Possibility of Sustainable Welfare Societies

Integrations of Social Policy and Environmental Policy in the Post-Growth Society

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Outline

- Introduction: Conceptual Backgrounds for Sustainable Welfare Society

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2. Sustainable Welfare Society: International Comparisons
3. Evolution of the Idea of “Steady-state Economy” and Capitalism
4. Policies for Sustainable Welfare Society
5. Agenda for Realizing Sustainable Welfare Societies in Asia
Introduction: Conceptual Backgrounds for Sustainable Welfare Society
“Sustainable Welfare Society”

- A society where quality of life of individuals and distributional justice are realized in a sustainable manner over a long period of time under the finite natural resources and environments.

- Integration of
  - Issues of Environment: regarding the total amount of wealth
  - Sustainability
  - Issues of Welfare: regarding the distribution of wealth
  - Equality, Justice

- Closely related with the concept of “Steady-state Economy”
Background

- **Welfare state models** in the latter half of the 20th Century presupposed the **continuous economic growth**, and have been constructed on the assumption that economic growth and increasing income equality are mutually reinforcing.

- But currently,
  1) as most of the industrialized countries are experiencing chronic **economic stagnations** owing to the maturation of consumptions
  2) more fundamentally, the **finite nature of natural resources and environments** at the global level are being recognized,
welfare state models combined with the continuous economic growth are put into question.

→necessity of introducing the concept of sustainability and environmental concerns in the discussions of welfare state and social policy

Particularly important in the Asian Context, where economic development, increase of energy consumption, institutionalization of social protection systems and demographic change take place very rapidly in a relatively short period of time.
Rapid Increase of World Population

Energy Consumption in Asia
(1965-2015)
# Welfare, Environment and Economy

<table>
<thead>
<tr>
<th>Welfare</th>
<th>Distribution of Wealth</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Total Volume of Wealth</td>
<td>Sustainability</td>
</tr>
<tr>
<td>Economy</td>
<td>Production of Wealth</td>
<td>Efficiency</td>
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1. Different Dimensions of Sustainability
Sustainability as a Key Concept

- Central concepts in the discourse of Environmental policies since 1980s.


- But this concept has broad and different dimensions and should be extended to a broader context including the social policy arena.
Various Dimensions of Sustainability (1)

1) **Environmental sustainability** under the conditions of finite natural resources

2) **Financial or institutional sustainability** of social protection systems

3) **Demographic and Inter-Generational Sustainability** in the times of aging population and population decrease
Various Dimensions of Sustainability(2)

4) **Sustainability of Work or Employment** in the age of innovation (ex. human work replaced by AI etc)

5) **Sustainability of Local community** and Economy (or geographical sustainability)
Current Situations of Japan from the Perspective of Sustainability
Decrease of Food-Sufficiency Ratio in Japan and International Comparison

(Source) adapted from Ministry of Agriculture, Forestry and Fishery, Japan
Government Debts in Accumulation (as against GDP): International Comparison
Long-term trends of the Japanese population

<table>
<thead>
<tr>
<th>Year (Year)</th>
<th>Population</th>
<th>Aging Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>127,840,000</td>
<td>19.6%</td>
</tr>
<tr>
<td>2030</td>
<td>115,220,000</td>
<td>31.8%</td>
</tr>
<tr>
<td>2050</td>
<td>95,150,000</td>
<td>39.6%</td>
</tr>
<tr>
<td>2100 (Mid-end forecast)</td>
<td>47,710,000</td>
<td>40.6%</td>
</tr>
<tr>
<td>2100 (High-end forecast)</td>
<td>64,070,000</td>
<td>40.6%</td>
</tr>
<tr>
<td>2100 (Low-end forecast)</td>
<td>37,700,000</td>
<td>39.6%</td>
</tr>
</tbody>
</table>

Trends of the Ratio of People receiving Public Assistance in Japan (%)
Typical Local Cities in Japan

• • • Hollowing Out of Central Areas
Current Situations of Japan from the Perspective of Sustainability(1)

