The Role of Well-being in a Great Transition

John Stutz

GTI Paper Series

Frontiers of a Great Transition

10

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The Role of Well-being in a Great Transition

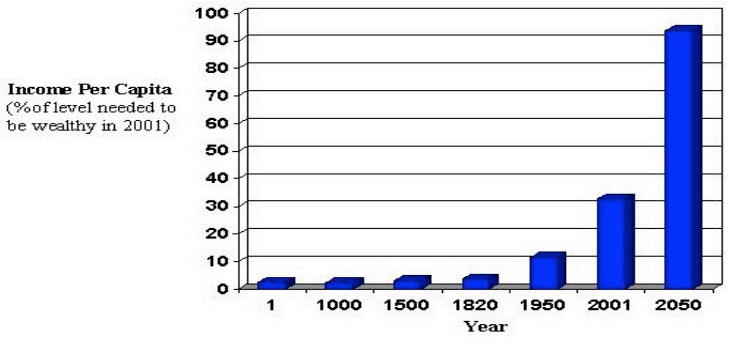
Introduction

In 1930, as the Great Depression was beginning, John Maynard Keynes wrote an essay, *Economic Possibilities for our Grandchildren* (Keynes, 1963). In that essay, Keynes looked 100 years ahead to discuss a future in which learning to live well had replaced the struggle for subsistence as the basic problem facing humanity. The future discussed by Keynes is now only 25 years away. To date, progress toward that vision has been limited. Among the affluent, overwork rather than living well is increasingly the concern, while billions of the global poor remain mired in deprivation. Looking ahead, a variety of perils—terrorism, climate change, pandemics—cloud the horizon. In light of our experience since 1930 and the problems facing us today, should we set aside learning to live well until a better time? Or, following Keynes' example, should we pause today to consider it again? This paper takes the latter course.

Economic growth

Why, when billions still struggle for subsistence, should one be concerned about learning to live well? Part of the answer lies in the remarkable pace of economic growth and the possibilities it opens up. When considering economic growth, it is useful to focus on the amount of "stuff"—food, clothing, medical services, transportation, etc.—produced annually. If, compared to population, the amount of stuff is large, the possibility arises that it could be divided fairly, creating a world in which learning to live well becomes the basic problem. Economists have developed estimates of average real income per capita—a rough measure of the amount of stuff per person produced each year—for the period 0 to 2000 (Maddison, 2003). Figure 1 shows how this income (defined here as average GDP per capita) has changed over the last 2000 years and how it might change over the next 50. In the figure, 100 percent corresponds to the minimum income a country needed in 2001 to make it into the group of the "wealthy nations" (the U.S., Canada, Japan, Australia, and the nations of Northwestern Europe). The figure, in effect, treats the whole world as a single nation and looks to see how close that "world nation" is to being wealthy by today's standards.

Figure 1: Worldwide Growth in Income



The data in Figure 1 tell a remarkable story. Until the Industrial Revolution, income remained very low. Starting about 1820, things began to change. It took a long time—about 130 years—for income to rise substantially. Over the last half of the twentieth century, the pace of change quickened dramatically, increasing the average level of wealth even as the gap widened between the rich and poor. In 1950 not a single nation met the current (i.e., 2001) standard for being wealthy. Today, the population of the wealthy nations is about 800 million, roughly fourteen percent of the world's total. Looking ahead, Figure 1 extrapolates recent experience, assuming that the annual rate of growth in income from 2001 to 2050 will match that seen since 1950. The result is a world in 2050 which has nearly the income per capita required to be considered wealthy today.

While much of the growth in income seen over the last fifty years has been the result of "the rich getting richer", that has not been entirely the case. In 1950, Asia, excluding Japan, was the largest and, on average, the poorest major region of the globe. Its income was thirty percent below that of Africa. Over the next fifty-one years, despite very substantial population growth, its income rose by about 414 percent! Looking ahead, it is at least *possible* that income will rise substantially worldwide by 2050.

