maori life was successfully removed from the school curricula in 1964. Thus "integration" replaced "assimilation" in race relations. The separate Maori school system was abolished in 1969. Furthermore, in the spirit of integration, Maori were able to obtain state funding for the building of their Marea or community meeting places, which facilitated the transmission of Maori culture to the youth. Moreover, together with their younger siblings, the baby boomer generation would increase their demand for education. The baby boomer generation had crowded hospitals and pre-schools and they now crowded primary schools. Their older siblings stayed in the home for longer and doubled secondary school enrolments between 1945 and 1959. Furthermore, demand for technical institutions and universities grew as capacities were reached. Consequently, the University of New Zealand split into four, namely, the Universities of Otago, Canterbury and Auckland, as well as the Victoria University of Wellington. Other universities also opened including Massey University and University of Waikato in 1964. In this way, New Zealand invested in human capital development and opened possibilities for new economic sectors outside of old colonial ones, which is necessary from the movement from being a peripheral part of a large empire into being an autonomous state that must see to all manner of needs in institutional and technical arenas.

Furthermore, changes took place in the labour market in the 90s; the Employment Contracts Act of 1991 radically deregulated the labour market and adopted individual contracts in employment. Also in 1991 severe welfare cuts were implemented while the regime "equated self-reliance with personal responsibility and paid work" (Mein Smith, 2005; 213).

Moreover, it may be said that the combination of reforms under Muldoonism and Rogernomics coalesced and continued to accrue benefits to New Zealand through the 1970s and 80s. This was added by the strength of the state which has been able to secure the interests of the nation. Indeed, Sautet (2006: 571) reports that the New Zealand economy made a turnaround in the 1980s and 1990s and in 15 years to 2005 became one of the most vibrant economies in the world; the Index

of Economic Freedom rose from 5.9 in 1985 to 8.2 in 2002. New Zealand is however noted for “modest growth in the last decade, and relatively poor growth prospects for the years ahead” (Sautet, 2006: 571). Several factors are put forward to explain poor growth currently, ranging from “failure to complete the reform process”, “too much reform” and “‘free-market’ policies have been taken too far” (Sautet, 2006: 572). Nevertheless, “New Zealanders, it is said, do not need much money to be happy because they hold dear some egalitarian ideas that go back to the nineteenth century, reflected today in the romantic search for a peaceful and green New Zealand and perhaps also in the revival of Maori *tikanga*⁷⁷” (Sautet, 2006:572). Consequently, New Zealand seemingly has the starting conditions to begin movement toward a de-growth approach to prioritising economic and human-societal development, although this will probably be limited with regard to its agricultural and animal husbandry activities.

Regarding the development of New Zealand in the second half of the 20th century, Sautet (2006: 576) identifies five economic reforms that transformed the economy producing “a better tax system, a fluid labour market, more extended markets, a stable money supply, budget surpluses, and a reduced public debt.” These reforms were characterised by a simplification and reduction in taxes, labour market liberalisation and weaker trade unions, trade liberalisation and increased openness to international trade, the use of inflation targeting policy, fiscal prudence and thriftiness, and the rationalisation of public expenditure to limit public debt, while maintaining social development (Sautet, 2006: 575-80). Furthermore, the difference between Kiwis and the Asian Tigers is that the structure of the economy reflects far more liberal impulses toward entrepreneurship and organic-type economic development despite the strength of the state contrasting the situation in Asia where powerful governments used their might to recruit investment and initiate wide-reaching industrialisation. However, this situation does not reflect a *laissez faire* model, but rather efforts by New Zealand governments to shape a very particular kind of country within the context of pro-market trends (Sautet, 2006: 592).

5.3.2 Welfare in New Zealand

New Zealand, according to Aspalter (2011: 740), fits into the liberal type of welfare regime, which limits the government's role in welfare to a marginal one in the areas of public housing, education and healthcare. Allocations are highly targeted (i.e. specific to various contingencies) and as such are based on asset and means testing procedures with a high degree of stratification in the delivery of public services so as to not encourage permanent welfare dependency, which includes government-sponsored labour market and business development activating initiatives (New Zealand Government, 2018). Nevertheless, this system is still compassionate and in fact, prides itself on having eliminated abject poverty. The liberal regime of welfare provision may thus be seen to offer a minimum safety net against the problems of economic non-inclusion and poverty at least cost to the state.

In another vein, Maori health improved from the 1960s onwards as evidenced by improved family planning and lower death rates during the post-war period as well as the doubling of the life expectancy for Maori Women between 1901 and 1961. Fundamentally, the modernising of the Maori meant greater urbanisation and specifically the extension of the suburban way of live. Urban

⁷⁷ This is the culture of the Maori people, who are the indigenous people of New Zealand, and concerns a way of doing things that is considered correct and right.

life shifted the focus from the extended to the nuclear family, which elevated the position of the home. Indeed, the detached suburban house became the basis of urban citizenship for Maori as it had already been for urban whites. The suburban home, complete with a front lawn, backyard, a clothesline, vegetable and flower gardens, as well as a garage was the image that pervaded the national narrative. What is more, as well as the house, the car had risen to prominence. New Zealanders took car trips and holidays and walks in the country which allowed them to discover the natural beauty of their country and they found fortunately that not all had been lost to agriculture and industry (Mein Smith, 2005: 194). Furthermore, the decentralised neighbourhoods created the need for local supermarkets and shopping centres. Consumerism was further driven by the attractions of new household appliances and helped to ease domestic life for the care of the baby boomer generation. Importantly, the presence of a suburban middle-class was seen as a safeguard against the spread of communism as it won support for the conservative camp by ensuring that citizens had a pecuniary stake in society. Indeed, the proportion of houses owned rather than rented rose to over 70% during the post-war period encouraged by National Party state loans and selling of state housing as well as the option to capitalise family benefits into a house deposit introduced by the Labour government of 1957.

5.4 Environmental Sustainability in New Zealand

Under Prime Minister Kirk, New Zealand, together with Australia took France to the International Court of Justice in 1973, following nuclear tests conducted by the French in the Pacific (Mein Smith, 2005: 181). Indeed, testing of nuclear devices in the Pacific by the American, British and French governments from 1966 onwards, was a source of contention during the early Cold War period, especially after the Partial Test Ban Treaty of 1963. However, nuclear power was apparently more palatable; proponents of this source of power contended that it is safe and sustainable. This is especially true in the current age of concern over CO₂ emissions, where nuclear energy could potentially help reduce carbon emissions. Geiger counter readings on the West Coast in 1955 led to a 25-year search for economically viable deposits of uranium to no avail. New Zealand acquired enriched uranium through an agreement with the United States signed in 1956, transferred to the International Atomic Energy Association in 1961, to develop nuclear power generation capabilities. Between 1955 and 1964 electricity generation doubled, but it still lagged behind demand. Hydroelectric power had been expanded on North Island with the development of dams and reservoirs on the Waikato River during the 1950s and on South Island on the Waitaki River during the 1960s; a cable was laid across the Cook straight in 1964 to supply extra hydroelectric power to the energy intensive North Island (Mein Smith, 2005: 182).

Nevertheless, the environmental movement in New Zealand also coalesced around Prime Minister Kirk's government agenda of a nuclear-weapons-free-zone for the Pacific in the early 70s (Mein Smith, 2005: 193). In the 1970s nationalism over the landscape grew and a petition of 265,000 signatures protested the supply of hydro power to an aluminium smelter and saved the islands of Lake Manapouri from submersion (Mein Smith, 2005: 195). However, the post-war era had also seen a third grasslands revolution, in contrast to the environmentalism of later years, which extended the grasslands to the hill country and the pumice lands through aerial top-dressing of phosphate and cobalt in each case respectively. Consequently, the number of sheep in hill country farming rose by around 40% during the 1950s (Mein Smith, 2005: 195). Consequently, the natural landscape of New Zealand was still subject to the colonial ambitions of recreating Britain and its

landscape on the islands.

In the agricultural vein, Fairweather and Campbell (2003: 288-89) highlight two approaches to sustainability in agriculture being allowed by the New Zealand government. These are the agro-ecological sustainability and the genetic engineering (GE) technical fix approaches. The first aims at aligning agriculture with ecological considerations and the second sees GE as an alternative to maintaining intensive agriculture while becoming more sustainable through a reduction in fertiliser and pesticides enabled by GE fixes.

A “research into farmer opinions on new technologies” namely, agro-ecological sustainability and genetic engineering was conducted in May 2000 on 1950 farmers selected at random from a list of properties. The findings of the questionnaire were interpreted “in terms of the pathway to sustainability for New Zealand agriculture;” the farmers in the survey were distinguished as follows: 10% organic, 73% conventional, and 17% GE intending (Fairweather and Campbell, 2003: 288-90). According to Fairweather and Campbell (2003: 297), most farmers are leaning toward agreement with agro-ecological sustainability as the best approach and most genuinely sustainable pathway. However, they disagree with the government choice to be pluralistic and allow a dual approach for sustainability in agriculture and argue clearly that “the agro-ecological and the technological fix approaches are opposing pathways to sustainability” having different “paradigms” (Fairweather and Campbell, 2003: 298). This is because the agro-ecological approach “emphasizes the system, uses fewer intensive inputs and typically makes slow change towards a new state; the other emphasizes intensive inputs, new externally-sourced technology, and acceptance that the status quo is acceptable with technological innovation being able to provide solutions to any problems that might arrive”. Fairweather and Campbell (2003: 298) question whether this is a genuinely sustainable approach to agriculture. Indeed, this pluralistic acceptance of both approaches may be more politically diplomatic and viable but could have repercussions for long-term sustainability because it is likely that the more intense GE technique will out compete organic and conventional agricultural production. Also, against the interests of a pluralistic policy, consumers are clear in their demand for green production methods (Fairweather and Campbell, 2003: 298). The limitation of this initial study was that it looked at intentions and not actual practices; further surveys would have to be conducted to monitor changes of intention and actual new management practices that farmers are persuaded to attempt as the debates about agro-ecological and technological approaches might gain momentum at different degrees of popular opinion, respectively.

In a study of over 800 New Zealand firms, Collins *et al.* (2007: 739) found “that two-thirds of business felt no external pressure to adopt social practices and almost half felt no external pressure to adopt environmental practices”. Moreover, they conclude that the New Zealand “government is not the best change agent” and that the real reason for adoption of sustainability practices, both social and environmental, are the “beliefs and values of senior management” (Collins *et al.*, 2007: 739). Finally, it was noted that larger firms were “more actively engaged in sustainability” while the adoption of sustainability practices was helped along in small and medium firms by membership of the Sustainable Business Network. This highlights the importance of belonging to such a network for providing information about sustainability concerns and for “consciousness raising” in the evolution of individual firm practices (Collins *et al.*, 2007: 740).

Collins *et al.* (2010: 491) confirm some improvement; according to their findings between 2003 and 2006, there was an increase of 10% in companies adopting environmentally sustainable practices. Factors behind this increase include greater media and government attention, the financial value of the 'green' New Zealand image to many businesses, and government emphasising environmentally sustainable practices in policy initiatives. This attempt by governments to use moral suasion or an appeal to morality in this context is defined by Romans (1996: 1220-26) as "the attempt to coerce private economic activity via governmental exhortation in directions not already defined or dictated by existing statute law." Environmental economists originally suggested this instrument as a more agreeable route than the legislation of restrictions either by means of direct bans or indirectly by means of penalties and taxes. Collins *et al.* (2010: 492) agree that the 'soft' approach, that consists of a lack of formal regulation, works in the New Zealand context but that government can do more to demonstrate to domestic firms "how can we [(i.e. the New Zealand consortium of firms)] be green". Indeed, practical assistance may be more helpful than legislated responses by government creating "incentives to insulate houses, install solar panels, reduce electricity consumption, [and] recycle etc." (Collins *et al.*, 2010: 492). Moreover, "regarding greenhouse gas mitigation" they conclude poignantly that "both government and businesses are likely to discover that continued inaction" will cost considerably more in the long-run than action now (Collins *et al.*, 2010: 492).

Chapin *et al.* (2012: 14) examine four examples of "transitions from a spiral of environmental degradation to a more sustainable trajectory supported by a stewardship ethic held by local residents", namely, the Manapouri, Monowai and Te Anau Lakes Guardians, the Fiordland Marine Guardians, the Waikawa Catchment, and the Mackenzie Basin. Interestingly, in each example, action to redress environmental degradation was the result of public concern with solutions being generated locally and not being imposed by an external authority, highlighting the usefulness of a bottom-up approach to environmental reform. The case studies reported on by Chapin *et al.* illustrate the importance of unified public opinion and were important milestones leading to environmentally friendly legislation; the "concept of sustainable management of natural resources, inherent in the Fiordland Lakes controversy was subsequently applied more generally in the form of the Resource Management Act in 1991" (Chapin *et al.*, 2012: 5). Indeed, this highlights the importance of the involvement of concerned experts in their ability to provide Environmental Impact Assessments (EIAs) in assisting communities to attain credibility through "negotiation" and "compromise" in their bottom-up initiatives. "All 20 stakeholder groups" were concerned about the potential loss of pristine natural habitat and entered an agreement which "sustained about 95% of each ecosystem service" (Chapin *et al.*, 2012: 6). Indeed, three types of consciousness have been proposed in this context, namely, naïve, critical, and organisational consciousness⁷⁸ (Labra, 2012: 4, 5, 10). The realisation of the third type at a community level facilitates an ability by local residents to identify challenges and resources in their surroundings to improve the conditions and sustainability of human lives and livelihoods. Furthermore, it was found that it in each case in was the biophysical environment in which residents held personal and cultural attachment that provoked the community to stewardship (Chapin *et al.*, 2012: 14). In other words, this is about having vested interests in one's surroundings and community and in the preservation

⁷⁸ Naïve consciousness describes a state of mind where people are the passive subjects of their environmental and circumstances, while critical consciousness describes an ability for people to identify the real causes of challenges without a focus on group activity within a community setting to address such challenges.

of natural resources like pollinators (e.g. bees, ants, and butterflies) and forests and wetland (e.g. air and water purification).

In this way, people begin to see the value of preserving nature as a resource, that is something possessing vested interests, in maintaining it in its pristine condition as well as seeing it as a source of potential ongoing local economic development opportunities to actualise community/co-operative type businesses that have a moral incentive to protect that self-same natural resource. They further note that the “simplicity of government and favourable economic conditions that characterize New Zealand may have contributed to the success of transformation toward stewardship” (Chapin *et al.*, 2012: 15). This arguably suggests a strong sense of place for many New Zealand communities and an appreciation for preserving the environmental and ecological beauty of their country. These case studies highlight the need for environmental *education* for instigating reform and initiating the transition to more sustainable outcomes in the future through the first-person experience and the dissemination of knowledge of nature and ecology, and the dangers of amplifying extractive mentalities toward natural endowments. By no means, should such an attitude be considered to be indoctrinating of anti-market approaches, but instead an apprehension of the true place of human society within the natural world. Such a realisation, facilitated by a better flow of information through fact-based education can help to realign societal values, especially, in so far as balancing the pursuit of continued material wellbeing with sustainability concerns.

Chapter 6: The Case of Sweden

6.1 Sweden in Brief

The Kingdom of Sweden is situated in Northern Europe on the eastern side of the Scandinavian Peninsula, bounded by Norway in the west and the Baltic Sea and the Gulf of Bothnia in the east. The region was settled by Germanic tribes, the Swedes and the Goths who began to be Christianised by Frankish missionaries as early as 1022. Eric IX (r.1150-60) conquered Finland, forcing Christianity on them. The Swedes were always a force to be reckoned with; wealthy Swedish aristocrats forced their king to renounce the throne and promoted the Union of Kalmar which united Norway, Denmark and Sweden under one sovereign and which was affected in 1397 by Margaret I, Queen of Denmark and Norway. In 1521 the Swedes rebelled under Gustav Vasa who became Gustav I of Sweden. During the 16th and 17th centuries, Sweden's monarchs were engaged in turbulent military victories, defeats and treaties. Of note was the landmark Peace of Westphalia in 1648 which ended the Thirty Years' War and began an era which saw Sweden and her monarchy established as a Great Power in Europe (Bram *et al.*, 1983: (25) 44-47).

The modern history of Sweden begins with the Great Northern War that largely dismantled the Swedish Empire. Charles XII was routed by Russia in 1709 and treaties signed in 1721 ceded much territory around the Baltic and in Germany to Russia. The Age of Great Power was finally undone when Finland became a Grand Duchy under the control of the Russian Tsar in 1809, and Sweden lost its remaining territories outside the Scandinavian Peninsula during the Napoleonic Wars (Bram *et al.*, 1983: (25) 44-47).

These events enshrined the value of constitutionalism within the national narrative. In the 19th century, much progress was made, materially, culturally and politically. Between 1864 and 1866 the Riksdag (Sweden's legislature, which was first assembled in 1435 in the ancient town of Arboga) was transformed into a bicameral legislature in much the same form as it remains to this day. During the reign of Oscar II, who was king till his death in 1907, enlightened laws governing factories, accident insurance for workers and working hours for women and children were passed. His successor Gustav V also made amendments to the constitution, extending of the voting franchise and making changes to representation in the legislature. Modern Sweden has thus been transformed into a model and different society with unique standards. Indeed, since 1814 when Sweden invaded Norway, it has not been at war and its foreign policy has been defined by a policy of non-alignment during peacetime and unwavering neutrality during wartime. Sweden has concentrated on improving democratic institutions and social class relations, which has allowed the economy to sponsor the development of a sophisticated welfare state and the creation of a remarkably humane and equitable society (Bram *et al.*, 1983: (25) 44-47).