- Critical conditions in all the five dimensions of sustainability
  1) Environmental sustainability
  2) Financial or institutional sustainability
  3) Demographic and Inter-Generational Sustainability
  4) Sustainability of Work or Employment
  5) Sustainability of Local community and Economy
Current Situations of Japan from the Perspective of Sustainability(2)

- Current administration → Strong “Pro-growth” policy orientations
- background ••• lingering memories of “success story” in the high economic growth period, and the cling to the growth model in the times of industrialization

- These orientations are likely to lead to disastrous situations, and shifts of policy paradigms from “growth” to “sustainability” are necessary.
2. Sustainable Welfare Society: International Comparisons
Sustainable Welfare Society Index

Note: Gini coefficient is for 2011 (OECD data). EPI stands for Environmental Performance Index, which was established by the Yale Center for Environmental Law and Policy, to quantify and numerically mark environmental performance of state policies.

Source: Prepared by Hiroi
Why Welfare performance and Environmental performance are correlated to some extent?

- In a society where the consensus for equality or income redistribution is low, the only policy measure for poverty reductions is economic growth, and thus environmental concerns are left behind and “pro-growth” policy orientations become strong.

- Public value or consciousness of solidarity or cooperation, in other words, elements regarding social capital may serve as a basis both for welfare and environment.
Sustainable Welfare Society Index in Asian Countries: Unclear Relationships between Welfare and Environment?

EPI: 2016 data
Economic Development and Income Inequality: Inverted U-shaped Curve?

The graph shows the relationship between Gini Coefficient and GNI per capita for several countries. The countries included are Nepal, Thailand, Cambodia, Mongolia, Malaysia, Philippines, and Japan. The data is adapted from the Human Development Report 2016, with GNI per capita measured in 2011 PPP$. The graph suggests a potential inverted U-shaped curve relationship between economic development and income inequality.
Economic Development and EPI (Environmental performance Index)

(source) GNI per capita: Human Development Report 2016, EPI 2016 data
3. Evolution of the Idea of “Steady-state Economy” and Capitalism
Sustainable Welfare Society from a broader perspective

- Is economy without GDP growth possible? Is it compatible with capitalism?

- Historical evolution of the idea of “steady-state economy”
1st Stage: JS Mill’s “Stationary State” (1948)

- Economy will reach “Stationary State” because of the finite nature of land
- Positive evaluation of the “Stationary State”
- Mill’s concept was forgotten as the economy entered into the age of industrialization and UK and other capitalist nations embarked on the colonial management, utilizing the natural resources of the colonies
2nd Stage: “Limits to Growth” by the Club of Rome (1972)

- Environmental limitations of Industrialization
3rd stage: Recent discussion of post-growth (or decroissant) , alternative measurement of GDP, and GNH etc.
Three Stages of “Steady-state Economy” Discussions

1st stage: JS Mill’s “Stationary State” (1948)
   •••maturation of merchant economy, and the transition to the industrialization

2nd stage: “Limits to Growth” by the Club of Rome (1972)
   •••maturation of industrialization, and the transition to the information/monetary economy and globalization

3rd stage: recent discussion of post-growth (or decroissant), alternative measurement of GDP, and GNH etc.
   •••maturation of information/monetary economy and globalization
Evolution of Capitalism and Steady-state Economy

Scale of Economy

1st Stage: Merchant Economy

2nd Stage: Industrialization

3rd and Ultimate Stage: Information/Monetary economy

Steady-state Economy or Sustainable Welfare Society?
"Long-term Recession" after the Recovery from the Leeman Shock

average growth rate of the industrialized countries: 1.6% (2011-15)
Relations between Life Satisfaction and GDP per capita

Source: Frey (2005)

Well-being

Number of samples: 80,556 persons

Per capita real average income based on purchasing power parity (Referenced to US dollar in 1995)


Source: Frey (2005)
many local governments in Japan are coming up with their own well-being measurements and local social policy developments
4. Policies for Sustainable Welfare Society
Two Policy Directions for Sustainable Welfare Societies