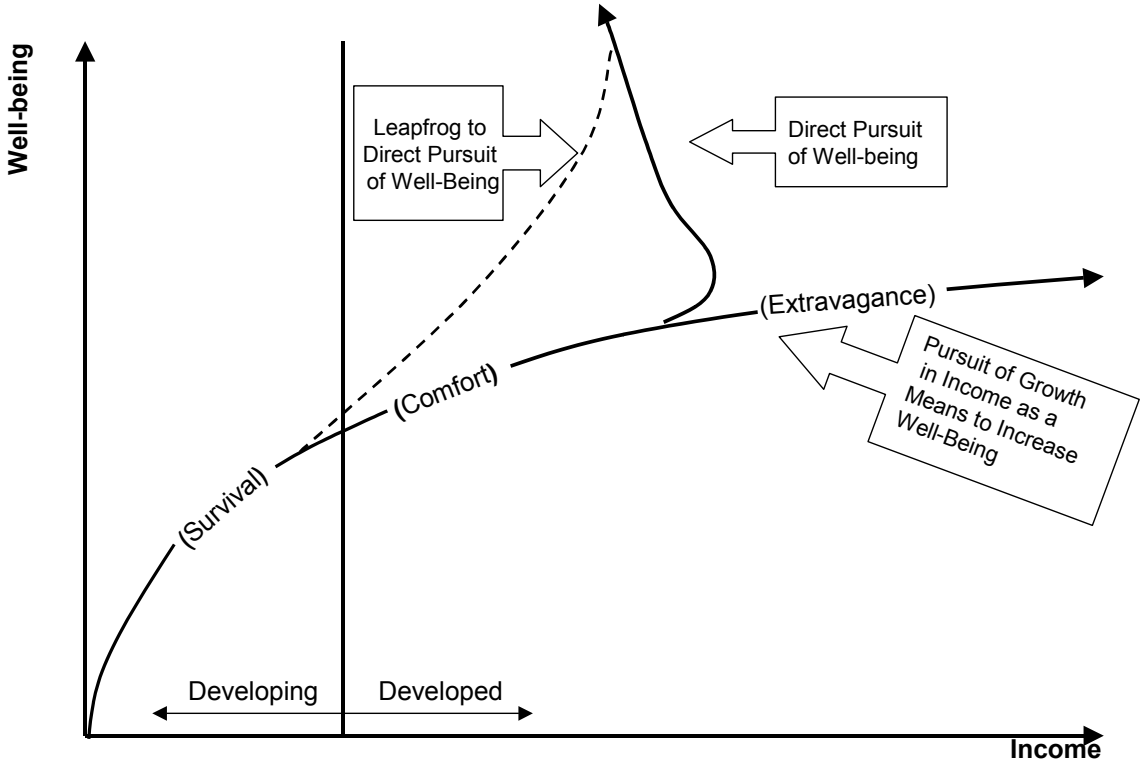
Figure 1 suggests that in fifty years, a "wealthy world" is within our reach. However, if the current patterns of production and consumption persist, such growth in income together with anticipated population growth would increase worldwide resource use and environmental emissions by about 350 percent. In fact, we need to reduce, not increase, resource use and emissions from current levels (Alcamo et al., 2003). So, growth alone is not what is needed. We need to find a way forward to a world in which all can live sustainably and well.

A way forward

The key theme in this paper is the possibility of changing the relationship between well-being and income as shown in Figure 2. As the figure indicates, well-being initially rises sharply in response to increases in income. However, the gains decline dramatically as the level of income rises. There is a vertical line marking the passage from the realm of development in which gains in income yield substantial gains in well-being to the developed realm where the gains become minimal. Past that line, and beyond the level of income required for comfort, one reaches a "fork in the road". The lower and upper branches of the solid curve that follow the fork illustrate different approaches to the pursuit of well-being. The key difference is one of strategy. Those following the bottom branch seek additional well-being as a by-product of gains in income. In contrast, those following the upper branch pursue well-being directly. They make choices such as limiting their hours of paid work to make time for a range of unpaid activities that allow them, in Keynes' words, "to live wisely and agreeably and well".