6.2 The Post-War Economic Development of Sweden

Sweden pursued official political and military neutrality during the Second World War as the League of Nations appeared devoid of power and a Nordic defence pact failed to materialise. However, the issue of Swedish neutrality is not clear cut as during the course of the war two million Nazi troops were allowed to traverse across Sweden greatly to the disadvantage of Norway, and the country provided aid unofficially to Finland, a co-belligerent (Kent, 2008). Nevertheless, both Allied and Axis powers ultimately affirmed Swedish neutrality by not infringing on its territorial integrity. Trade with Germany deepened with 38 million tonnes of iron ore being exported there

between 1940 and 1944 (Kent, 2008). This occurred as conflicts in the North Sea restricted trade westward, although, mutually beneficial trade with Britain also continued alongside complex negotiations. However, despite ceilings on wages and prices, a decline in competitive imports provided an unintended boost to domestic production, particularly in agriculture, and prices rose. Industrial relations weakened, and a strike broke out in February 1945, the worst since 1909, which was swiftly quelled by the government. Defence spending rose dramatically from 148 million Krona in 1936 to 1,846 million Krona in 1941-2 (Kent, 2008). Meanwhile, neutrality provided a shelter for political refugees and Jews, who fled Nazi persecution. Indeed, many Jews escaped from Denmark across the Sound straight and into Sweden in October 1943. Consequently, although Sweden did not share in the repugnant ideologies of Nazi Germany, it sought to rather safeguard its own security during the war.

In hindsight, Sweden emerged from two world wars, with battlegrounds centred in Europe, and the Great Depression as a relatively homogeneous society whose citizens largely shared ethnic, cultural and religious values (Kent, 2008: 238-69). The country remained neutral in the Cold War while Denmark and Norway joined NATO and Finland, non-aligned at the time, maintained friendly relations with the Soviet Union. Nevertheless, the Nordic Council was formed in 1952 for economic, social and political co-operation. The Social Democratic Party advanced the creation of the welfare state and would indelibly imbue society with the values of Social Democracy between 1951 and 1976, with the Centre Party only becoming a viable opposition by 1973. However, certain aspects of Social Democracy were arguably already embedded in Swedish culture as it had enjoyed less class-inequality throughout its history as compared with other societies in Europe and had a progressive cultural bent toward solidarity (Estevez-Abe *et al.*, 1999; Kent, 2008).

In 1970, Parliament was changed into a unicameral legislature, allowing for more expedient adjustments in policy (Kent, 2008). With the Cold War over, the policy of non-alignment became less important and Sweden joined the European Union in 1995 (CIA, 2018d). The shift to the political left that occurred during the earlier half of the century allowed Social Democrats to create the welfare state, but the economy experienced tax and regulatory burdens as a result, which returned power to the political right and ultimately resulted in a compromise between industrial competitiveness and welfare. This is a notable theme among countries that seek to advance social justice and equality through welfare as such spending requires a healthy economy.

Sweden joined the Marshall Plan in 1947, which helped the country finance economic development in the immediate post-war era (Kent, 2008; The Editors of Encyclopaedia Britannica, 2017b). This was despite the fact that unlike other Western European countries, Sweden had not suffered infrastructural and institutional damage during the war as a neutral power. Indeed, capital could be funnelled into productive rather than reconstructive efforts. Meanwhile, it became a member of the Organisation for European Economic Co-operation, aiding association among the free-market economies of Western Europe and further enhancing market-access for Sweden into larger consumer markets (CIA, 2018d; Kent, 2008). A credit and trade agreement between Sweden and the Soviet Union signed in 1946, increased mutually beneficial trade between the two countries. An inter-Nordic consortium founded the Scandinavian Airlines System that facilitated regular flights to the Americas. Furthermore, regular television broadcasts started in 1950 on the anniversary of the Nobel Prize, which was first awarded in 1901. During the 1950s, inflation

weakened gains from Gross National Product (GNP) growth which had returned to its 1900 level. Meanwhile, Britain, the Federal Republic of Germany, and the United States of America all became important trading partners. Timber, as well as pulp and paper industries, further declined relative to the iron and steel industry, and especially the new engineering industry, which made up 42.7% of exports between 1967 and 70 (Kent, 2008). Thus, the Swedish economy moved out of more traditional agriculture and resource linked sectors into high-tech industry and manufacturing.

The shipbuilding industry proved important through the 1950s and 60s but had slowed by 1990 with only 6,000 employed from a peak high of 30,000 (Kent, 2008). The banking sector developed under the direction of the Wallenberg family and the energy industry expanded amid growing domestic demand from public, industrial and residential sectors. Although Sweden would rise to its humanitarian zenith and espouse the values of Social Democracy, it would be a society in conflict with itself as the economy, and many people within its ranks felt the weight of the almost monolithic welfare state upon it. Indeed, the economy and labour were managed to maintain the project of creating an equal and just society. The central concern being the tax system, which in one extreme case had taxed Astrid Lundgren, an author, more than 100% in income tax in 1976. Indeed, in 1977 the Swedish Krona had to be devalued by 10% as stifling taxes and capital flight had reduced the country's competitiveness. The currency was devalued by 16% in 1982 (Kent, 2008). Public protest erupted during the 1980s as discontent for Social Democratic policy grew, shifting political power back toward the right. The welfare state was, however, a consolidated reality with only its scope and intent being the concern of future governments. The state had become highly centralised and the country's biggest employer. Significantly, the government now looked to nuclear power to move toward sustainability as well as ensure that energy needs were met by authorising the construction of twelve reactors.

By the 1990s, the economy was in crisis as slumping international demand for traded goods resulted in a 40% decline in the Stockholm Stock Exchange and the collapse of the housing market. The Moderate Party now decided to privatise, to varying degrees, the state-owned post, rail, and telephone industries. Moreover, since the 2000s government has become dominated by the Alliance for Sweden and its four constituent parties the Moderate, Centre, Liberal People's Parties, and the Christian Democrats, with the Social Democrats being the Opposition. However, there were several success stories. The automotive manufacturers SAAB and Volvo experienced international renown backed by domestic demand for personal vehicles. Tetra Pak, founded in 1951, became the world's largest packaging company by the 1980s. Ericsson, which had been started in the 19th century, became the country's major telecommunications provider with a 3rd of the world share in the cellular telephones market by the early 1990s. IKEA, founded in 1943, experienced its major boom as a furniture manufacturer during the 1990s, while increases of more than 10% in exports and plummeting inflation in this period advertised Swedish industrial success, supported by capital-labour solidarity, to the world.

Sweden developed early on in its industrialisation through the export of natural resources and primary industry products such as iron ore and pulp and paper. Furthermore, remaining neutral during both world wars meant that the country avoided much devastation and actually traded with both Allied and Axis powers. However, the economic success of Sweden is not as exceptional as one might think and is more a product of well-functioning capitalist institutions in existence and

operation before the era of Social Democracy. These institutions encourage skills development, support entrepreneurship and innovation, capital investment in new sectors, risk taking, and broad-scale co-operation in society. Social Democracy built on the cultural inheritances of the Swedish people to make the system more secure by promoting long-term employment and encouraging collaboration with workers. Counter-intuitively, the scope of equality among citizens was already a reality before the introduction of the welfare state and has its origin in other social reforms. Namely, the relatively reduced power of the Swedish monarchy and nobility during its long history compared to other European powers, the importance of egalitarianism and inter-class solidarity in Sweden, the shallow degree of material separation between social classes in Sweden, the liberal attitude of the Church toward non-traditional attitudes in society, and the distinctively Swedish concern for inclusion and overall wellbeing as evidenced by the incorporation of the peasantry as a fourth estate in the Riksdag – the Swedish parliament (Kent, 2008: 101-4, 166-68, 187-90, 192-215, 219-26, 252-57; Swedish Government, 2018; The Editors of Encyclopaedia Britannica, 2018).

One of the best lessons to learn from Sweden is that the economy supports the operation of the Welfare state because of well-functioning capitalist institutions and a highly skilled population. In other words, the welfare state is maintained via a healthy economy. This could provide insights for countries wishing to expand welfare without first ensuring a vibrant economy. Moreover, the comprehensive and empowering nature of the Swedish welfare system that emphasises making economic participation in the economy and labour-market employability more desirable, helps to ensure stable economic conditions. Indeed, households that are in good preserve are more likely to behave responsibly and to save, which limits social ills and provides finance for the intermediation of new investments. Nevertheless, perhaps there are other ways to ensure social sustainability and equality beside welfare expansion, such as through encouraging a more compassionate set of societal values that ensures strong familial and community ties, comprehensive and empowering social services in education and healthcare, a hunger for innovation and personal pursuits that bring pride and honour to the nation, a system of labour market governance that creates opportunities for people of all skills-types, and an economy that creates opportunities for enterprising entrepreneurs. These trends can exist outside of formal relations in the labour market or the need for comprehensive government spending on a social wage and relate to the values of a society.

This is one area in which the Swedish system falls short in that it lacks the dynamism and ingenuity of more liberal economies. In this vein, Sweden lacks the institutions that sponsor innovation and entrepreneurship like in the United States for example. Indeed, economic development in Sweden has been throughout the process of industrialisation and in the post-war period characterised by broad-reaching interclass social compacts between the king and the nobility, the old ways and the new, the path to gallantry and that toward democracy, between political parties and corporation, the church and the working-class, and that co-deterministic vein that dominates Swedish culture and defines the relationships between workers, employers and the gatekeepers of societal institutions in material, moral, political, and judicial arenas.

Fundamentally, the success of the Swedish economy is not so much a triumph of economic policy but a monument to societal achievement. Sweden moved from a point of intensive capitalisation

to continue to advance economically and socially by spreading those rents more evenly within society thereby creating the conditions necessary for yet more rents from human capability and wellbeing, to present themselves in the form of co-deterministic arrangements that maintained competitiveness, social spending, and investment in enterprise development.

However, there is a warning here too. A society weighed down under the burden of complete co-operation and compromise has arguably no room for the great leaders of history to motivate the Schumpeterian notion of creative destruction, innovation and the forging of new ideas in the course of reinventing society. A society tied to social compacts cannot quickly change to new threats and challenges and runs the risk of becoming complacent. This reflects the locking in of socio-political ideas in Sweden (Blyth, 2001: 4). The coddling of the people to an all-present all-concerned and all-powerful state is also not conducive to the fulmination of natural human instincts toward independence, self-reliance, and communitarianism as it reflects the domestication of human qualities in the service to societal aspirations. Indeed, Sweden will experience population (and therefore linguistic and cultural) decline as people become less dependent on having children to be safe, secure, happy and looked-after in old age. This is a civilisation challenge that advanced and compassionate societies face – a self-destruction of a type peculiar to modernity.

6.3 Social Sustainability in Sweden

6.3.1 Labour Markets and Skills Formation in Sweden

Social development also occurred during the latter half of the 20th century. Sweden's Beneficial Building Society, formed in 1950, aimed to address the rising accommodation requirements that had been created by increased urbanisation, immigration and domestic population growth. These developments consisted mainly of blocks of flats, plus some small houses. By 1970, over 100,000 rental flats had been built. However, the deficiencies were already evident by the 1960s as these complexes often housed Sweden's marginalised underclass⁷⁹ including communities of refugees. Nevertheless, public infrastructure was expanded in the post-war period which facilitated improved access to public amenities. Higher education grew with the establishment of Gothenburg University in 1954 and Umeå University in 1965. However, university education would not prove as useful as industry-specific training in the success of Sweden as a manufacturing giant in the 20th century. Arlanda Airport opened for public use in 1959 and later other cities obtained airports, linking Sweden internally and to Europe.

The Swedish labour market utilises two kinds of policies that are interlinked. These are the unemployment benefit system and various 'active' labour market programmes (Sianesi, 2004: 134). The purpose of these programmes is to prevent a situation of long-term unemployment outside of regular employment and to incorporate “unemployed and economically disadvantaged individuals into the work force” (Sianesi, 2004: 134). Such programmes include “relief work, subsidised jobs, trainee replacement schemes, work experience schemes, and job introduction projects” etc. (Sianesi, 2004: 134). Consequently, unemployment benefits are such that they promote interim wellbeing in time of joblessness but do not encourage people to remain unemployed. Complementary to this are the activating programmes that aim to assist job seekers in reskilling and finding active employment in the formal economy.

⁷⁹ Those not formally represented by labour organisations and not in regular employment.

Under the direction of the Social Democrats, the skilling regime and labour markets structure in Sweden was formalised to encourage the acquisition of industry-specific skills which would advantage Swedish industrial performance, with the promise of more secure employment. The broad-scale co-operative arrangements between capital and labour, which were encouraged under Social Democracy, also sought to discourage interclass antagonism, promoted industrial competitiveness based on collaboration and co-determination, and finance a social wage.

6.3.2 Welfare in Sweden

According to Aspalter (2011: 736-37), Sweden's welfare system can be classified as an example of a social democratic welfare regime. The idea is that the state looks after people during their whole lifetime through universal social security, comprehensive full-employment policies, and a network of social services. Up to 90% of employment in local government is taken up by women. Eligibility is based on citizenship or residency (Aspalter, 2011: 737). Allocations are not generally based on market criteria and the system reveals low level of stratification and de-commodification, which means it is comprehensive. However, contrary to popular narratives about the importance of the Swedish welfare system to its overall success, Sweden is not very different from other countries. Indeed, economic growth around 1970 was “most likely largely a result of liberalizations and well-functioning capitalist institutions” (Bergh, 2011: 21). Moreover, decreases in income inequality in Sweden occurred before the expansion of the welfare state. These include land reform, school reform, the presence of trade unions, and the use of centralised wage bargaining. Nevertheless, despite political and economic change in Sweden “the welfare state seems to survive because it coexists with high levels of economic freedom and well-functioning capitalist institutions” (Bergh, 2011: 22).

Public health insurance making quality healthcare available to all was introduced in 1955. Obligatory salary-related service pensions followed in 1959 financed by employers and administered by representatives of government, employers and employees. Furthermore, during the second half of the 20th century, liberalisation in traditional societal norms occurred, including, the legalisation of homosexuality in 1944, the start of student and feminist movements during the 1960s, allowance of same-sex partnerships in 1996, and in 1999 the decriminalisation of the buying of sex but not the selling of it, as well as comprehensive anti-discrimination laws. The Church of Sweden was disestablished in 2000 thereby officially separating church and state. Liberalisation also occurred within the Swedish Church with female priests being ordained since 1954 with Christina Odenberg becoming the first female bishop of the Church in 1997. Moreover, despite secularisation, growth in church membership has occurred into the 2000s. By the end of the 20th century, minority groups received new social and political rights. The indigenous Saami of Lapland received their own parliament in 1993. Only around 15% of Saami were involved in reindeer herding, a traditional practice, and even so modern technologies are now used in this activity. Also, minority languages, including, Saami, Romani, Finnish, Meänkieli, and Yiddish were all given official status.

Swedes were healthier than they had ever been in the 1950s. The last leper to be infected by the illness died in 1951. The last outbreak of smallpox occurred in 1963, after which time increased vaccination eradicated the disease completely. Healthcare has recently been affected by the shift to the political right, which consequently has resulted in some degree of privatisation. Psychiatric

drugs and therapies have replaced lobotomies in the treatment of mental illness since the 1970s. Also, the practice of sterilising “those unfit to bear children” has stopped since 1976. However, alcoholism continues to be a problem while increases in suicide have become an alarming concern. Moreover, events such as the Chernobyl nuclear fallout of 1986, the Sinking of the Estonia due to a faulty design in 1994, and the tsunami of 2004 have inspired progressive views on issues like health and safety standards or the need to address the threat that the ecological crisis presents to humans.

6.4 Environmental Sustainability in Sweden

In reference to Swedish technological innovation on the environmental sustainability front, Sandberg *et al.* (2001: 424) find that CO₂ emissions in the production and transportation of Swedish flat and long steel are low. This is due to technological innovation and efficiency in the sector. Indeed, these CO₂ lowering factors include the energy efficiency of steel making processes in Sweden, the use of magnetite instead of hematite iron ore which produces less CO₂ emissions, the production of a stronger lighter weight steel product that saves on CO₂ emissions during transport, and low CO₂ emissions in the production of Swedish electricity (Sandberg *et al.*, 2001: 424-25). Consequently, this example highlights the importance of technological innovativeness in sustainability outcomes.

According to Ericsson and Nilsson (2004: 206), “Sweden is one of the leading biofuel users in the European Union with biomass accounting for 353 PJ⁸⁰ or 16% of primary energy supply. The rest is hydropower 13%, nuclear power 34%, oil 31%, coal 4% and others 3%”. Essentially, all biomass used in Sweden comes from the forest which makes Sweden's forestry industry an incredibly important part of the economy. Indeed, “40% of the timber and pulpwood end up as process by-products and residues that are used for energy purposes” (Ericsson and Nilsson, 2004: 206); furthermore, from the 1990s, biofuels used for district heating, that is the supply of heat and hot water to neighbourhoods, rose, and now amounts to 44%.

Interestingly, “small-scale use of biomass for heating of single houses has a long history in Sweden and is particularly common in less densely populated areas and villages” (Ericsson and Nilsson, 2004: 206). Sweden started producing biofuels like many other European countries early on in the 20th century due to oil shortages during the Second World War, nonetheless, it “continued to support the production of alternative fuels because of political and military reasons” (Ulmanen *et al.*, 2009: 1408). Moreover, biofuels in Sweden have been protected through tax exemption and private interest groups have lobbied effectively for the protection of the biofuels manufacturing industry (Ulmanen *et al.*, 2009: 1415-16). Additionally, the production and use of biofuels has been assisted by a CO₂ tax which promotes use of fuels with reduced CO₂ emissions such as biofuels. Research into biofuels has been supported by local, national, and European Governments as well as by increased R&D spending by firms in the private sector such as Volvo, the automobile manufacturer.

In another vein, according to Sandell and Öhman (2010: 113), there exist the following six potentials for provoking environmental consciousness based on outdoor education, namely, “(1)

⁸⁰ Petro Joules

an experience based meaning of nature⁸¹; (2) a relational ethical perspective⁸²; (3) the addition of a fourth perspective to sustainable development; (4) human ecology in practice; (5) sensing the quality of a simple life⁸³; and (6) democracy, identity and dwelling”. These six potentials are based on the historical and education context of outdoor engagement and education in Sweden. Only (3), (4) and (6) need be explained as the others are self-evidently due to an appreciation and respect for nature and are also good in and of themselves. (3) Refers to the fact that experience itself can help inform understanding for the wellbeing of other creatures and of the values and rights related to sustainability concerns, (4) Refers to gaining a knowledge of the human interconnection with the natural world, and (6) Refers to the notion that people have a democratic right of public access to common landscapes which help inform their identity and surround their everyday lives (Sandell and Öhman, 2010: 125-27). Indeed, such experiences with nature that are historical to the Swedish cultural experience and now incorporated as part of the educational context in Sweden produce a dynamic appreciation and understanding for nature as something not separate to the human world or condition but integral to “most of our everyday life experiences” (Sandell and Öhman, 2010: 127).