1. from Redistribution to “Pre-distribution”
   - Earlier Intervention at each stage of the lifecourse
     (J. Robertson, ”EcoTaxation in a Green Society”, Fitzpatrick and Cahill (2002))

2. Socio-economic system building up from the local community
Evolution of Capitalism and its Revision: redistribution to earlier interventions

Poor Law 1601

Social Insurance 1880s

Keynesian Policy for Employment

Merchant Economy

Industrial Revolution

World Economic Crisis

Leeman Shock etc
Examples of “Pre-distribution”

1) Emphasis on the social policy at the *early stage of the lifecourse*

2) *basic income* as an ultimate policy

3) redistribution or socialization of *assets or “stock”* (housing, land, financial assets)
Social Protection Spending for the Early Stage of the Lifecourse (as against GDP, 2011): International Comparison

(Source) adapted from OECD, Social Expenditure Database
Trends of Gini Coefficient of Income, Financial Assets and Land in Japan

(Source) Ministry of Internal Affairs and Communications: National Survey of Consumptions 2014
Socio-economic system building up from the local community/economy

- Increase of the self-sufficiency of food, renewable energy and social care and the realization of the autonomous local economies
- Contributing to the sustainable employment at the local level and social inclusion
Renewable Energy and “Sustainable Zone”

- **Energy Sufficiency Ratio** of Japan is only 4% at the national level, but at local level there are **21 prefectures** (among total 47 prefectures) whose **Energy Sufficiency Ratio** are over 10% and these figures are increasing (“Sustainable Zone” study by Hidefumi Kurasaka, Chiba University, 2015 version)

  1) Oita Prefecture (30.1%)
  2) Akita Prefecture (21.8%)
  3) Toyama Prefecture (18.8%)
  4) Nagano Prefecture (18.2%)
  5) Kagoshima Prefecture (17.8%)
Significance of Re-connecting Market Economy to Community and Environment

Corresponding to the Concept of “Sustainable Welfare Society”
Sustainable Welfare Society as a social model and its relationship with Public Philosophy

- Convergence of Capitalism, Socialism and Ecology
- Integrations of Liberalism and Communitarianism in the discourse of public philosophy
5. Agenda for Realizing Sustainable Welfare Societies in Asia
Perspectives for Sustainable Welfare Societies in Asia (1)

- Rapid economic growth and Increase of Energy consumptions and environmental burdens, together with rapid social transformations in Asian countries → endangering Environmental and Financial sustainability

- On the other hand, Lower fertility rate in many of the east Asian countries are eroding Demographic and Intergenerational sustainability
Trends of Fertility Rates in some East-Asian Countries

[Graph showing trends of fertility rates in Thailand, Korea, Taiwan, Hong Kong, Singapore, and Japan.]

United Nations "Demographic Yearbook", WHO "World Health Statistics", 各国統計。

資料: 日本は厚生労働省「人口動態統計」。


タイの2005年は2004年の数値。
“Global Aging” and Asia as its one of the Centers

The regional ratio of the increase of the aged citizens (aged 60 years or over) in the world towards 2030

(source) World Bank, *Averting the Old Age Crisis*, 1994
Perspectives for Sustainable Welfare Societies in Asia (2)

- Common in the very rapid shift from the growth-oriented economy to lower economic growth and population decrease as well as aging.

- A lot of difficult agenda, as in the case of Japan, but (hopefully) Asian countries may have traditional value orientations towards “sustainability.”

- Transformation of the policy paradigms from Growth-oriented social model to Sustainable Welfare Society model is most significant and fundamental.
Towards Sustainable Asia

- When we look at the environmental sustainability, “Our Common Futures” for Asia seem to become more visible than social policies at the national level.

- Visions of “Sustainable Welfare Society” and policy integrations from local to national, regional to global levers are to be explored and pursued, and research collaborations integrating social and environmental policies should be promoted.
Thank you very much!