There is no need to wait until one is bumping up against Extravagance to shift to the direct pursuit of well-being. The shift could begin as one passes the vertical line in Figure 2. This option, pursued today by some developing countries, is indicated by the broken (dashed) portion of the curve. (For a discussion of one such effort, see Ura and Galay, 2004). The dashed line is labeled "leapfrogging" to indicate that, as in industrialization and public health, developing countries can make progress in the pursuit of well-being more rapidly than those who preceded them.

Figure 2: Income and Well-Being



Structure of the paper

This paper is part of a broad effort to elaborate an inspiring and rigorous global vision for the future, and to identify a path forward. The paper has three major sections. Figure 2 provides a focus for all three sections. The **Background** section highlights data and findings relevant to the pursuit of well-being. The **Vision** section describes a world in which successful pursuit of well-being is the norm. Finally, the **Pathways** section articulates a multi-part strategy to foster interest in time affluence and to support its pursuit.

The pursuit of time affluence—the upper curve in the figure—can reduce income. The reduction in income as well as other changes associated with the pursuit of time affluence shift consumption in a more sustainable direction. The pursuit of time affluence also fosters equity. The linkage between time affluence, equity, and sustainability is addressed in the body of this paper. (See, in particular, the discussion in the subsections on Multiple Dividends and Policies.)

Background

What is well-being? Following the philosopher, Sir Anthony Kenny (McCready (ed), 2001), our answer is that well-being consists of three interrelated elements: **Welfare**—provision of food, drink, shelter, medical care, and other requirements for "bodily

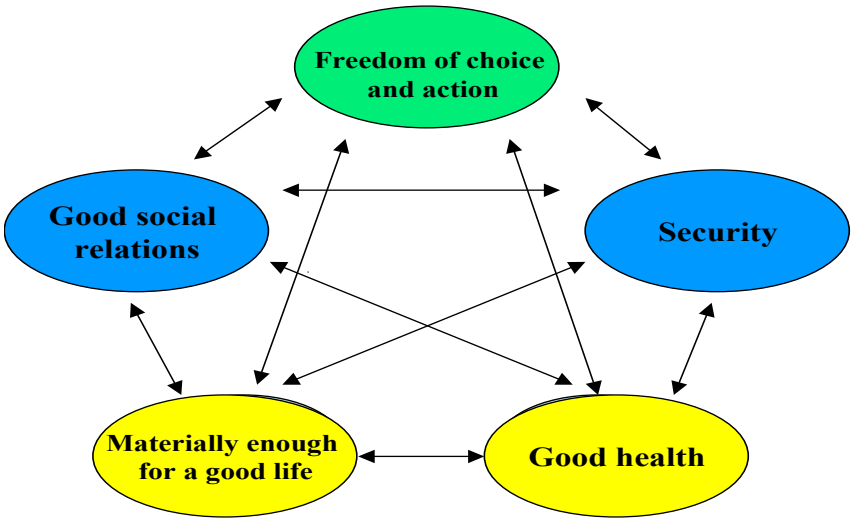
flourishing"; **Contentment***—an enduring and stable sense of satisfaction with one's life; and **Freedom**—the right to choose one's destiny and the ability to live a life one chooses. Kenny does not explain precisely what he means by "bodily flourishing". However, from his discussion, it is clear that it is closely related to physical health. The terms "Welfare" and "Contentment" are Kenny's. Freedom is one of many designations used for the third element. Kenny himself uses Dignity. Freedom is used here because it is the more typical choice. Kenny's use of the term "elements" suggests that Welfare, Contentment, and Freedom are essential and fundamental to the notion of well-being. While some authorities might dispute such a strong assertion, the majority would agree that these elements provide a reasonable list of the major aspects of well-being.