⁸¹ An understanding of nature based on experience.

⁸² An ethical perspective based on one’s relationship with nature.

⁸³ An appreciation and ability to equate a simple life with self-realisation as a living being dependent on and surrounded by the ecology of this planet, and a recognition of the higher aspirations of humankind’s existence (i.e. art, music, literature, poetry, family ties, human connection, community living, and spirituality).

Chapter 7: Developing an Assessment Framework

A framework for assessing universal sustainability strategies and guidelines is formulated in this chapter. This combines insights from Chapter 2 through 6; it will also be informed by the theoretical background that was sketched in Chapter 1. Table 7.2 gives a schematic summary of the strategies learnt from theory in Chapter 2. Table 7.1 provides an overview of the four advanced democratic case countries in this research as per several key development indicators. Table 7.3 gives a schematic summary of the human-societal development strategies employed by the four countries. Chapter 7 is outlined as follows: a discussion and overview of lessons from real-world experiences of economic and societal development is given in Section 7.1, the main guidelines for achieving universal sustainability are given in Subsection 7.2.1, the main globally relevant strategies are given in Subsection 7.2.2, strategies are discussed in Section 7.2.2, the importance of investment as an overarching strategy is discussed in Subsection 7.3.1, four laws that highlight observable truisms about the process of human-societal development are put forward in Subsection 7.3.2, lessons on economic and social development are found in Subsection 7.3.3, and those on environmental sustainability in Subsection 7.3.4, and possible lessons are discussed in Subsection 7.3.5. Section 7.4 concludes.

7.1 Overview of Lessons from the Cases of Japan, the United Kingdom, New Zealand and Sweden

These four case countries were selected because each is a democracy, in possession of constitutionally protected civil liberties, and has experienced stability with respect to its borders, geopolitical relations with other nations, and its internal governance during the period of its post-war economic and societal development. These qualities, of being democratic, protecting civil liberties, and enjoying social and political stability are perceived to be self-evidently good. This is because they are seen to better facilitate economic development, social sustainability, and environmental sustainability (Diamond, 2008: 42). Democracy supports upward social mobility and inter-class dialogue which in turn supports human ingenuity and aspirational imagination which further promotes entrepreneurship and private enterprise (Friedman, 2006: 21). Indeed, according to Fagerberg and Srholec (2008), “a political system of the Western type”, that is, one supporting the values of democracy and the rule of law is conducive to social and economic development. Moreover, the maintenance of liberal values and socio-political stability promotes conditions under which human dignity is preserved, children are given equitable opportunities, and where human aspiration can find its free expression (Lattimer, 2012).

Table 7.1: The Four Country Cases at a Glance

Indicator	Japan	United Kingdom	New Zealand	Sweden	Source
Human Development Index	0.891	0.907	0.913	0.907	2015 Human Development Report, (UNDP, 2015)
Gini Co-Efficient	32.1%	32.6%	36.2%	27.3%	(World Bank, 2008)
GDP (PPP) per capita (current international \$)	\$37321.6	\$41324.6	\$36982.3	\$46420.4	(World Bank, 2015a)
Education Expenditure (% of GDP)	3.8%	5.8%	7%	6.5%	(World Bank, 2011a)
Health Expenditure, Public (% of Total Health Expenditure)	83.6%	83.1%	82.3%	84%	(World Bank, 2014a)
Social Expenditure (% of GDP)	23%	22.7%	20.7%	27.2%	(OECD, 2011)
Labour Force Participation (% of Population Ages 15 to 64)	75.1%	76.4%	78.1%	81.3%	(World Bank, 2014b)
Unemployment (% of Total Workforce)	3.5%	6.1%	5.8%	8%	(World Bank, 2014c)
Urbanisation (% of Total Population)	93%	83%	86%	86%	(World Bank, 2015b)
Arable Land (% of Land Area)	12.4%	71.3%	42.2%	7.5%	(World Bank, 2013)
Forested Land (% of Land Area)	68.5%	13%	38.6%	68.9%	(World Bank, 2015c)
Ecological Remainder ⁸⁴ (hectares per person)	-4.13	-3.55	5.88	3.87	(Global Footprint Network, 2010)

5569

5570 Evident from the data in Table 7.1 above, The Four Country Cases at a Glance, is that Japan,
5571 the United Kingdom, New Zealand, and Sweden have high levels of human development (i.e.
5572 around 0.9), are equalitarian societies (i.e. Gini Co-efficient less than 0.4), have high income
5573 per capita (i.e. above thirty thousand US dollars), are mainly urbanised (i.e. more than 80%),
5574 with high labour force participation (i.e. above 75%), and low level unemployment (i.e. 8% or
5575 less), comprehensive state spending on education (i.e. more than 3%), and health (i.e. more
5576 than 80%), and social sustainability (i.e. more than 20%) (proxied by social expenditure).

5577

5578 Japan (e.g. 68.5%), New Zealand (e.g. 38.6%), and Sweden (e.g. 68.9%) have large
5579 endowments of forest resources, and the United Kingdom (e.g. 13%) has a less substantial
5580 amount. Whereas the United Kingdom (e.g. 71.3%) has a large amount of arable land resources,
5581 New Zealand (e.g. 42.2%) has moderate, yet notable, amounts of arable land resources. Japan
5582 (e.g. 12.4%) and Sweden (e.g. 7.5%) have far less impressive arable land resources. Japan and
5583 the United Kingdom use more of the planets resources than they have, in order to sustain their
5584 populations, thus leaving an ecological deficit per person of -4.13 and -3.55 hectares,

⁸⁴ Alternatively, ecological footprint which is defined as the remainder of biologically productive land available after use of a country's biologically productive land by a domestic population.

5585 respectively. New Zealand and Sweden use less resources per person at the global level and
5586 have an ecological remainder of 5.88 and 3.87 hectares, respectively.

5587
5588 The use of focused economic development histories on each of the four cases is used in
5589 Chapters 3 to 6 as a technique to realise the harmonisation of economic development theory
5590 with the real-world economic development experiences of countries. The two-fold nature of
5591 this analysis helps to better describe the processes of innovation, adaptation and progress which
5592 have occurred through the unfolding effects of policy and sociocultural institutions unique to
5593 the ideological context of each of the four advanced economies. Other techniques used in this
5594 research include the use of taxonomical classification of economic development theory into
5595 three approaches to development as well as historical and current descriptions of economic,
5596 social, and environmental development realities in each of the four case countries (Lenski,
5597 1994; Pieterse, 1995). That is, firstly, that this research presents its own blueprint, so to speak,
5598 of the various relations, similarities and differences, and associated themes among different
5599 development theories. Secondly, that this research presents discussions on the ideological path
5600 that countries have taken historically, and at present in terms of developing economically and
5601 advancing social and environmental sustainability. This research uses an historical approach to
5602 assessing economic and societal development, organises theories into groups, and separates
5603 sections into economic, social and environmental sub-sections to conceptually establish related
5604 theories and related experiences of economic development and the subsequent observable
5605 outcomes for human development, social sustainability, and environmental sustainability. In
5606 this sense, the format and layout of this dissertation reinforces the aims and objectives of this
5607 research.

5608
5609 This research can thus be said to make use of so-called *abductive* reasoning⁸⁵, which is used as
5610 a means of promoting adaptability and rigour in the application and extension of theoretical
5611 explanations of real-world situations (Morgan, 2007: 71). *Abductive* reasoning is neither
5612 inductive⁸⁶ nor deductive⁸⁷ as it works in both directions. Theory aids in the analysis of real-
5613 world experience and in turn knowledge of those realities helps to improve the formulation of
5614 theoretical descriptions. The aim of such a mode of thinking seeks to unify theory and real-
5615 world experience in order to advantage the relevance and applicability of the strategies and
5616 guidelines that are recommended for achieving economic, social, and environmental progress.

5617
5618 These recommendations, strategies and guidelines, for attaining outcomes that satisfy universal
5619 sustainability and the realisation of movement toward the good life will be discussed in this
5620 Chapter and applied to the case of South Africa in Chapter 8. This application to the South
5621 African context will make use of *abductive* reasoning to test development theory against real-
5622 world observations in South Africa. This will mean that the South African case will be discussed
5623 with reference to the lessons learned in previous chapters, but it will also provide theoretical

⁸⁵ *Abductive* reasoning is theory-based, explanatory, generative, hypothesis-driven, and aims to espouse critical analysis by moving from the specific to the general and back to the specific in the construction and refinement of a theoretical explanation of reality which also possesses predictive power.

⁸⁶ Inductive reasoning is classificatory and confirmatory moving from detail to general conclusions.

⁸⁷ Deductive reasoning moves from the general to the specific and its use is predictive.

and ideological insights for the conclusion to this research in Chapter 8 and on how strategies and guidelines for development and sustainability concerns can be improved.

Admittedly, this idea of testing societies and trying to bring forth a “standard of civilisation” by which a set of strategies and guidelines might be recommended for the many developing countries is in line with the classical and universal notion of ascribing to different human societies (associations) a benchmark or ideal-type (Bowden, 2004: 61). To this end, this research is unapologetic about drawing such a picture of human-societal development. Continued modernisation, trade, globalisation, and cosmopolitanism demand that we respond with a critical globalism – which aims to foster and manage globalisation – for the purpose of selectively deriving the benefits of globalisation is required (Pieterse, 1995: 13). These benefits include technology transfer, shared development and prosperity, and the spread of humanitarian values. The adoption of a pluralistic outlook and a desire to be utilitarian matches perfectly with the commonplace and scientific definition of being pragmatic (i.e. pragmatism⁸⁸). This research seeks to be free of ideological bias and dependence and considers diverse theories and experiences of development to arrive at its conclusions. This is also in line with the decision to make use of the technique of *abductive* reasoning because the implementation of pragmatism is analogous to the practice of letting theoretical and real-world observations inform one another in both directions.

The chief motivation behind this application will be neutral of ideological persuasion and be concerned with the maximisation of human wellbeing within the confines of economic, social, and environmental constraints. In doing this, this research will also be attempting to verify the usefulness and/or validity of universal sustainability principles. *Can* and *do* the areas of economic development, social sustainability, and environmental sustainability marry well together?

7.2 Principles for Achieving Universal Sustainability

Table 7.2: Schematic Summary of Universal Sustainability Strategies from Table Theory

Approach	Strategies	Lessons
Conventional Approach	Efficient Operation of Markets	<ul style="list-style-type: none"> ➤ Functioning markets are crucial to economies ➤ National efficiency in production does not necessarily imply international environmental sustainability of global production ➤ Efficiency and effectiveness are important to modern economies
	Industrial Competition and Trade	<ul style="list-style-type: none"> ➤ Some form of trade is important to technology transfer and the improvement of living standards through the availability of modern conveniences ➤ Competitive Advantage can be built in sectors without comparative advantage

⁸⁸ Pragmaticism suggests a third type of reasoning apart from inductive and deductive, that is, *abductive* reasoning. This third variety of logic means to move in both directions from the small and specific to the large and general and back to the small and specific and back again to the large and general in the creation of theories that describe reality that are then tested against and modified by new understandings of reality and such explanation are implicitly non-ideological.

	The Promotion of Real Investment	<ul style="list-style-type: none"> ➤ Real investment in the economy is required for economic development ➤ Investment can be financed through domestic savings or foreign direct investment ➤ Foreign direct investment may require the creation of a favourable environment to business and enterprise ➤ Real investment may be dependent on other favourable factors such as low crime, good governance, and the maintenance of the rule of law
Nation-Focussed Approach	Economic Nationalism	<ul style="list-style-type: none"> ➤ The national interest is important to the development of nations ➤ Nationalism involves the participation of national institutions and societal actors in pursuit of the national interest ➤ Nationalism need not be ethnically or religiously defined ➤ Nationalism can help to reassert the interest of citizenries at the global level
	Entrepreneurship and Innovation	<ul style="list-style-type: none"> ➤ The impulses toward innovativeness and enterprise are improved by human capital development ➤ The quality of average human capital affects the ability of societies to implement innovations
	Golden Age Economics	<ul style="list-style-type: none"> ➤ Human capital development and the emergence of constitutionalism can support economic development and social sustainability
	The Developmental State	<ul style="list-style-type: none"> ➤ The state can play a facilitating and proactive role in developing national stores of human and social capital which may help sponsor economic development
The De-Growth Approach	The Theory of De-Growth	<ul style="list-style-type: none"> ➤ Notions of human wellbeing and human development can help set limits on environmental overreach at the global level ➤ Human capital development and consciousness raising efforts in education and knowledge production can help provoke citizenries to lobby and motivate for environmental reform

5654

5655 7.2.1 Summary of Guidelines

Economic Guidelines:

- Advance the development of key infrastructures that are integrated around national comparative advantage and enhance the competitiveness of national industries.
- Ensure a diversified economy that caters for food and natural resource needs, the public service infrastructures of education, health, transport, and security, as well as manufacturing capacity to support dignified living, and the development of high-tech sectors that have spill-over benefits for industrial production, health, and science.
- Ensure an economic climate that promotes financing of industry, allows entrepreneurship, advances investment in research and development, and promotes competitiveness in international trade markets.
- Advance economic development that also results in improved living standards, individual self-actualisation, and just, equitable, and compassionate societies.

Social Sustainability Guidelines:

- Create competent and skilled citizenries, balancing the needs of the economy with the rights of individuals to self-determination in terms of career choice.

- ii. Advance social cohesion through inter-class alliances that safeguard the long-term transformation of society toward outcomes of improved equality and social justice.
- iii. Ensure the material wellbeing of people in society through state-measures that care for those left behind, via policies that promote employability, and by encouraging familial and community ties that promote human welfare.

Environmental Guidelines:

- i. Enable societal-level co-operation in achieving environmental sustainability among individuals, communities, business, institutions, and states.
- ii. Promote species-level identification so as to transcend ethnic and national interests (that are simultaneously hostile to global environmental and cosmopolitan interests) in favour of reforms that benefit humanity.

5656

7.2.2. Summary of Strategies

Economic Strategies:

- | | |
|---|---|
| <i>Infrastructure Development</i> | <ul style="list-style-type: none"> i. Support the development of key national infrastructures including electricity, water, telecoms, roads, rail, and ports. ii. Support the creation of key national infrastructures through state spending in the initial phases on economic development, to be privatised later to finance policies and projects to support greater social cohesion including land reform, state housing programmes, and the development of new infant industries. |
| <i>Industrial Performance</i> | <ul style="list-style-type: none"> iii. Encourage the diversified development of the economy across a variety of sectors, possibly through state support mechanisms in the initial phases to grow out of low-tech, resource-dependent sectors in which long-term competitiveness is hard to maintain. iv. Support a policy-making environment that balances the need for sectoral change in the economy with the needs of workers so as to minimise unemployment while advancing competitiveness. |
| <i>Innovation and Technological Advancement</i> | <ul style="list-style-type: none"> v. Support policies that promote research and development spending and technological advancement by universities, institutes, and the private sector, in efforts that develop and advance a robust national system of innovation. |
| <i>Finance and Trade</i> | <ul style="list-style-type: none"> vi. Support policies that enable private sector investment in the economy, especially in new and emerging sectors, and arrange international trade relations so as to best advantage domestic production in terms of building capacity and obtaining inputs. |

Social Sustainability Strategies:

- | | |
|-----------------------------|---|
| <i>Education and Skills</i> | <ul style="list-style-type: none"> i. Support education and skilling policies that create a diverse pool of skill type to draw on including general, vocational, artisanal, industry-specific, and firm-specific skills. |
| <i>Labour Markets</i> | <ul style="list-style-type: none"> ii. Support policies that favour long-term employment, especially to |

- encourage people to acquire non-transferable technical industry-specific and firm-specific skills.
- Welfare*
- iii. Support welfare spending in the form of a social wage (as opposed to a universal basic income) to complement earned incomes and make national industries more labour cost competitive while safeguarding democratic vibrancy.
 - iv. Support activating welfare policies including, subsidised child care, and reskilling finance and programmes to better enable re-entry into the labour market by women and the unemployed.

Environmental Strategies:

- Top-Down Bottom-Up Collaboration*
- i. Support educational initiatives which empower citizens to rally alongside their elected representatives in defence of environmental rights.
- Energy Diversification*
- ii. Support energy diversification which simultaneously entails reducing reliance on coal and oil, while developing renewable energy production capacities on the back of research and investment, including private sector investment.
- Business Participation*
- iii. Make use of both incentivising and punitive policies to encourage business to adopt sustainable practices in terms of energy use (i.e. process efficiency) and overall input efficiency.
- Consumption Trends*
- iv. Attempt to manage consumption trends in favour of still providing demand for domestic production, while also limiting the wasteful use of natural resources.
- Resource Use Efficiency*
- v. Enhance measures to regulate for improved efficiency of industrial production so as to make optimal use of inputs, including energy and carbon. Resource use efficiency also means using genetic resources of species responsibly by preserving biodiversity by investing in efforts to safeguard ecological resources.
 - vi. Enhance efficient resource use by regulating for inter-compatibility of manufactured component parts to enable the creation of second-life products from recycled components.

5658

5659 7.3 The Framework for Achieving Universal Sustainability

5660 7.3.1 The Importance of Investment in Universally Sustainable Futures

5661 Attaining universal sustainability requires the collective attitude of people toward investing in
 5662 the future of society. Indeed, real investments in the present is a strategy worth pursuing because
 5663 it has the potential to create better development outcomes, namely, increased firm competition,
 5664 increased employment, and increased aggregate income, and the better realisation of all other
 5665 development strategies. This, in turn, will encourage increased domestic savings and improve
 5666 the financing prospects for future investment. Therefore, early stage economic activity can
 5667 finance later stage development and the transformation of the economy from ‘underdeveloped’

to ‘developed’. Hence, the intermediation of finance into investments may create a “virtuous growth circle”⁸⁹ from increased economic growth to higher domestic savings into increases in the availability of funds and more investment (Akyüz and Gore, 2001: 266-68).

Nevertheless, investment need not only be financial in its foundation. People in societies and nations everywhere need to be willing to invest their time, wills, efforts, resources, including financial resources, in helping to advance the project of economic and human-societal progress. Indeed, what a society invests in will benefit it in the future. By contrast, if society “sweats its assets” so to speak in terms of its natural and human capital resources then it will face increased challenges in the future related to underdeveloped and exhausted stores of capital resources. Ultimately, investment in universally sustainable futures requires a moral investment of collective wills in the project of building better systems which are conducive to human flourishing, social cohesion, and the peaceful coexistence of societies with the natural world.

7.3.2 Truisms or Laws Concerning Human-Societal Development

Several truisms emerge from the theoretical and real-world experiences of economic and human-societal development, namely, that there exist limits to human cognition, that the quintessential nature of humans is important for policy-making, that the law that says *what ye sow, shall ye also reap* is absolute, and that the failures and injustices of the present reverberate down the line and become a debt to society in the future and a burden on future generations.

Firstly, regarding human cognition, it is evident that human comprehension of the realities that face the species with regard to both our aspirations and the challenges these create are obscured by the myopic nature of human vision as regards time. Indeed, people struggle to calculate how their actions today will affect the future and that the cumulative actions of the species can, in fact, jeopardise the state of global human civilisation. In this sense, humans are fundamentally short-sighted especially regards the actions of individuals on the circumstances of the whole. Moreover, humans appear limited in the ability to respond to the challenges outlined in this thesis because of the scale of complexity inherent within this three-fold challenge. That is, a full grasp of the problem requires understanding in so many fields of independent study from economics through to history, law, psychology, sociology, and the ecological sciences that the existential risk of it all is perhaps lost on the average person. More importantly, response requires adaptation to the values humans hold and the behaviour they embrace – this is a challenge indeed as many may feel they are not responsible and not obliged to change. This is the nature of the challenges that we face given the response required by the descendants of those generations which set the initial causes of the global environmental crisis in motion.

Thus, with regard to human cognition, information and ideas clearly affect people’s thought processes and their behaviours. It is *the chicken and the egg* problem. Were humans always selfish or are they selfish because they have been told since infancy that this is their nature and that the project of civilisation and society is to tame these negative emotions. What is more, if

⁸⁹ This is correctly referred to as a circle and not a cycle as this denotes a series of recurrent and continuous stages.

we are affected by what we are taught about ourselves, how do we re-awaken to our true selves?

Secondly, the nature of humans is critical to appropriate policy-making. Two competing views of human beings are evident from the literature, these are one, that humans are fundamentally self-interested beings, and two, that humans are actually by nature compassionate and altruistic. The distinction is important because it motivates much of the concerns for how society should be organised to minimise the consequences of our negative inclinations or conversely how society might be better organised to express the *better angels* of our humanity. In addition, it is important to consider which kind of humans we are, as this determines what the state of affairs would look like without regulation, governments, and policing. Indeed, would it be a war of all against all, or would humans be in principle unified by the need to survive and co-operate with one another? Appreciating the truth about these vagaries, not merely acknowledging them, is, therefore, necessary to seize the advantages of moving from competition to co-operation.

Thirdly, the law that says: *you reap what you sow*, is important to the concept of intergenerational inter-linkages through the passage of history and the processes of economic and human-societal development. What is certain from the account of real-world development experiences found in this research, is that actions in the past affect the present, and actions today will affect the future. Thus, societies would do well to consider their actions as these may result in circumstances and challenges that are anything but palatable. Consequently, an extractive mentality to resources and labour stores will likely result in environmental damage, poverty, and inequality in the future. Whereas, an attitude of stewardship of nature and interclass co-operation and co-determinism will likely result in compassionate and humane outcomes.

Fourthly, more to the notion of an extractive mentality as regards the economic and human-societal development of nations and societies, it is clear as already stated that investing in the future of society is vital for improving long-term outcomes in line with universal sustainability. Consequently, this is not so much about reaping what you sow, but bearing the consequences of not sowing at all – sweating the assets so to speak. Thus, the admonition here is to: *invest in the future*. Anything short of this would indebt future generations to the ancillary challenges of insufficient capital, especially human capital resources. Failure to invest in society in the present would probably result in burdens for future generations and cause further animosities.

7.3.3 Economic and Social Sustainability Lessons

Consequently, apparent from discussions in this chapter is the fact that it is difficult to compare countries out right policy for policy, success for success, and failure for failure. However, some helpful themes are evident with reference to theory and to the case of South Africa. Answering the human-societal development question from 3.1 concerning “What economically viable development policies also allow for the creation of improved human wellbeing and greater equality?” several observations are possible. Firstly, education, skilling, and labour market outcomes are vitally important for creating opportunities in society and ensuring long-term social cohesion. Indeed, the lesson from Japan is that even amid declining economic prospects, macroeconomic turbulence, and demographic decline, the key to maintaining social cohesion

is to ensure opportunities for people's continued participation in the economy. Moreover, finding ways to adapt and enable continued participation reduced the need to expand welfare. In another vein, the example of Britain serves to highlight the importance of not being inherently attached to traditional skills, but rather ensuring a complement of various skills, including, general, technical, vocational, artisanal, and industry-specific skills to enable transitioning from unproductive sectors to new sectors via innovation and R&D spending.

Secondly, flexibility in the scope of industrialisation and the division of sectors in the economy is important to the ongoing ability of an economy to provide opportunities for dignified and productive employment, amid the challenges of an increasingly interconnected world in which emerging economies that do not play by the same social rules as democracies, now possess advantages in terms of labour productivity, labour costs, and mechanised production. The United Kingdom is a clear example here of being adaptable to the changing realities that competition in resource-linked sectors and manufacturing can face in terms of labour costs, productive efficiencies, and factor productivities. Consequently, being supported by access to diverse reserves of skill types in the economy can better facilitate the transition to new sectors. However, delaying adaptation, as Britain did prior to the instalment of Prime Minister Thatcher can also result in more severe unemployment dislocations. Contrastingly, both New Zealand and Sweden reveal perhaps more so than Japan and Britain, the importance of stable politics when you are not a highly significant country within the world economy. New Zealand and Sweden also demonstrate that countries can develop off the back of resources and in fact that resources can remain an important part of the economy.

Thirdly, the need for national solidarity and trans-ethnic species-level identification, not only for addressing environmental concerns, but also for organising national values around the recognition of the basic rights and needs of all people to a dignified and satisfying life. New Zealand has had great success integrating indigenous and settler identities into the national narrative. New Zealand has also achieved a greater level of equality within its multicultural society. The lesson here is that pan-ethnic nationalism can work to achieve intercultural exchange and co-operation around policies that ensure shared prosperity and pride of place. New Zealand also provides an example of conservative political parties disbanding their radical and communist opposition by satisfying the basic desires of their populist base. This shows that ideological differences can be transcended for the mutual benefit of various groups in society if there is a recognition of the fundamental moral truth of socialism that all people and classes in society have a right to society and its accruing benefits. Indeed, employment, improved living standards, self-actualisation, and the pursuit of happiness are the right of all. Thus, New Zealand is testimony to the adage that property-ownership and middle-class lives make the best of citizens, and that concerns for the revolutionary and disruptive consequences of socialist pro-labour movement gaining traction are unjustified if the continent causes for progressive assembly among the working-class are justly and equitably settled.

Fourthly, the need for society, and companies, to understand that interests of business success today must not come at the cost of ongoing societal success tomorrow. Japan and Sweden understand this best, and their efforts to promote long-term employability and ensuring that

people can support themselves and function productively in society exemplifies this commitment. Sweden goes further in terms of its recognition of the need for social solidarity among classes and its promotion of compassionate and tolerant values which enable people of diverse abilities and attributes, as well as modes of living, to have a stake in society. Sweden too can be seen to have had good capitalist institutions before the rise of Social Democracy in Sweden. Therefore, an important lesson about welfare is that economic success must create and maintain social sustainability – not the other way around. Thus, welfare, in the liberal vein of understanding, must compensate for economic dislocations like unemployment⁹⁰, but also, as the social democratic vein would emphasise, must be empowering of people's ability to help themselves by helping them have the means to gain new skills and support their wellbeing. Importantly too, welfare spending must be supported by a successful economy which further highlights the need for welfare to provide a service to the economy in terms of getting people back into employment through preserving their ability to stay employable via reskilling.

7.3.4 Environmental Sustainability Lessons

Answering “What strategies might societies use to satisfy human aspirational objectives while slowing the processes involved in environmental degradation like biodiversity loss and climate change for example?” a clear picture emerges from the literature on de-growth and the country cases. Indeed, the inherently inflationary and self-emboldening nature of both economic and social objectives (i.e. that their theoretical improvement is limitless) must imply, in the context of known environmental limits, a sobering and tempering of these aspirations. Humans across all societies must realise the true purpose of their lives to pursue the things that really matter. Once people achieve this realisation, aided by consciousness-raising initiatives, education about the environment, and an improved understanding of what avenues are most worthwhile pursuing in this life, then humans will realise the need to change their expectations and desires. People will understand that if their life affords them a reasonable standard of living, opportunities for career fulfilment, and a chance to express their aspirations for self-actualisation and a happy co-existence with others, then increased economic growth, additional modern conveniences, and scientific and technical advancement in general, are secondary to the continued existence of humanity on this Earth.

Indeed, the best approach to achieving long-term environmental sustainability is about changing human values toward a low-carbon alternative future where other considerations of progress eclipse mere materially-centred ones. A dual approach combining top-down and bottom-up strategies for achieving green energy provision, sustainable agriculture and food production, vastly reduced manufacturing waste, increased recycling, and the development of technologies and infrastructures and which are durable would be best for advancing change. Indeed, individuals and communities must take responsibility for their role in environmental degradation through their consumption behaviours, but also demand a change be made to the status of industrial production that uses built-in redundancy to cycle the economy forward. People must reject advertising and cultural manipulation which seek to make them consumers

⁹⁰ Unemployment arising from technologically induced industry collapse or from changes in international competitiveness could be examples of such economic dislocations.

before they are human beings, and governments together with business must devise means by which productive activities could continue, thereby retaining employment and livelihoods, in a way that was not dependent on wasteful resource intensive consumption-driven growth.

Consequently, several observations from our country cases are possible from a look at the economic and social histories as well as the recent endeavours to achieve environmental sustainability. Firstly, that energy provision that is merely meant to support expansionary and materially-centred economic and social aspirations is totally unsustainable. Indeed, energy production should be about improving human living standards and removing the drudgery of subservience to laborious activities necessary for our survival in order to free up capacity for our continued exploration of the meaning of life and to enhance the chance of advancing our scientific understanding of the universe. Energy production is a luxury but not in a worldly decadent sense of sumptuous and self-indulgent living; rather it is a valuable necessity that we cannot afford to waste luxuriously. Energy, including fossil fuels and electricity, should not be used wantonly just because one can afford to pay for it. Indeed, its use should not be about personal or societal affordability but environmental affordability. An intelligent species like ourselves has been able to harness the power of the sun stored over millions of years as carbon to use for our own advancement, but we should use this power responsibly and sparingly to advance science and technology toward more sustainable and renewable sources of energy. Therefore, achieving energy diversity in terms of the sources of energy production is vital. Furthermore, industrial processes, the delivery of public services, and household use should all emphasise efficiency and conservation especially in the use of conventional energy.

Secondly, resource use, including the use of mineral resources and agricultural outputs must be used to the benefit of present and future generations around pursuing material wellbeing of course, but also aspirational, spiritual, and scientific advancement into the foreseeable future. Durability is of key significance here and all resources must be used to create a developed environment that does not require constant reconstruction and maintenance in the short-term. Ecologically alive systems must furthermore be protected from overuse and abuse, through chemical means in agriculture, forestry, and fishing for example, in order to ensure the long-term provision of these important grown resources. Humanity must also be mindful in its use of resources so as to not jeopardise the health of the atmospheric biosphere and the oceans.

Thirdly, recognition that if economic activity is only promoted to create employment and earned incomes which in turn support the existence of that self-same economy, then this is an unsustainable and myopic approach to maintaining social cohesion. Indeed, surely there are better ways to advance development, knowledge creation, and technological innovation than through such a wasteful model of economic activity, which is ultimately dependent on the whims of the capitalist class to invest in society and technological advancement. Consequently, the economy must be made subordinate to the needs of people in society, and while providing employment and opportunities for personal fulfilment, it should not merely serve the interests of the profit-making aims of businesses or the need for capital formation in society. Supply should be geared around the needs of people and support higher human-societal aspirations, for improving the quality of life, promoting the arts, and creating recreational opportunities.

Fourthly, a reordering of production away from consumer-driven models of achieving the requisite demand for ongoing productive activities toward a model based on the long-term durability and performance of productive outputs (i.e. manufactured goods and infrastructures) complemented by a service-based approach that prioritises maintenance, component recycling, and reducing the need for replacement of things within the built environment. Sustainable production and demand would thus entail finding new avenues for production and more diversification of production by firms to account for longer-term replacement horizons. It would also entail diversifying demand to more than private consumers, but toward states for their infrastructural needs, new areas of development which have remained outside the ambit of private citizens but are nevertheless in the best interests of global human civilisation such as advancing the self-reliance of cities, biotechnology, nuclear fusion, and space exploration. The ability of manufacturing to be more durable and especially the recyclability of component parts would also require a move away from product diversification toward standards integration.

Table 7.3: Schematic Summary of Universal Sustainability Strategies from Japan, the United Kingdom, New Zealand and Sweden

	Japan	United Kingdom	New Zealand	Sweden
Economic Development Strategies				
Efficient Operation of Markets		Yes	Yes	
Industrial Competition and Trade	Yes	Yes		Yes
The Promotion of Real Investment		Yes	Yes	
Economic Nationalism	Yes		Yes	Yes
Innovation and Entrepreneurship		Yes		
The Golden Age Economics Strategy		Yes		Yes
The Developmental State Approach	Yes			
Social Sustainability Factors				
General Skills	Yes	Yes	Yes	Yes
Vocational / Artisanal Skills		Yes	Yes	
Industry-Specific Skills	Yes			Yes
Firm-Specific Skills	Yes			
Long-Term Employment	Yes			Yes
Seniority Wages	Yes			
Labour-Capital Compacts	Yes			Yes
Non-Regular Employment	Yes	Yes	Yes	Yes
Unemployment Benefit		Yes	Yes	Yes
Reskilling Programmes				Yes
State Pension	Yes	Yes	Yes	Yes
Public Healthcare	Yes	Yes	Yes	Yes
Transfer Payments	Yes	Yes	Yes	Yes
Housing Benefits		Yes	Yes	
Environmental Progress				
Top-Down Approach	Yes	Yes	Yes	Yes
Bottom-Up Approach		Yes	Yes	Yes
Nature Conservation	Yes	Yes	Yes	Yes
Energy Diversification	Yes	Yes	Yes	Yes
Low-Carbon Initiatives	Yes	Yes	Yes	Yes

Household Recycling	Yes	Yes	Yes	Yes
State Driven	Yes	Yes	Yes	Yes
Business Driven		Yes		Yes
Community Driven			Yes	Yes

7.3.5 Possible lessons from theoretical and real-world examples are:

Economic:

- All four advanced countries in this research, Japan, the United Kingdom, New Zealand, and Sweden, used a mix of strategies to develop
- All the theoretical strategies mentioned in Chapter 2 at some point or other have relevance to countries wishing to develop
- Harmony of policy objectives is what is key to economic development success
- Our case countries made full use of their natural advantages while being careful to negotiate their place in the international community of nations
- Politics and diplomacy have a large role to play in economic development
- Governments that are adaptive to changing ideological and international conditions enact reforms that reignite the engine of economic opportunity
- The capabilities of private citizens bear huge significance on the adaptability and dynamism which is present in a society
- The labour market and the kind of skills available in an economy seem more important than welfare in determining economic success
- Energy production and the availability of resources, natural, material and human, have the potential to change the whole trajectory of economic growth
- Trajectories of economic development once established are hard to change as in the case of Japan
- Market liberalisation in the United Kingdom, New Zealand, and Sweden has been followed by increases in international competitiveness
- Economic development works in tandem with social, political, cultural, and moral progress toward more compassionate, equal, and liberal societies
- The lasting benefits of economic development are not necessarily improved living standards and higher incomes but the better operation of society at large
- Economic development goes along with human development and the subsequent empowerment of humans to act in consciousness raising ways to better society

Social:

➤ **Labour Markets**

- The education system must match vacancies within the labour market and the strategic growth areas of economy
- The presence of vocational training opportunities enables people who are not academically gifted to find honest and profitable employment
- The obtaining of vocational training must be an attractive and substantive alternative to higher education and professional employment
- The pattern of skills formation, be it general, vocational, industry-specific, or firm-specific must align with the needs of the economy

- Economic policy that may instigate structural adjustment must be mindful of the adaptive efficiencies of the educational system to provide new skills

➤ **Welfare**

- Redistribution is possible through pre-tax and pre-transfer social wage services
- Redistribution is possible through tax policy and means-tested transfer payments
- Welfare services alone do not necessarily result in greater income equality as other factors like land reform and improved educational opportunities play a significant role
- Pro-market policies can be pro human wellbeing too like privatisation of public housing
- Policies with a political objective can have equalising benefits too like agricultural land reform in Japan that shift the political landscape away from interclass struggle
- Welfare can be used to maintain the standard of unemployed skills as in Sweden or to encourage job-search as in the United Kingdom and New Zealand
- Welfare improves economic productivity because it can free up people for working as is the case with women in Sweden or improve the state of human wellbeing as is the case in the United Kingdom

Environmental:

- All countries have to pursue industrial style expansionary growth and no society in this study approaches the notion of de-growth
- Indeed, the de-growth approach would require a different system of organisation in order to prioritise key infrastructures and industries and would entail state intervention
- Prices would be an ineffective means to achieve organisation in accordance with de-growth propositions even with the use of taxes to internalise prices
- The current mode of production necessitates a lifestyle and living standards that are out of sync with those standards that could be implemented globally for all people in terms of the environment and appear to reflect a kind of materialism not grounded in the true materialism of that which is truly satisfying to human aspiration. Indeed, this satisfies only those desires to possess, enjoy, and sense life being mainly somatic in nature and define little about those aspects related to the psyche which are responsible for more enduring aspects of self-actualisation, fulfilment, and happiness.
- Furthermore, no strategy or approach used by countries as presents provides an entry point to initiate a transition to a totally different model of production as this would require a transformation in human hearts and minds and this is challenging as there is much competition in terms of information, advertising, and the materialistic appeals of capitalism.
- The high presence of urbanisation in the world today is not conducive to the attainment of consciousness raising with respect to environmental awareness because people do not engage with nature enough and this would be required to expand human empathy to the plight of the planet.