Historically, discussions of well-being have been situated within, and based on, various religious, spiritual, and philosophical traditions. Among these, Aristotle's discussion of the "good life" as a life of "virtue" has proved to be particularly important especially as it was adopted by the Catholic Church and transmitted to Western civilization. Over the last 100 years, well-being became more and more closely associated with economic performance. In particular, growth in income came to be accepted as a proxy for increasing well-being. In part as a reaction to this "Economic Theory of Well-Being" (Myers and Kent, 2004), two broader approaches to well-being were put forward. Needs Theory, developed by Maslow, Max-Neef, Gough, and others (Rayner and Malone, 1998), describes a range of human needs relevant to well-being, some but not all of which are related to income. Capabilities & Functionings, developed by Sen, Nussbaum, and others (Nussbaum and Sen, 1993), stress how one functions—what one manages to be and do—compared to one's range of capabilities, rather than simply the income one has to spend. The elements provide a framework broad enough to accommodate all of these theoretical approaches, but simple enough to be useful in the organization of diverse discussions of well-being.

To see how the elements can be applied, consider the results of a recent analysis of the main "dimensions of a good life." The dimensions were identified on the basis of a survey in which poor people in twenty-three countries were asked to provide their ideas on bad and good lives. The dimensions for each type of life were summarized and presented in the form of five-pointed stars (Alcamo et al., 2003). In Figure 3, the good life star has been color coded to show the connection with the elements. The two dimensions that form the base of the star are directly related to Welfare. Moving up, the next two dimensions address factors that contribute to Contentment. Finally, at the top of the star, we find Freedom. As the web of two-headed arrows in the figure shows, the survey results indicated that the dimensions are highly interconnected. The same is true of Welfare, Contentment, and Freedom.

* In the literature, the term Subjective Well-Being is often used instead of contentment. The term "happiness" is used widely as well, most often for what, following Kenny, we call contentment.

Figure 3: The Main Dimensions of a Good Life



Over the last forty years, there has been a substantial amount of research on well-being. In the next three parts of this section, we will examine strands of this research addressing each of the elements—Welfare, Contentment, and Freedom.

Welfare

Welfare, as indicated by "bodily flourishing", includes being in good health. Over time, we are all sometimes sick and sometimes well. To get beyond the moment, researchers adopt, as a measure of an individual's welfare, the number of years of healthy life he or she has enjoyed. Because data on healthy lifespan have only recently become available, those interested in long-term trends in Welfare often use lifespan—the number of years of life, healthy or not—as their measure.

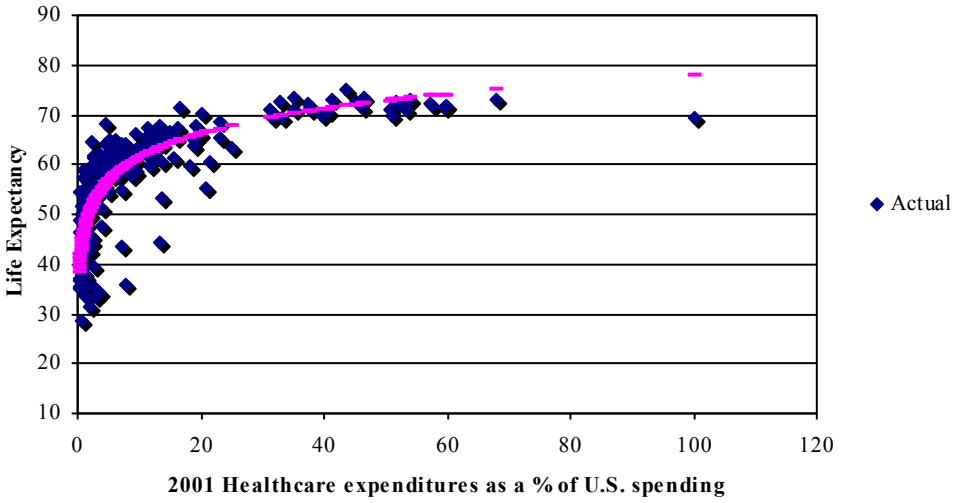
Data on average lifespan stretching back to the Stone Age show that until the early 1800s, the average lifespan varied between twenty-eight to forty-two years. Swings within this range were due to major historical events—epidemics, famines, and wars. Starting in the 1800s, the situation began to change. Rather than oscillating, the average lifespan began to rise more or less steadily (Lopez-Casasnovas et al., 2005).* Why, after thousands of years of oscillation, did this change occur? While the details are the subject of ongoing research and discussion among experts, the basic answer is quite simple and well-accepted. Since the 1800s, a more diverse and productive economy has raised incomes. This has led to increases in the average level of nutrition, permitted the investments in safe water and public sanitation suggested by germ theory, and funded the development and dissemination of medical treatments for infectious and chronic diseases. In short, growing prosperity has led, directly and indirectly, to greater Welfare as indicated by a longer healthy lifespan (Fogel, 2004).