7.4 Conclusion and Recommendations:

This Chapter has outlined an assessment framework for understanding universal sustainability strategies and guidelines. The attempt has been to condense those lessons obtained from theory and real-world experiences of economic and human-societal development. The aim was to provide a concise set of understandings related to the processes and mechanics that govern the movement of societies toward progress and prosperity, improved living standards, human wellbeing, and universal sustainability. Several recommendations for future research are evident from this exploration of human-societal development. Some of which may be answerable through future research and others are posed rhetorically to stimulate critical thinking on these issues. *What conditions are favourable to improved co-operativeness and altruism? Does modernity represent the best choice for making people happy? How is greediness discouraged?* These are questions for psychology and neuroscience. *What assists the removal of ethnic distinctions between groups of people? How do we encourage empathy in human beings for other living creatures and nature itself?* These are questions for anthropology and ethology. *How do we promote science?* This is a question of reason, of spiritual belief, and for those in society whom people trust and listen to. Noticeably, these questions concern the make-up of humans. Indeed, as the problems and solutions to the challenges humanity faces are both of human origin, then we must better understand ourselves.

Chapter 8: Overview of Policy Lessons and their Application to the Case of South Africa

8.1 Introduction to Policy Overview and South African Application

The following chapter discusses the economic, social, and environmental policy lessons gleaned from Chapters 3 to 6 and 7 (in particular, Section 7.3) Economic policy lessons are discussed in Subsection 8.2.1, social policy lessons are discussed in Subsection 8.2.2, and environmental policy lessons are discussed in Subsection 8.2.3. Chapter 2 of this thesis serves as the background to the ideological debate between conservative-style economic and government policy on the one hand and social democratic attempts to correct the negative aspects of capitalism on the other hand. This is discussed in general throughout Section 8.2 and in particular in Subsection 8.2.3 as this relates to the real environmental limitations presented to continued economic and social development. An application of the theoretical, ideological, and policy insights obtained from this research is discussed with reference to the contemporary situation in South Africa in Section 8.3. In keeping with the main themes of this research, this application to the case of South Africa is broken down into subsections, namely economic development, social sustainability, and environmental sustainability, and highlights key insights.

8.2 Overview of Policy Lessons

8.2.1 Economic Development Policy Overview

At the broadest conceptual level, a reading of the historical development landscape, conducted in this thesis, suggests that in the formulation of economic and social policies, the governments of capitalist democracies must not attempt to mitigate against the detrimental effects of capitalism for all citizens concerned. Overall, social welfare should be for those simultaneously most ill equipped to function within the capitalist economy and those most negatively affected by poverty, unemployment, underemployment, and the lack of access to educational opportunities and healthcare services. Governments should wherever possible encourage the empowerment of citizens to becoming competent, functioning, and capable members of society and participants in the economy through targeted support for education and healthcare and the promotion of a free, unencumbered and dynamic economy.

In a world of unfair international competition, governments in the advanced and/or democratic world cannot afford to engage fiscal resources in misguided attempts to ‘fix’ all socially injurious aspects of capitalism. Such societies must accept that liberty and equality cannot stand on the same footing. That is, equality of opportunity is right and justifiable whereas equality of outcomes although moralistically desirous is an objective which if pursued weakens the strength of democracy and the potential longevity of advanced human societies. That said, a total disregard for social concerns would result in economic challenges in the long-term as this would undermine social cohesion and the incentives for people to acquire skills in society. Furthermore, government should not facilitate the creation of the society where whole generations of people are denied the privilege of taking on the responsibilities of adulthood which include most crucially the task of reproducing future generations of people.

Moreover, with regard to population and the environmental challenges that humanity faces, it has already been stated that: stemming the tide of human population growth is a necessary, yet not even sufficient requirement to alleviating the threat of biodiversity loss on this planet (McKee *et al.*, 2004: 161). This is even truer for developing and underdeveloped countries like South Africa who has a history of underinvestment in human capabilities and standards of living. Indeed, such countries still need to achieve decent standards of living for their citizens, and this will place additional yet unavoidable strain on natural resources and ecological carrying capacities. This is true even if population growth is halted as inequality must be redressed to enhance social cohesiveness.

Therefore, the transitioning of the economy from sectors of poor performance to new and emerging sectors must also be mindful to emphasise employability of people and their ability to be self-reliant. The picture being presented may appear harsh or ideologically biased, however, if citizens and public officials in the advanced democratic world really cherish their democracies they will recognise the need to maintain economic vitality and stately power. This is because the future of freedom, the rule of law, civil liberties, justice, international autonomy, and national security are put in real jeopardy by the existence of rogue nations armed with nuclear weapons, belligerent aggressor states with little regard for international conventions, insurgencies and terrorism, mass human migrations and violence against civilians.

Consequently, the burden on the state is not to compensate for the hardships that capitalism imposes on citizenries, but to make sure that the ongoing structure of capitalism remains centred on human-societal objectives. This means promoting innovativeness and entrepreneurship, allowing market entry for enterprising new firms, equipping people with the means and opportunities to be functional members of society, and safeguarding the existence and fair application of the rule of law. It means that governments must ensure rather that companies are paying their dues to society by creating adequate opportunities and not implementing processes and technologies that will undermine the long-term functioning of society. This is especially true of the new disruptive technologies of mechanisation, automation, robotics, artificial intelligence, and digitisation that threaten to replace humans. It is in this context the economies need to remain dynamic, considering the purposes for which states and economies have come into existence – that is to promote the sociability of human communities and enhance the prospects of shared prosperity and progress going forward.

As regards all the above, South Africa and its peoples should be made aware of the realities of the ongoing effects of historical events and not allow them to adversely affect the national psyche going forward in a modern world. Indeed, decisions emerge in the human brain out of conflict among different and changing concerts of neurons competing in the processes underpinning our choices (Eagleman, 2016: 112-14). Problematic, however, is that this process is influenced by our sensory experience, memories, and emotions. Consequently, we do not always arrive at the right choice. This demonstrates the importance of having our critical facilities keenly trained to reason, logic, and evidence in order that we make the right choices for our future.

South Africa is a country where loyalties are misaligned and obscured by distractions. Indeed, race obscures natural alliances along class affiliations, and political ideologies are irrationally segregated by race as well as class. Consequently, the middle-class and the working-class are divided up into different constituent groups according to race and hence are less powerful and influential. In this way, there is a black middle-class and a white middle-class etc., and a black working-class and a white working-class etc., respectively, instead of simply a middle-class and a working-class. Moreover, given that party affiliation for much of South Africa's history prior to 1994 was dominated by race and culture, ideology was less important to party allegiance. This means that views in favour of social democracy or defending the market system or espousing liberal positions, for example, can often be complicated by racial and cultural loyalties instead of being discreetly debated among various ideological camps. Indeed, the profiling and social enforcement of ideology by race, under Apartheid, continues to stifle productive democratic impulses toward political dialogue in post-1994 South Africa. This means that alliances and affiliations are highly complex and potentially overly disaggregated.

8.2.2 Social Sustainability Policy Overview

Regarding the social sustainability policy overview, what is of central importance are skilling opportunities, labour market dynamics, and welfare outcomes. Although possession of a healthy economy is important for maximising the opportunities for people to support themselves embodying the values of self-reliance and self-sufficiency, several policies improve the prospects of society arriving at more just, equitable, and compassionate outcomes. Indeed, skilling and human capital development is vitally important to ensuring that people can find rewarding employment and adapt to the changing economic landscape as societies move from primary through to tertiary sectors and beyond. Consequently, it is important to ensure that education infrastructures and arrangements create opportunities for diverse skilling across general, vocational, artisanal, industry-specific, and firm-specific skills. Having a diverse pool of skills within the labour market makes economies more adaptable and capable of moving between different sectors of specialisation without incurring severe employment dislocations.

Such a diverse skilling environment must be supported by labour market arrangements that secure long-term employment, especially with regard to technical and specialised skills. Furthermore, to enhance the ability of people to be self-reliant there must be agreement about what skills societies, with differing economic specialisation, require. In addition, there must also be public and private opportunities for reskilling where certain skills sets become redundant or outdated. So, while economic policy must promote economic vibrancy and ongoing international competitiveness, it must also be reasonable regarding the limitations of people and compassionate to their needs. Labour market relations should neither entrench the interests of organised labour nor exclude the insights and contributions of the socialist and labour movements. Consequently, provisions should be encouraged that help to formalise and regularise work, while also encouraging worker collaboration and co-determination in the production process while making exceptions for those workers outside formal sectors or without the requisite skills to secure permanent employment. Furthermore, welfare spending should promote the maintenance of human dignity and mitigate against the debilitating effects of poverty, joblessness, and homelessness. Welfare policy should promote the skilling and

labour market policies to improve employment and the ability of people to support themselves. Finally, welfare spending in terms education, health, transport, and security help establish a social wage that complements earned incomes and promote labour cost efficiency in industrial production.

In another vein, the political construct of Apartheid, or so-called separate development, allowed the separation of space by race to enable more efficient extraction of value from the black labour force. Indeed, under the guise of separate development, the Apartheid regime and the National Party government ensured that surplus value could be extracted from labour and the black working-class without commensurate and compensatory expenditure of social wage outputs like housing, education, and healthcare. This artificially supported the international competitiveness resources and manufacturing industries that lack technical specialisation and innovative processes that would otherwise have supported competitiveness in the conventional sense. The effect was to saddle reliance upon firms that are cumbersome and inefficient while creating urban slums – in the form of townships (i.e. shantytowns), and underdeveloped rural communities and traditional areas – known as the Bantustans which were illegal and puppet states created for native peoples under Apartheid.

8.2.3 Environmental Sustainability Policy Overview

In assessing environmental sustainability concerns it becomes apparent that human societal values and expectations have been the substantive reason behind economic growth and hence environmental degradation, habitat encroachment, and climate change. More specifically, there has been a problem over the distinction between human wellbeing on the one hand, which is inclusive of non-material aspects of happiness and personal fulfilment, and human welfare on the other, which could be defined as the materially observable aspects of human wellbeing.

Arguably too, it is a comparatively modern preoccupation with welfare improvement both individually and collectively, occurring since the advent of industrialisation, which has provided impetus for an ever-growing economy. Moreover, better and ever-expanding knowledge of the causes of disease and death without consequent and appropriate reductions to the human birth rate allowed for unprecedented human population growth thus making the potential realisation of equally high welfare standards for all humans a planetary impossibility.

Global inequality is at least for the moment then inevitable barring the occurrence of a biological pandemic or a global conflict that reduces human numbers. This is because, in a world where happiness and personal fulfilment are linked to the material standard, people at higher levels of satiety would likely not accept a subtraction from their living standards for the material elevation of those at lower levels of satiety. In addition, ongoing welfare expansion in the long-run is in any case ultimately inefficient because improvements to human welfare are by definition not infinite and possess diminishing returns at ever higher levels of material satiety. That is to say, improved living standards, expanded educational opportunities, and the provision of healthcare services, to name the broadest categories of social investment, cannot indefinitely improve the quality and longevity of human life.

It is the task of writers, philosophers, and journalists to inspire a narrative about human wellbeing which becomes more inclusive of non-material aspects of the *good life*. In pursuance of the same societal goals, it is the task of economists, business executives, entrepreneurs, investors, and public officials to envision an economy driven not by unrestrained consumerism but instead by science and innovation. That is, the economy should complement human life by responding to real human needs, simplifying the transactions of daily living, and providing the opportunities for achieving personal fulfilment. Consequently, an economy designed to satisfy human aspiration while being sensitive to human sensibilities would treat social and environmental sustainability concerns, not as constraints to but as guarantors of perpetual prosperity. Indeed, it is nothing more than short-sightedness to conclude otherwise.

It was the scientific enlightenment and the industrial revolutions that enabled the human species to grow in knowledge and mastery of the material conditions governing human life. However, it has been the social and economic liberation of countless millions which has created a culture of perceived human invincibility and a situation where the power issuing from scientific and industrial advance has been used without regard for the continued integrity and functioning of ecosystems and the biosphere. It is necessary then for such countless millions to recall the ultimate mortality of human life in order to engender a renewed sense of humility and mindfulness for the impermanence of any given generation living on this planet.

8.2.4 Ideological Debate Overview

At the level of ideological abstraction, the old distinctions between the right and left sides of the political spectrum, between classical and heterodox economic policy perspectives, or even for that matter the separation of discourse by academic department seems outdated. Indeed, the challenges facing humanity which were discussed at the outset of this research in order to frame the importance of understanding the intersections between economic development, social sustainability, and environmental sustainability are planetary in scale and scope. This discourse also reveals a startling observation about the differences between the debates on economic and social policy on the one hand and environmental sustainability concerns on the other. Put precisely, climate science as well as research on biodiversity loss and environmental degradation is based on pure rational environmental science. Whereas the economic and social policy debates are based largely on ideological conviction and highly circumstantial evidence which in all cases is never repeatable. Indeed, although moments of economic and social development across countries may share common features the success of such cases is essentially built upon unique and non-replicable circumstances. Moreover, there may exist theoretical notions and moral precepts that describe the ideal society which in light of changes to scientific understandings about the world and alterations in the political and social landscape of society are no longer appropriate for informing the design of public policy.

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Table 8.1 Indicators for South Africa

South Africa		
Indicator	Measure	Source
Human Development Index	0.666	2015 Human Development Report, (UNDP, 2015)
Gini Co-Efficient	63.4%	(World Bank, 2011b)
GDP (PPP) per capita (current international \$)	\$13165.1	(World Bank, 2015a)
Education Expenditure (% of GDP)	6%	(World Bank, 2011a)
Health Expenditure, Public (% of Total Health Expenditure)	48.2%	(World Bank, 2014a)
Poverty Headcount (at \$1.9 a day 2011 PPP, % of Population)	16.56%	(World Bank, 2011c)
Labour Force Participation (% of Population Ages 15 to 64)	56.6%	(World Bank, 2014b)
Unemployment (% of Total Workforce)	24.9%	(World Bank, 2014c)
Urbanisation (% of Total Population)	65%	(World Bank, 2015b)
Arable Land (% of Land Area)	79.8%	(World Bank, 2013)
Forested Land (% of Land Area)	7.6%	(World Bank, 2015c)
Ecological Remainder (hectares per person)	-1.18	(Global Footprint Network, 2010)

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6245 Regarding Table 8.1 above, several observations are possible. South Africa has only moderate
6246 levels of Human Capital Development (i.e. 0.666) insufficient for promoting dynamic
6247 economic development, high income inequality (i.e. 63.4%), low income per capita (less than
6248 fifteen thousand US dollars) which is highly skewed by the Gini Co-Efficient reading, higher
6249 than necessary spending on education (more than 4%) compared with results, half the
6250 expenditure on health (less than 60%) as advanced democracies despite its much worse social
6251 outcomes, 75% of social spending despite having more numerous social ills to contend with,
6252 low labour participation (less than 60%), four times the rate of unemployment (more than 20%),
6253 but still mostly urbanised (more than 60%) suggesting the presence of urban slums, but
6254 nevertheless substantial arable land (e.g. 79.8%) and forestry (e.g. 7.6%) resources, but then
6255 again an ecological deficit of -1.1.8 hectares per person being used to sustain the population.

6256

6257 Important is consider from the outset, is how South Africa compares to the four case countries
6258 in general. South Africa and New Zealand both have the experience of the United Kingdom as
6259 their colonial master, but with different institutional legacies, especially as these relate to the
6260 structure of the economy. According to (Acemoglu and Robinson, 2001: 938-63) framework,
6261 South Africa was settled with extractive aims, while New Zealand was from the start intended
6262 to be a “Better Britain” abroad (see Chapter 5). In comparison to industrialised Japan, South
6263 Africa also followed a capital-intensive model of development highly dependent on fossil-fuels
6264 (see Subsections 3.2 and 8.3.1) - with an agricultural peripheral sector - but without the focus
6265 on high labour skills and training, nor an inclusive nationalistic social compact to maintain co-
6266 determination in production processes and innovative activity. Consequently, South African
6267 comparative advantage in trade was based on extracting surplus value from stores of unskilled
6268 black labour and incorporating artisanal knowledge in technology, and a managerial elite. This,
6269 further stratified race-class relations in South Africa, whereas in Japan, during the same period,
6270 life-long employment was secured for a majority and was unbiased toward class, and people in

society benefited from a social wage in terms of public education, healthcare, and state pensions (see Subsections 3.3.1, 3.3.2 and 8.3.2).

As regards the influence of the United Kingdom over South Africa, much of its systems of governance, including the parliamentary system, common law, separation of power, consent by the governed through a franchised electorate (racially limited in pre-1994 South Africa), and the capitalist mode of production, shaped human-societal development in the colony, and afterwards under white minority rule (see Subsections 4.1 and 8.2.1). The instinct toward economic liberalism was however not so present as the Nationalists drove a state-led interventionist approach to economic growth. This is nowhere better seen than in the abundance of state-owned enterprises (SOEs).

Post-1994, the new South African constitution enshrines many values of Social Democracy as found in Sweden, especially given the codification of socioeconomic rights. However, these values exist in practice as mere rhetoric for the majority of South Africans who live under conditions of severe poverty, rampant inequality, poor education, health, and police services, as well as government corruption and cronyism (see Subsections 1.1.1, 6.1, 6.3 and 8.2.2). Moreover, the economy still suffers under the burden of a lack of dynamism and innovativeness due to the legacies of state intervention under Apartheid and the international boycott of the country which isolated its development and led to technical inefficiencies in productions, the innovation infrastructure, and the skills regime. By contrast, Sweden has historically been better at putting its laws into practice and embedding liberal and compassionate values in its institutional structures to create arguably one of the most progressive and fair societies in the world today (see Subsection 6.2).

Finally, multiracialism and multiculturalism are new to South Africa in terms of different groups sharing a common future. Historically human aspiration has been governed by classist ambition to ‘get ahead,’ materially relegating other avenues of human expression to secondary importance, which contrasts the degree of concern for the environment and simple living common to New Zealand (see Subsections 1.2.6, 5.2, 5.4 and 8.3.3). Moreover, New Zealand followed an agricultural and service-driven pathway toward its development and did not engage in effort to industrialise for the purpose of competing with manufacturing giants in capital-intensive sectors, while making the best of its scarce mineral resources. This perhaps implies that circumstance dictate outcomes for growth (see Subsection 7.3.2).

8.3 Analysis of South Africa in Relation to Universal Sustainability

8.3.1 South African Economic Development Application

South Africa has historically developed through agriculture and mining with economies of scale and with the importance of scientific and technological rationalisation being crucial to the growth of each. The country possesses abundant natural endowments of gold and diamonds which have been a constant source of wealth and prosperity. Conditions of colonial and Apartheid South Africa were also favourable to economic growth but unfavourable to long-term social sustainability (Wilson, 2013: 54-65). Namely, the migrant labour system which

dislocated men from traditional communities and allowed corporates to pay a single-person wage as opposed to a family wage reducing the cost of mining and industrial labour costs. This was certainly an advantage to producers but did unquestionable damage to indigenous communities who were systematically left behind. Moreover, given present constitutional protection and labour law, industry is no longer competitive in terms of labour costs and this affects the economy.

The economic development of South Africa could more accurately be described as the underdevelopment of the country. Indeed, the economic history of the region since the arrival of European settlers was characterised by the expropriation of land and resources from black Africans. This process was driven further by the discovery of diamonds and gold, and other precious mineral resources, to spur rapid industrialisation and the consolidation of assets in the hands of a minority and an even smaller capitalist class (Wilson, 2013: 67-71). Moreover, the pattern of societal advancement was never inclusive of the entire population being focussed on the needs of white people. Thus, according to Fine and Rustonjee, the variety of capitalism that emerged is of a peculiar type being highly concentrated in a so-called minerals-energy-complex meaning that mining and energy-related sectors have dominated the economy (Fine and Rustonjee in review by Holden, 1997: 164). Furthermore, the infrastructures and public services that were designed to support economic development were from their inception incapable, in terms of capacity, to support the needs of all South Africans, including, black, Indian, and coloured.

Regrettably, there is no quick or short-term solution to the employment problem in South Africa. Burger and Woolard (2005: 473) looked at the South African labour market since 1994 and found that “there are a few long-term trends that appear to stand out. The changing structure of the South African economy, coupled with capital intensification in the production process has led to the increased demand for more skilled workers at the cost of unskilled labourers” leading to “increasing unemployment, especially among African labour market participants.”

Therefore, an organic type of capitalism with natural impulses toward innovation and entrepreneurship, founded on the back of a capable and educated populace, with high literacy and numeracy skills for example, never quite emerged in South Africa. Instead, the form of development has been extractive in nature subtracting rents from natural resources and underpaid labour stores without assets to the benefit of an elite capital-endowed class at low cost (Wilson, 2013: 86). What is more, race has complicated matters in that it has served to override natural class alliances and alienated black and white working- and middle-classes from each other. More recently, the emergence of a black bourgeois elite has simply diversified the racial composition of those who control the commanding heights of the economy without fundamentally challenging the inherent inequities and prejudices of the South African economy which prevent the vast majority of South Africans from being worry-free, economically-empowered, and debt-free. The extractive nature of the economy means that rents are not always ploughed back into productive avenues and long-term societal progress.

Acemoglu *et al.* (2003: 49) make the point that “countries that inherited more ‘extractive’ institutions from their associated colonial past were more likely to experience high volatility and economic crises.” Following another study, Acemoglu and Robinson (2008: 288) state that it “appears that, following political reform, the identity of the elite changes but new elites adopt policies in line with the worst practices of their predecessors. Such a pattern appears to have been particularly prevalent following independence in Africa and in some Latin American countries.”

Ironically, the extractive attitude toward stores of unskilled labour during the colonial and Apartheid periods has actually created a postponed (i.e. delayed) problem for the current generation and democratic dispensation. The problem may be described as follows wherein the majority of black Africans were denied access to the means of production and to social services that could support the development of their human capital and, which had the effect of depriving people of generations of cultural capital accumulation. This was produced through substandard educational opportunities (e.g. the Bantu education system 1953 - 1993), poverty-ridden living conditions (e.g. poor nutrition, housing and sanitation), lack of rights and liberties, reinforcement of patriarchal traditions, lack of domestic security, and the generally low level of household income, assets and savings (Wilson, 2013: 101-2). This has created an intergenerational burden on the present whereby many millions of people cannot meaningfully hope to compete and prosper in the current economic system. This system is neither compassionate nor eager to assist in the societal transformation of South Africa.

Indeed, many industrialists instead of attempting to seek efficiency and cost-cutting by means of co-determinism with workers, rather seek to oust them entirely and are enamoured of the promises the fourth industrial revolution, with its process of automation and mechanisation, would bring.

With the unfurling of democracy in 1994, many socioeconomic infrastructures, especially in education and health, have been overburdened by the need to support more than they were created to accommodate. Moreover, the country faces terrible challenges in addressing poverty, inequality, and unemployment. Indeed, social capital formation remains stifled. The economy lacks dynamism both in terms of existing opportunities and emergent potential due to shortfalls in human capital and diversification. The structure of the economy has not grown in directions that by design promote future areas of opportunity and specialisation in economic development.

The case of South Africa’s economic development can be seen as being almost the exact opposite of the situation observed in Sweden where the economic development of Sweden in the second half of the 20th century, and the use of a state-sponsored welfare system, created wide-reaching improvement in the standard of living and the capabilities of citizens as well as an equal society where the natural impulses to innovation and entrepreneurship could take effect in a manner consistent with the expectations laid out by Adam Smith to produce stages of growth in specialised industries where Sweden possessed comparative advantages.

By contrast, South Africa has experienced path-dependent economic development where the country has been bound in a certain direction by capital-intensity in the mineral-energy-complex and not sufficient diversification into other manufacturing industries combined with stunted potential in terms of human capital which have further limited the natural potential for human ingenuity and imagination to take flight in the form of new opportunities for economic and social prosperity. Moreover, the nature of transfer payments in the liberal style welfare system that has emerged post-Apartheid burdens the tax base without providing viable support for capacity building that would sponsor future growth opportunities and entrepreneurship. Furthermore, the reliance on existing industries to support ongoing social cohesion means that the country is increasingly locked into a specific development trajectory with decreasing levels of return and poor growth signalling the decline of societal progress in material terms toward regress. Indeed, legal rights are of little use if the basic means of life cannot be maintained.

This path-dependence that countries like South Africa face revolves around the character of their technological innovation. However, this process like any human-centred one is governed by institutions of innovation and progress. Consequently, North (1991: 97) states that “they [such institutions] evolve incrementally, connecting the past with the present and the future; history, in consequence, is largely a story of institutional evolution in which the historical performance of economies can only be understood as a part of a sequential story”. However, North (1991: 109) also points out that “Path dependence is more than the incremental process of institutional evolution in which yesterday's institutional framework provides the opportunity set for today's organisations and individual entrepreneurs (political or economic). The institutional matrix consists of an interdependent web of institutions and consequent political and economic organisations that are characterised by massive increasing returns. That is, the organisations owe their existence to the opportunities provided by the institutional framework.” In this way, South Africa's development trajectory was irrevocably altered by the choices that led to specialisation in capital-intensive and extractive industries. Arguably then, this placed additional downward pressure, in addition to racist and prejudicial colonial pressures, on the status of human dignity and equality in the country as these industries required cheap labour.

Moreover, a country can become committed to a kind of social path-dependence in that increased inequality can result in economic volatility and in turn a vicious cycle toward lost opportunities and yet more inequality (Stiglitz, 2012: 47-9). Amid such a climate of pessimism, individuals and society as a whole, through its various institutions, fail to invest in human capital evenly, and this produces more uncertainty, economic volatility, and rampantly deleterious social inequality. Indeed, this is because there “are broader societal effects – evidenced in a sense of social cohesion, which can adversely impact individual and societal well-being as well as economic performance more narrowly gauged” (Stiglitz, 2012: 50).

More crucially, much of the challenges South Africa faces are wrongly cast in general terms as a matter of racial relations, however, rightly these may be true of specific instances, court cases, personages, and specific attitudes of fundamentalist bigots. Nevertheless, the socioeconomic woes in South Africa would much more accurately be described as class struggle complicated and obscured by the conspicuous correlation between race and wealth in South Africa. It would

be true of course to say that most white people are better off than most black people but to speak of such absolutes is meaningless. The struggle of life for the homeless and unemployed, by the working-class black South Africans as labourers on farms, in the mines, as domestic help, and in other manual work avenues, as well as the struggles of middle-class white South Africa to finance their mortgage, pay-off their debts, and save for retirement are part of the same struggles imposed upon people in this economically unfair and uncompassionate society.

8.3.2 An Example of Possible Change in South Africa: The Organization Workshop

In the South African context, one community-based recommendation that has been tested is the *organization workshop* methodology, which aims to awaken organisational consciousness in local communities to assist them in realising resources and opportunities within their communities to improve their lived environments, address social ills, and create livelihood (i.e. income) streams. As a form of human-societal development, this approach to community development (i.e. local economic development) is about broadening kinship at the level of the community to improve social cohesion and encourage co-operation. Arguably, such endeavours are primary to achieving the goal of species-level identification (Andersson *et al.*, 2017: 1-3).

Although the process is still an in-group one, in that it is specific to a certain community and location, being community based implies involvement of people from a variety of backgrounds, which is crucial to broadening understanding and appreciation for diversity. Indeed, community development initiatives like this one might reflect societal development at microcosm, albeit spatially defined. Furthermore, in this approach knowledge is seen to create greater awareness of the challenges, opportunities and resources in communities, as well as the abilities and agencies of residents to collectively affect positive change (Andersson *et al.*, 2017: 4-6). Thus, it enhances being both individually and for the group. This results in materialism in a positive sense. That is, it allows people to realise those aspects of material life which are important, can be changed and enjoyed, and that improve lived and shared outcomes.

The *organization workshop* methodology may be regarded as doer-oriented and aims to initiate community-led activity toward improving community outcomes in terms of livelihoods, living standards, social cohesion, community services, and safety. The process encourages collaboration and co-operation at the community level and is founded in the belief that the socioeconomic and community environment shapes the minds, outlook and attitude of residents (Andersson *et al.*, 2017: 7-10). The aim is to achieve change-making toward more positive outcomes and self-reliance, which is especially important in the world with scarce work opportunities. The technical aspects of the process aim to professionalise community work and participation in order to provide participants with marketable skills that residents can use in generating their own income streams and business development opportunities. The end goal is to assist communities in realising imagined but not yet demonstrated outcomes for their communities. This is about awakening, what James Allen⁹¹ calls the “reclining master” within

⁹¹ James Allen: 19th Century mystic spiritualist and founder of New Age and positive thought in the Christian tradition.

the soul to help people gain the understanding that they can affect and shape their lives and circumstance for the better.

Possible lessons from theory and real-world examples for application to economic development

- Arguably, South Africa's focus on industrial policy is flawed and misaligned as the country lacks key capacities (i.e. prerequisites) to achieving substantial growth in manufacturing of high-value marketable consumer goods, including, a large skilled workforce, a comprehensive social wage, and dynamic innovativeness (see Subsection 8.4).
- This situation makes South Africa internationally uncompetitive in those manufactured goods which would yield the highest returns, and the economy is still too dependent on industries of the mineral-energy complex.
- Furthermore, the presence of politically-aligned unions, racially lopsided labour protectionism, interclass antagonism (worsened by the presence of racially skewed class relations), and a lack of impulses toward co-determinism (i.e. like those arrangements seen in Japan and Sweden), together, hindered technical process innovation and efficiency-increasing economic development in South Africa.
- Political affiliations obscure economic agreement and social compacts around shared development. In general, the middle-class liberal, working-classes are social democratic, the capitalist (i.e. elite) are pro-market, and above all these historic race relations tend to obscure discrete ideological differentiation among political parties. Moreover, interclass alliances become difficult to broker given the animosities of the business-labour relations in the context of state-backed business and the trade unions as a revolutionary component in the struggle against Apartheid.
- Knowledge production is oftentimes obtuse with respect to what is an overt conservative influence in pro-market/pro-business circles or associations disguised as technical rationalism. For example, a lack of industrial competitiveness is often blamed on high wages, but these calculations of average earning often ignore the inflated wages received by the managerial class in South Africa due to the severe shortage in high skills and the uneven nature of skills development resulting from Bantu education system.
- South Africa fundamentally lacks the will power and interest in changing the structure of the economy toward conditions favourable to equality and compassion because everyone want to be lucky enough to become successful and make it into the upper echelons of society, which is perhaps the result of the cultural influence of the so-called American Dream and a *dog-eat-dog* mentality to personal success.

8.3.3 South African Social Sustainability Application

The South African economy needs to concentrate on creating jobs for the multitude of low skilled unemployed while also moving the economy into high skills and greater value adding activities recommended by policymakers through visionary documents like the New Growth Path (NGP) and the National Development Plan (NDP). This situation is completely different to the one which faced older industrial countries when low-cost labour countries started to manufacture goods requiring low skills; old industrial countries experienced a loss of jobs for low-skilled persons and thus it became a matter of urgency to get people trained up for higher

skilled jobs within the economy. Before World War II the “USA, Europe and other Anglo-Saxon economies dominated world markets... exporting all their manufactured goods... high value-added... or low value-added products such as clothes and footwear. These were exported not only to each other but also to the developing world” (Ashton, 2005: 19, 20).

In South Africa the situation is not the same; rather than having a surplus of low-skilled workers, South Africa has “no jobs for a substantial proportion of the population” (Ashton, 2005: 19). In South Africa not only must jobs be created along the spectrum of low to high skills, the previously unemployed must be progressively helped to acquire more skills to combat unemployment and poverty, initiating “a low skills route to full employment and” facilitating “a subsequent move into a high skills society” (Ashton, 2005: 20).

In the paper on the need for a multi-pronged strategy, Andre Kraak of the Human Sciences Research Council presents motivation for a multi-pronged approach to Human Resources Development, “comprising a joint high-skill and intermediate-skill strategy on the supply side, underpinned by a demand-driven strategy that seeks to stimulate large-scale labour-absorbing employment growth and is supported by appropriate inputs of training for the unemployed” (Kraak, 2005a: 57). Such a strategy aims to address two priority areas for South Africa’s human-societal development trajectory; one the need to progress to more specialised value-adding sectors to strengthen the country’s relative position in international trade and satisfy the need to technological and efficiency-increasing innovation, and two, the need to employ large stores of labour productively in order to enable social reform and progress and unburden the state of a massive responsibility in terms of the welfare needs of many unemployed people.

Problematic, is that a large number of these challenges and opportunities work against one another especially in the design of government policy. Creating opportunities for the economy to advance technically and in terms of new and innovative sectors does not necessarily create opportunities for unskilled employment. Consequently, Doyle and Stiglitz (2014: 9) state that “one of the most pernicious forms of inequality relates to inequality of opportunity, reflected in a lack of socioeconomic mobility, condemning those born into the bottom of the economic pyramid to almost surely remain there”. This is because underdevelopment in one area of the economy and society often bears consequences for prosperity in other areas. Like begets like and bad can sometimes beget worse. Indeed, “focusing on one dimension [of inequality] at a time may underestimate the true magnitude of societal inequalities and provide an inadequate basis for policy. For example, health inequality is both a cause and consequence of income inequality. Inequalities in education are a primary determinant of inequalities in income and opportunity. In turn, [...] when there are distinct social patterns of these multiple inequalities (for example, those associated with race or ethnicity), the consequences for society (including social instability) are increased” (Doyle and Stiglitz, 2014: 10).

However, South Africa faces a double challenge, namely, “promoting economic growth, whilst reducing poverty and inequality” (Kraak, 2005b: 429) and meeting the needs of future economic growth and development. This strategy is contrary to education and training programmes in most developed and industrialised countries where they “tend to be biased

towards formal skill sector needs to the detriment of the peripheral sectors of the economy” (Kraak, 2005b: 441). However, the “low, labour-absorbing economic growth” of the South African economy and “the fact that training is occurring primarily in large and medium-sized firms” are some of the factors limiting skills development in South Africa (Kraak, 2005b: 447).

The paper also highlights the difficulty of measuring and accrediting the less formal, yet invaluable training given in the informal and day to day functions of many businesses in the Small, Medium and Micro Enterprise (SMME) sector. An initial attempt to achieve measurable levels of training over a four-year period was implemented with the launch of the National Skills Development Strategy (NSDS) in 2001 (Kraak, 2005b; 441-45). The conclusion reached by an analysis of various training strategies in the period 2001 to 2004 is that “both government and employers” were “currently falling short of the capabilities, required to effectively rollout these ambitious reforms (Kraak, 2005b: 429).

Moreover, a study conducted by McGrath and Akoojee (2007) on the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) that was launched in July 2005 by the then President, Thabo Mbeki, endorses the importance of initiatives in education programmes in schools from primary level, through to adult education and training (McGrath and Akoojee, 2007: 425). The targets and outcomes of such an initiative in the form of a new structure to drive the AsgiSA initiative, namely the Joint Initiative for Priority Skills Acquisition (JIPSA) are also described (McGrath and Akoojee, 2007: 426). In conclusion, referring to the accelerated and shared growth initiative, the authors state, “AsgiSA, is well-located in the national context. There are highly plausible, multiple reasons for the South African state’s decision to follow this particular development path with its stress on the centrality of post-basic education and skills and of the state’s leadership role” (McGrath and Akoojee, 2007: 432). However, they caution that without measurable growth and improved economic structure and infrastructure South Africa will not achieve the goals of the AsgiSA, namely, halving poverty and unemployment. Through “post-basic education and training” the state must play a leading role in “stimulating such an enabling environment” (McGrath and Akoojee, 2007: 431-32).

In another vein, according to Seekings (2002: 31-2), the pattern of welfare responsibilities in South Africa between familial, state and private provision is appropriate. Indeed, “South Africa's experience combining familial responsibly, market based insurance and generous social assistance provides an example that other countries might consider more fully” (Seekings, 2002: 32). Tragically, according to Klasen and Woolard (2008: 1), South Africa, in the absence of a proper social security system, relies on a system of household based support for the unemployed. This typically involves in the best cases support from an old age state pension but in the absence of such pensions, “supporting unemployed members drags many household into deep poverty” (Klasen and Woolard, 2008: 5). Indeed, South Africa has socially unsustainable levels of unemployment. Figures show that “South Africa has been experiencing one of the highest reported unemployment rates in the world,” ranging between 28% and 41% depending on the definition used to collect data (Klasen and Woolard, 2008: 2).

In yet another vein, according to Lomofsky and Lazarus (2001), the government of post-1994 South Africa has tried to cater to the educational needs of diverse learners by introducing a general education system that aims to be inclusive regarding the special needs of different learners. However, a general skills environment is not necessary in the best interests of promoting the employability of people entering the labour market as many industries in the economy are dependent on vocational, technical, and industry-specific skills which would be better supported by vocational training, apprenticeships, and in-house training in firms.

Theory has not always predicted real-world experience accurately. Many of the predictions of neoclassical economics championed by neoliberalism have not significantly improved material and moral outcomes. In South Africa, at the beginning of the democratic dispensation, many pro-market policies were adopted and tried, but these did not stimulate lasting economic growth and in some cases worsened inequalities by making the economy and labour market more competitive and less compassionate. In this way, convergence between countries of greater and lesser economic growth has not occurred through the opening up of markets to efficient conditions and free trade, trickle-down effects have not resulted in diminished social class inequalities, and neither has entrepreneurship emerged as an engine of progress and prosperity, job creation, and wellbeing.

Indeed, many ideologies fail in their attempts to rectify underdevelopment, poverty, and unemployment because they impose, on these challenges, an externally conceived solution. In similar vein, Paulo Freire⁹² (1993: 54) said that: “No pedagogy which is truly liberating can remain distant from the oppressed by treating them as unfortunates and by presenting for their emulation models from among the oppressors. The oppressed must be their own example in the struggle for their redemption.” The question worth asking is whether people are jobless or homeless due to their own failings and inadequacies or rather as a result of the injustices of a system of unfair competition. Few recommendations seek to redesign the system, but rather attempt to ameliorate its negative externalities, be these social or environmental. The tragedy is that as this attitude is a pedagogy, we find ourselves limited in our most essential and dignifying freedom – the right to freedom of thought.

Possible lessons from theoretical and real-world examples for application to social sustainability

- South Africa suffers a culture of entitlement and victimhood due to the legacy of Apartheid. Indeed, what qualified special treatment pre- and post-Apartheid has been race. This contrasts more meritocratic societies like Japan, the United Kingdom, and New Zealand, as well as Sweden, which is considered a country of joiners⁹³.
- Moreover, South Africa lacks a genuine civic culture. The veil of liberalism in the country is supported by legal rights, not personal responsibilities, nor is there a major

⁹² Paulo Regius Neves Freire: 20th century Brazilian educator and philosopher best known for his work *Pedagogy of the Oppressed*.

⁹³ Joiners here refers to the Swedish tendency to get involved in society by joining movements, causes, clubs, organisations etc.

culture of philanthropy among the elite for example in contrast to other capitalist economies.

- The United Kingdom and Sweden have a long familiarity with democracy. Indeed, Germanic peoples had a tendency toward sharing power between the king and the noblemen and were some of the first countries in the world to adopt a parliamentary system of government in keeping with the principle of “no taxation without representation”. By contrast, South Africa has a legacy of exclusive membership in government which is not conducive to promulgating the importance of accountable representation and decentralised power sharing.
- The racial and classist legacies of the past mean that the desire to intermingle is reduced. Indeed, professions are also stigmatised by such classifications and there is a general prejudice against manual/technical work and a preference for university-qualified work.
- South Africa also lacks an assertive attitude toward its own policies. Indeed, water and education policies, for example, reflect the influence of foreign consultants and are perhaps inappropriate for the domestic context.
- There are major capital deficits in education and other social services. Moreover, the skilling environment is not well aligned with South Africa’s needs as there is not preference for more attending TVET and FET training colleges.
- This is in conflict with the actual shortages of technical experts need by the South African Bureau of Standards (SABS) for example to support standards and assessment in manufacturing industries.

8.3.4 South African Environmental Sustainability Application

From the perspective of the planet and global climate, the problems for maintaining the environmental sustainability of the biosphere appear to require global action in order to avert crisis. The problem then comes in that nations are sovereign and generally differ about how to address such concerns because of differences in ideology, burden of responsibility, unresolved historical injustices related to industrialisation and the formation of the world economy, as well as differing degrees of accommodation required to the social justice consequences of any reorientation of public policy toward environmental consciousness. However, this is misleading because although humanity must agree to various global CO₂ emissions reduction targets implementation is going to be necessarily local and domestic, as well as at the global level.

Looking at the case of South Africa, it seems likely that economic growth would have to be sacrificed because the economy is heavily energy intensive with much of South Africa's power being produced from coal (Menyah and Wolde-Rufael, 2010). Thus, pollution reductions in CO₂ emissions would have to mean less energy production and hence less economic growth potential. Indeed, according to Winkler and Marquand (2009), transition of South Africa to a low-carbon economy will require a massive shift in industrial policy. This could also entail a comprehensive shift to renewable energy production, however, the dominance of Eskom makes entry of new firms difficult. This is because it would necessitate a structural transition in the economy. Given that much of the populace of the country still suffer deficiencies in human development and poor skills formation due to the legacies of Apartheid, poverty, and poor economic diversification such a transformation in the economy would likely result in a lot of

unemployment. Moreover, the energy dependency of South Africa is not unique in the region and there is rising demand for energy consumption in sub-Saharan Africa generally (Kebede *et al.*, 2010). This problem is further compounded in that the South African government does little to promote the development of biofuels in South Africa (Jumbe *et al.*, 2009). This is unfortunate because as we learnt biofuels were crucial to Sweden's energy diversification and reductions in energy-intensive industry emissions.

Interestingly, there exist spatial congruency between biodiversity conservation and the preservation of ecosystem services (Egoh *et al.*, 2009). Indeed, South Africa already enjoys a culture that is sensitive to the need for nature conservation not only for scientific, cultural, and aesthetic reasons but for tourism too. Thus, perhaps greater environmental consciousness can come from awareness about the importance of nature conservation, and from there consciousness about the dangers of unmitigated climate change.

Possible lessons from theoretical and real-world examples for application to environmental sustainability

- South Africa may lack sufficient levels of human development and social sustainability to viably address environmental sustainability concerns
- In South Africa, the lack of technological diversification in the generating of power seen in Japan, the United Kingdom, New Zealand, and Sweden worsens CO₂ emission levels.
- The resource-intensive focus of the South African context is not sustainable in the long-term
- Social sustainability issues mentioned above relating to the disconnect in South Africa between economic structural change and skills formation may hinder transition to more green practices
- Social challenges facing South Africa often appear more urgent than environmental sustainability concerns
- The culture of state involvement in the economy may crowd out the kind of community environmentalism that is enjoyed in New Zealand
- Social class inequalities mean that many urbanised South Africans are not able to take advantage of natural environs in the same way as Swedes and New Zealanders
- Nature conservation and the biodiversity are also important considerations with respect to agricultural productivity and sustainable food production as seen in the United Kingdom
- National policy-makers should follow national action plans for addressing the environmental crises, and in particular, climate change as is the case in Japan and the United Kingdom
- The delegating of relevant national powers to local governments can also result in innovative and effective methods to reduce CO₂ emissions at the local level as seen in Japan
- To realise gains toward achieving environmental sustainability local community-run initiatives can emphasise democratic participation and individual responsibility as seen in New Zealand

8.4 Conclusion to Policy Overview and South African Application

This Chapter has made conclusions on the economic, social, environmental, theoretical, and ideological areas of this research. The lessons from theory and real-world experience of Japan, the United Kingdom, New Zealand, and Sweden were combined with discussions on the economic, social, and environmental realities found in the developing country case of South Africa. The individual strategic successes of any particular country are not directly transferable to the case of South Africa because recommendations have to apply to the local circumstances. However, many themes, ways of thinking, and approaches are transferable. It is thus important to look at the broad picture and assess what specific suggestions the accounts of Japan, the United Kingdom, New Zealand, and Sweden can offer.

In the context of policies that have been put forward by the government of the African National Congress (ANC) of the post-1994 era, notable are the New Growth Path (NGP) and the National Development Plan (NDP), which follow in the vein of the Developmental State Approach (see Subsection 2.3.4). These policies have aimed at addressing the dual challenge of South Africa's need to advance in terms of its industrialisation trajectory and its international competitiveness, as well as the need for transition to a low carbon future for the country, and the need to reduce unemployment and poverty. The general theme consists of a desire to diversify the economy and promote *enskillment*⁹⁴ which raises earned incomes and living standards through so-called decent work opportunities. However, the Developmental State approach has only really been successful in East Asia where there was already a functioning bureaucracy and surplus labour was adequately employed in agricultural sectors thus reducing the ills associated with urban poverty. Pondering this, one must question whether South Africa has the institutional capacities to co-ordinate investment in the economy via state intervention because Co-ordination Failure 1 would caution that it is difficult for governments to accurately predict comparative advantage and due to Co-ordination Failure 2 where too much state resources are potentially ploughed into inefficient industries for purely political reasons like maintaining employment. Moreover, given that the country currently struggles to ensure adequate human capacity building services in public education, health, and law enforcement – the social wage – *How does the country aim to achieve a development trajectory reliance of specialised and technical expertise, which advanced industrialisation would require?* Amid these realities, interclass antagonism and the protectionist and reactionary approach of big business in the mineral-energy-complex, as well as the broken traditional responsibilities between individual citizens and in communities due to the violence and disenfranchisement of the past, leave South African society perhaps endogenously limited in its ability to recognise the need for radical transformation that is above all pragmatic and free of ideological blinkers. In order to respond appropriately to the need for much social and societal development in South Africa given the challenge presented by the triple perils of poverty, unemployment, inequality, the country requires economic development. Moreover, much effort is required to redirect the scope of industrialisation and technological upgrading away from dirty fossil-fuel based

⁹⁴ Enskilling is a coinage combining 'en' meaning *to cause to be in* and 'skill' meaning *ability to do something well*. The term is used in this thesis to denote a democratic, participatory and consultative style taken toward capacity building and training, which emphasises empowerment, self-reliance and autonomy in learning.

industries – comprising the so-called miner-energy-complex. A dynamic and adaptive response is required. However, South Africa has poor stores of social and human capital and rampant societal and institutional shortcomings due to the legacy of Apartheid. This presents constraints in terms of the quality and skill of human agency and the resources of the fiscal purse. The government needs to invest in upgrading human capabilities and enskilling self-reliance to such a degree that resources may be freed from compassionate welfare spending and Keynesian-style demand stimulus toward empowering impulses toward innovation and entrepreneurship. The government must also assist in redirecting the trajectory of the economy toward green and sustainable avenues of growth and development by overhauling infrastructure in favour of such industries through great networking of the economy by means of emergent technologies. All of this is costly, so a further requirement is addressing the social and political ills that face the country to encourage investor optimism and foreign interest in South Africa's prosperity.

Nevertheless, adaptation is possible and South Africa enjoys an abundance of natural resources that, if used responsibly, could help direct progress toward productive and sustainable futures. The immediate and short-term focus must be to improve human capabilities and encourage democratic tendencies toward self-help and community engagement around the social (i.e. education and health) and economic (i.e. joblessness and depressed opportunities) challenges. The long-term solution must be to engender natural impulses toward innovative thinking and behaviour that reaps private and societal benefits in favour of growth that is environmentally sustainable and which contributes to the transformation of the country's historic inequalities. South Africa must choose a future that embraces its constitutional values, and which emphasises human happiness and prosperity above the classist and elitist motives that dominated its past.

Chapter 9: Conclusion

9.1 Introduction to Conclusion

This chapter concludes this research. Section 9.2 will conclude with a discussion of the general themes of this research and of the final lessons about universal sustainability and the constituent components of economic development, social sustainability, and environmental sustainability that can be gleaned from an investigation such as this research project. Section 9.3 will end this research undertaking with a personal reflection by the researcher concerning this research experience and the impact that the themes of this project have had on the researcher personally.

9.2 The Lessons of Experience

9.2.1 The Importance of Human Capital Development and Technology

The development and maintenance of stores of human capital as well as the nature of that capital (i.e. its quality and diversity in terms of skills type) is relevant to the success of aspirations toward economic development, social cohesion, and the transition to an environmentally sustainable future (Lattimer, 2012: 1). Universal sustainability begins as a commitment to explore the development of humans and societies. Indeed, human capital (the mental and physical capabilities of people) are relevant to organising all other forms of capital around the fulfilment of human and societal aspirations regarding economic development, improved living standards, improved social justice outcomes (i.e. personal freedoms, equality of persons and groups before the law, inclusivity, and a compassionate society), and improved environmental protection.

As presented in Chapter 1 and 2, human capital is important in terms of the outcomes that come from using the means of production of institutional resources to mix into productive outputs in the economy and in the shaping of society. Consequently, human capital often defines labour productivity growth and potential and affects the nature of technical and industrial transitions over time from existing and established industries to new industries. However, as North (1991: 98) points out: “economic history is overwhelmingly a story of economies that failed to produce a set of economic rules of the game (with enforcement) that induce sustained economic growth.” Human capital affects economic recovery, adaptability to changing international conditions regarding the competitive positions of other countries across dynamic industries, and fundamentally affects every aspect of technical progress and the changing of raw materials into human-focussed developments in the built environment. Human capital impacts on the quality of every constructed and manufactured thing, and on every delivered service in all extinct and extant economies and has shaped every aspect of how human society has reproduced itself (Holden and Linnerud, 2007: 175). Thus, human capital represents the functional intelligence and source of ingenuity, awareness and empathy behind all that humans have achieved and will achieve going forward and as such is the fount of all progress and regress past to present (Schneider *et al.*, 2010: 513; Lattimer, 2012: 2-3). However, how this human ingenuity has been mixed in various institutions has been key as “the central issue of economic history and of economic development is to account for the evolution of political and economic institutions that create an economic environment that induces increasing productivity.” (North, 1991: 98).

Countries in possession of a diverse set of human capital competencies (i.e. a spread between general, industry-specific, firm-specific, technical, artisanal, and vocational skills) remain better equipped to handle abrupt changes in the international trading environment, and the changing economic landscape of each successive industrial revolution and new technologies. Human capital development is also vital for social capital formation and the building of national institutional capability (see Section 5.2.2) which are important for establishing societal – level agreement and compacts around skilling regimes and welfare, and for advancing overall social cohesion, as well as for reaching agreement around measures needed to achieve the transition to a more environmentally sustainable future while balancing individual, community, and societal interests with the realities of the limitations imposed by the ecology and biosphere of the planet. Indeed, people and communities must be cognisant of how the values they pursue through their economic and political lives affect the prospects for the survival of all life on this planet. Put simply, only a socially conscientious citizenry empowered with knowledge and skills can craft a way toward the green transition sacrificing the dream of ever improved living standards and choosing a new socially-crafted vision of what the good life could look like that reemphasises traditional values around self-improvement and actualisation rather than the capitalist mirage of fulfilment via endless amenities and consumerism.

9.2.2 The Importance of Social Capital Formation and Institutional Development

The functioning of societies is dependent on human capital development and the alignment of this human capital among citizens of countries, but at the planetary-level, also ultimately requires alignment of values and human-societal aspirations among all humans. Constanza (2000: 4) calls for the “the creation of a shared vision of a sustainable and desirable society.” This relates to the formation of social capital, which might be termed awareness of the condition of our species in an ecologically limited environment bounded by the limitations of our biology. It means being responsible for our actions and being open to our dependence on each other for our individual self-actualisation and the realisation of the highest aspirations of our shared social existence. Indeed, our collective success as a species, facing all the same challenges and being afflicted by the same frailties, is contingent at the broadest level, on a need for compassion both for individuals and groups in society facing poverty, inequality, injustice, and disillusionment.

The social sustainability of societies and global human civilisation is thus dependent on the cultivating of values and aspirations that would seek to advance improvement of life of all people and in a manner that allowed for genuine expression in this life of the avenues and exploits that enable a person to achieve self-actualisation – the highest human aspirational goal. Its means ensuring and preserving factors that support human dignity, equality, and freedom. It also means creating societies that fight against the notion that Social Darwinism⁹⁵ is right, and

⁹⁵ Social Darwinism is a view that “evolution by natural selection” is not only an adaptive mechanism but a moral principle as well. That is, “the survival of the fittest” implies that it is right for people to compete and for only the strong and intelligent to succeed. The weak and feeble among humanity must perish or else they will pass on their ‘defective’ genes to their offspring, which will further burden society with disability, addiction, and even laziness. This view is not compatible with human rights, compassion, universalism or liberal values.

6907 instead prioritise creating opportunities for all people in possession of different skills and
6908 attributes.

6909
6910 Social capital that supports sustainability consists of a cultural set of values and ethics that
6911 believes that each person has the right to a fulfilled and dignified existence. Cohesion is
6912 enhanced through skilling opportunities, and the preservation of services in education, health,
6913 and security that safeguard individuals and groups and allows society to function harmoniously
6914 in pursuit of common and shared aspirations while celebrating differences among people. How
6915 could such a dignified life be achieved? Could it be by implementation of the “meritocratic
6916 public bureaucracies,” systems envisioned by Rodrik (2003: 26) that are based on successfully
6917 ensuring “civil liberties,” prerequisites to achieving full economic convergence of developing
6918 countries with rich countries?

6919
6920 Social capital that supports social cohesion in the context of environmental limitations to
6921 human aspirational dreams and desires consists of a cultural aesthetic that appreciates what is
6922 really important to human existence in terms of insights from psychology, biology, religion,
6923 and philosophy to pursue the realisation, not of a materially-centred view of wellbeing but an
6924 inclusive and historic view of progress that unifies the science of wellbeing with the mystical
6925 quality of contentment of which the oratory and literary traditions of every culture speak.

6926
6927 Importantly, the development of the kind of social capital that will be crucial to the long-term
6928 survival of our species, the crafting of new civilizational and human-societal values, and the
6929 creation of compassionate and inclusive societies will require the same institutional capacities
6930 that have advanced patriarchal, nationalistic, ethnocentric, racist, sexist, homophobic, socialist,
6931 conservative, and liberal ideologies alike. Indeed, institutions of social values create and
6932 replicate social capital – the knowledge of social conventions and practices – across all societies
6933 and in a globalised world, institutions play an even greater role in educating an increasingly
6934 connected global human population. Humans must consequently salvage from the wreckage of
6935 opposing and conflicting societal goals and aspirations a new shared vision for what life on this
6936 planet could look like for people of diverse backgrounds and modes of living.

6937
6938 People, citizens, and policy-makers need to be educated as to the causes of human-societal
6939 progress, technological innovation, the dreams of historic civilisations, ideas about what
6940 constitutes the good life, the realities of what different lived experiences must mean for human
6941 values, and what socioeconomic policies should be applied to ensure freedom and equality.
6942 Social capital thus represents the nexus around which individual human competences are
6943 organised in pursuit of societal aspirations. Prendergast (2006: 257) talks about leadership by
6944 great people, to which fact history testifies.

6945
6946 The record shows that social capital can advance diverse causes including the desire for greater
6947 economic development, improved living standards, socially just and equitable societal
6948 arrangements, a social wage, improved working conditions for people, and the preservation of
6949 the natural environment as well as the transitioning of values toward preventing environmental
6950 degradation and climate change through changes to the functional aspects of economic

production and the lowering of expectations around future improvements to the quality of life of people living on this planet. This could variously imply accepting rapid societal and technological change, advancing the science of medicine, accepting the redistribution of wealth from the rich to the poor to expand the middle-class, trends toward social and moral liberalism that are tolerant of minorities in society and advance of equality of women in the home and at work, the facilitation of publicly financed education, health, and infrastructural (including security) services, the enacting of legislation to protect basic human rights, and the recognition of the need to perhaps accept interim job losses and economic transitioning in order to preserve the environment.

Consequently, the nature of social capital, both in terms of the underlying quality of human capital and the values and mores that people in societies hold affects the settlement of societal outcomes relating to economic, social, political, legal, and environmental aspects of shared social living. Social capital is thus the link between individual aspirations, the direction of economic affairs, and the impact of these actions on the social fabric of societies and nature.

Institutional development is also important to the functioning of economic markets, public services, legal regimes, and agencies that protect against negative impacts on social and environmental outcomes. Indeed, the functioning of any economic development strategy is dependent on the institutions (including non-tangible institutions) that regulate markets, governments, and economic transactions. The rule of law is also crucial to ensuring the protection of people's basic rights, their human dignities, for the enforcement of contracts and the protection of property rights, and for holding those economically and politically powerful elites in society to account. Regulatory bodies are also key to preventing environmental degradation and to advocating for the right of marginalised groups in society.

Human capital capacities in all these institutions are important but particularly so in government where the regulation of the macroeconomic fiscal and monetary environment dictate other outcomes in society for stable economic conditions, prospects for growth, and the delivery of services. Social and institutional capital build on the quality and capabilities of human capital and are influenced by moral values in societies and ultimately affect economic development, social progress and cohesion, and the prospects for transitioning to more just, equitable, opportunity-focussed, and environmentally sustainable societies that celebrate human differences and support the aspirational wishes of individuals within defined social and environmental limits.

Regarding the constitutionalism argument from Subsection 2.3.3 and the Golden Age Economic approach to economic and human-societal development, it is helpful to consider the values that underpin constitutionalism in most democracies, those of liberalism, namely liberty and equality. Indeed, liberty expressed most freely under the market system could result in a loss of equality between classes in society. So too could the objective of equality, if pursued relentlessly, result in stagnant economic conditions and shifting of power toward the state. However, liberty can aid equality because it would seem to be an important component in achieving and maintaining environmental sustainability. How so? Because the course most

beneficial to achieving environmental reform is best laid down by the conscientious efforts of private citizens empowered by their enjoyment of private liberty. Private liberty could help secure equal enjoyment of and access to the natural environment. Private liberty is also important for maintaining social sustainability because the value of one's personal freedoms is best seen by the free expression of liberty in others. What is more, reliance upon oneself and one's community must become important to private citizens again as it reduces the burden placed on tax revenues and hence reduces the need for continuous economic growth. In this view, a society that is populated with more capable people is a society that is more adaptable and innovative – and equal. Thus, liberty and equality, if understood correctly, are two sides of the same coin. The pursuit of liberty for each person results in a chance for equality among all persons.

9.3 Policy specific conclusion

Universal Sustainability as a framework has allowed us to see the aspects of sustainable development in a new light. It is evident that if global human civilisation is to succeed, if science and rationalism are to survive another five centuries, if humans are to ever reach Mars or to harness the power of the atom for peace and not ruin, then we must realign to a state of harmony with knowledge and the realities of socioeconomic and environmental circumstances. Worthy aims of the economic development of the world would be to avoid uncertainty, reduce potential for catastrophe, provide for safe and secure livelihoods, develop human capital and capabilities, and maintain infrastructures for education, health, transport and security. Economic development must mean building functional capacity within society in terms of infrastructures, institutions, and intangible capital in the form of knowledge, skills, and processes (i.e. methods).

The object of material progress in its most noble pursuit should be to enable the passage of societal development and moral progress that favour universal, humanitarian, and compassionate values in society. What is more, by ensuring the protection of rights and liberties for people in society it is hoped that democracy and creativity will flourish. For any society to be dynamic, efficient and capable of self-renewal, it is important that natural impulses toward innovation and entrepreneurship be allowed to work freely. Moreover, the whole aim of material progress in the form of economic growth simply and economic development more broadly should be to encourage an attitude favouring productive rather than consumptive behaviours and viewpoints toward nature, people and knowledge.

Social sustainability at the level of the species and among all societies requires the broadening of kinship, love, compassion, justice, liberty, and peace to all human beings irrespective of colour, ethnicity, religion, belief, creed, language, culture, level of technical advancement, gender, sexual identity, personal viewpoint, political persuasion, social status, material standing, rank, or any other such arbitrary identifier. True social cohesion requires the acknowledgement that people are human beings. They seek happiness and fulfilment, and a decent honest life possessed of freedom, friendship, companionship, and the means of life – this is what is common to all humans and it should be cherished. Societal systems should

advance these goods, and they should not leave people in fear of deprivation or encourage hate for others based on the manner in which others seek to achieve their happiness and satisfaction. Social sustainability must be supported by skills development that allow people to work with mind or hand to achieve meaning and purpose in their lives. Social cohesion also requires the maintenance of certain basic standards of welfare which support mental and physical wellbeing and better enable people to seek happiness and fulfilment in life through productive avenues.

Environmental sustainability implies a genuine commitment to be the intelligent custodians of this planet for which role there is no-one else. It means not to remake the Earth in a dream idea of ourselves but in the full light of the knowledge of the causes of self-actualisation, of our place in nature and dependence on all else that we share our home with. We need harmony within more than we need it without. If we resign ourselves to the use of natural resources only in accordance with advancing science and technology, the preservation of life and biodiversity, exploration and adventure, art and beauty, human dignity and self-respect, then nothing can stand in our way. This world is rich in stores of value, but we are wasting them through our inefficient and un-co-operative methods of extracting value, of motivating positive social behaviour, of creating livelihoods and human wellbeing. From the wellspring of imagination, we have but sipped, if only we would gulp down and awaken to what we may achieve together.

Indeed, the successful realignment of human interests within the limits imposed on us by the natural environment requires that we reassess what is of interest to us and with what we can realistically achieve. In this way, resources need to be used in a sensible and reasonable manner to achieve the objectives of the priority areas of our human aspirational wishes, including, science, technology, arts, infrastructures, and public institutions. Moreover, use of the land and water resources must be coupled with concern for biodiversity in order to preserve the richness of the genetic inheritance of the Earth. Furthermore, if human societies were to use natural resources to support human-societal-development toward socially-beneficial, environmentally harmonious, and reasonable ends, and if all our activities on the Earth were conducted with the aim of preserving diversity as well as efficiency and safeguarding economical systems of life, then irrevocable fallout from climate change and environmental degradation could be avoided.

9.4 Epilogue

This Section discusses the general conclusions to this research. Firstly, it seems that the theoretical understandings of how economic and societal development advance are not comprehensive enough. Indeed, progress seems to lie far more in the realms of politics, ideology, and culture for any mechanistic attempt that tries to affix what it means to develop. Aristotle (in Feinberg and Shafer-Landau, 2002: 624) makes the point that the highest potential for virtue and goodness in society lies in the hands of institutions of governance because it is these that determine the shape of the rest of society. Therefore, the nature of the good life and the good society lies in the minds of the people and those whom they elect to represent them in the political arena.

7081 That said, Chapter 2 of this research, apart from being a set of different strategies to be followed
7082 singularly and in every time, can be seen as being in its constituent parts completely true in
7083 some context or another at some time or another. Indeed, the real-world experience of economic
7084 and societal development discussed in Chapters 3 to 6 in reference to the cases of Japan, the
7085 United Kingdom, New Zealand and Sweden differed vastly in terms of policy from one
7086 government to the next. The theories of Chapter 2 then may be seen as tools in a policy-makers
7087 kit for helping societies advance toward prosperity and sustainability. In this sense ideology
7088 and/or political persuasion should not have the effect of making us partial to any one
7089 perspective at all times. The historical and contemporary context and an understanding of the
7090 national and international interests should be consulted far more readily than dogma. The real
7091 physical and biological limitations imposed on the future developmental prospects of human
7092 societies by the ongoing environmental crisis require no less. The opinion expressed by
7093 (Schumacher, 2011: 192) still rings true: “Economic development is something much wider
7094 and deeper than economics, let alone econometrics. Its roots lie outside the economic sphere,
7095 in education, organisation, discipline and, beyond that, in political independence and a national
7096 consciousness of self-reliance.”

7097
7098 Indeed, it is important for humans to feel strong and capable even if their situation does not
7099 wholly support such an impression because self-help often requires a sense of empowerment
7100 first. Encouraging though is that among the countries studied there is a definite conscientious
7101 raising trend toward better understanding and appreciation for the issues surrounding social and
7102 environmental sustainability concerns. People are becoming more compassionate toward other
7103 humans and now even toward other living things and the ecology of planet Earth – our only
7104 home. The complexities and challenges facing us deserve our best attention; no one can phrase
7105 it better than Adam Smith (2007: 148) when he states, “Some of those situations may, no doubt,
7106 deserve to be preferred to others: but none of them can deserve to be pursued with that
7107 passionate ardour which drives us to violate the rules either of prudence or of justice; or to
7108 corrupt the future tranquillity of our minds, either by shame from the remembrance of our own
7109 folly, or by remorse from the horror of our own injustice.”

7110
7111 Furthermore, several other general conclusions are possible. The central problem for both
7112 economic development objectives and social sustainability in the broader context of
7113 environmental limitations to development, as mentioned before, is that human aspiration is
7114 entirely unbounded by material constraints. People always want better or more, and it takes a
7115 counter-intuitive shift in thinking to help people to appreciate their place in nature as a
7116 dependent part under the dictatorship of natural conditions.

7117
7118 Thomas Hobbes⁹⁶, (in Feinberg and Shafer-Landau, 2002: 640-53), argues that the sociability
7119 of human society is maintained so long as the natural rights of human beings, these chiefly
7120 being, life and liberty, are preserved. Implied too is that conservation of these rights ensures
7121 that there is peace in society and that humans are able to pursue happiness. In such a view

⁹⁶ Thomas Hobbes: 17th century English philosopher; Thomas Hobbes is considered one of the founders of modern political philosophy.

people are bound by their mutual recognition of each other's innate equality and by a social contract which governs what behaviours will be appropriate for society and binds individual persons to each other under the law.

Many views expressed are idealistic; in contrast, the reality, consequential to power in the wrong hands is expressed by Malthus (2016: 374): "The greatest talents have been frequently misapplied and have produced evil proportionate to the extent of their powers." An example of this is when governments and institutions have appropriated human capital and innovation for self-seeking ends; generating rents from the land and labour without reinvesting in genuine and focused improvement of the kind of conditions which support human flourishing and holistic wellbeing. Structures for governance in every sphere can always be improved. However, their improvement is often contingent on human values and the ambitions that society elevates to the forefront of national priorities. Malthus (2016: 260) draws attention to this innate difficulty when he says: "But nothing is so easy as to find fault with human institutions; nothing so difficult as to suggest adequate practical improvements."

Indeed, it takes a humbling of ourselves and our ambitions so as to appreciate that this planet is not ours alone but belongs to all the life that takes refuge here on this blue-green oasis amid the vastness of unexciting space. Moreover, species-level identification and empathy are vitally important for the building of more dynamic, innovative, and capable societies that will progress toward universal sustainability objectives. It is also apparent that consciousness raising must involve the transformation in many of our notions of the *good life* and the *good society*. The dream of endless human aspirational achievement is just that – a dream.

Therefore, the important conclusion is that material and societal aspirations must be limited by an appreciation for the realities presented by thermodynamics, the planet's ecology and our own biology. Furthermore, the fact that humankind, as a part of this world, derives all its energy from nature for its ultimate survival and for the operation of our respective economies, we must be mindful of our place on Earth. Indeed, Sam Harris⁹⁷ states that: "There is nothing passive about mindfulness. One might even say that it expresses a specific kind of passion – a passion for discerning what is subjectively real in every moment. It is a mode of cognition that is, above all, undistracted, accepting, and (ultimately) non-conceptual. Being mindful is not a matter of thinking more clearly about experience; it is the act of experiencing more clearly, including the arising of thoughts themselves. Mindfulness is a vivid awareness of whatever is appearing in one's mind or body – thoughts, sensations, mood – without grasping at the pleasant or recoiling from the unpleasant", (Harris, 2014: 36).

Mindfulness requires a full understanding of the path humans have taken to reach our current mode and level of advancement. In order to address the challenges that face global human civilisation in terms of social inequalities, economic underdevelopment, and environmental degradation, adaptation is required (see Subsection 2.3.2). Development, if backed-up by the

⁹⁷ Samuel Benjamin Harris: A contemporary American author, philosopher, neuroscientist, and public intellectual.

indiscriminate use of the planet's resources and biological services, must not be seen as being *too big to fail*, as failure to avert global environmental catastrophe would surely mean an end to society as we know it. That is, no matter how far along the road we have come, if we have taken the wrong path, we must not be afraid to turn back and take another route. At the level of discourse discussed in this research, this is a monumental task: to reconcile the need for continued economic and social development that satisfies technological, scientific, creative and human welfare needs with the real and physical limitations imposed on such forward-looking progress by the finite nature of natural resources and the ecological carrying capacities of the planet's biological services (see Subsection 1.1.3). Adaptation is further circumscribed by several human-made limits. Firstly, as human minds would be involved in this highly technical process of adaptation, the level of human capital development in a country, and the quality and dynamism of its education system could either be an enabling force or a constraint to progress. Secondly, the health of a country's public finances would also be important (see Subsection 2.3.3.). Adaptation to new technologies can be costly and rearranging economic sectors toward sustainable futures could result in social dislocations in terms of unemployment and lost income. It would be within the ambit of the state's affairs to manage these transitions in favour of both economic and social wellbeing of people and the sustainable use of resources be these natural, biological, social or institutional. Indeed, it is reasonable that for such strategic realignment to work, buy-in from individuals, communities, and societal institutions would be needed together with the support of the public bureaucracy.

The response to the three-fold challenge that faces all human societies highlighted in this thesis, which is in part reaction to the evidence and the implications of non-response, and in part adaptation to what is possible in terms of physical and biological boundaries, and adaptation to what might arise from a human-centred, compassionate, and socially progressive trajectory that emphasises human happiness, would involve short- and long-term interventions (see Subsection 3.2). Short-term solutions may be sustained through increased government spending on programmes that upgrade human capital and help foster new opportunities in green sectors of the economy. However, these would have to give way to more sustainable long-term solutions based on improved and enhanced human capabilities and raised consciousness for the plight of the environment combined with expanded compassion for all humans at the level of the species. A lasting solution would stimulate natural impulses toward self-reliance, a sense of identity arising amid community, ingenuity, a common desire for good, and responsible governance (see Subsection 1.2.3).

This thesis has satisfied the main goal of this research by providing a roadmap of development. It expounds theoretical and real-world strategies and guidelines for developing countries wishing to advance in terms of the material conditions which govern human flourishing. It does this while remaining mindful of the social and environmental implications of such development. This research clearly demonstrates the complex mechanics relating the factors underlying positive outcomes in economic, social and environmental contexts, that is sub-goal (i), as well as the numerous interconnections between these factors, that is sub-goal (ii) (see Subsections 1.2.1 and 1.2.2).

Moreover, several unexpected revelations were made during the course of this research. Firstly, that the values of liberalism, freedom and equality, are compatible with utilitarianism, a pragmatic approach, and a rational view of the factors governing human happiness. Secondly, that personal freedom and fulfilment do not infringe on the societal and community-based interests if the principle of equality is correctly emphasised and compassion is enshrined. Thirdly and finally, that the consequences of the first and second revelations imply that the liberal and scientific view of this three-fold challenge elevate human beings to the status of capable and responsible agents with obligations both to the rest of society and the natural world.

Hitherto, walk secure in the knowledge that you are capable of and responsible for doing right by yourself, your community, your society and your home – planet Earth.

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