It is not surprising that increases in income result in a longer lifespan. What is surprising is the pattern of increases in lifespan and income. Here some examples may be

* The year in which the rise began and the speed with which it occurred, of course, vary by country, and has yet to occur in a few countries.

useful. Between 1920 and 2001, lifespan in India rose from twenty-nine to sixty years, or to seventy-eight percent of the lifespan in Great Britain. However, between 1920 and 2001, the per-capita income in India only rose from about three to ten percent of that in Great Britain (Lopez-Casanovas et al., 2005; Prescott-Allen, 2001; and Maddison, 2003). More generally, the available data show that, in many cases, modest increases in income have led to dramatic increases in lifespan. The most obvious linkage between income and lifespan comes via the ability to afford medical care. As shown in Figure 4, data compiled by the World Health Organization (WHO, 2003) show that dramatic gains in lifespan occur as expenditures rise from almost nothing to about five percent of the current U.S. level. Much more modest gains occur as expenditures increase from five to twenty-five percent. For the wealthy countries, health care expenditures vary between thirty and seventy percent of U.S. levels. Among these countries, the level of expenditure explains little of the variation in lifespan. The fitted curve in the figure shows the pattern.

Figure 4: Healthcare Expenditures and Lifespan



The research on Welfare just summarized provides support for the general shape of the bottom branch of the curve in Figure 2, particularly the rapid initial increase in well-being with income and the diminishing gains after even a modest average level of income per capita is reached.

Contentment

Contentment focuses on how satisfied we are with our lives. Survey research and psychological experiments have probed the ways in which our satisfaction changes in response to various factors. One major result of this research effort, the **happiness formula**, indicates that satisfaction with life depends on three things: heredity, circumstances, and actions. Circumstances and actions together account for about half of one's satisfaction with life. The rest is heredity (Seligman, 2002). Based primarily on the survey research, aspects of an individual's circumstances that have a significant effect on their Contentment have been identified. Improvements in any of these areas tend to increase Contentment; adverse developments have the opposite effect.

Current data for individual countries indicate that, in general, Contentment rises with income. However, in the poorest nations, the relationship is stronger than in the "wealthy" nations (wealthy in the sense used in Figure 1). For individual wealthy countries, there is data covering the last thirty to fifty years. It shows that, while income has increased dramatically, there has been little or no change in the average level of Contentment. It also shows that the percentage of people who are very content has risen slightly in some countries as income has increased, but has declined in others. In general, there has been no change. Taken together, this information provides modest support for a rapid increase in Contentment with income among the poorest countries, but strong support for the view that there is little increase in Contentment with income among the wealthy nations (Diener and Suh, 2000).

In addition to examining individual country data, researchers have pooled recent country-level data and plotted the average level of Contentment against income. This exercise produces exactly the type of relationship shown in Figure 2. Contentment initially rises rapidly with income, but then gains fall off dramatically. There are two issues concerning this international analysis. Some experts claim cross-cultural comparisons of survey data are suspect, while others accept them. Further, the apparent sharp initial rise primarily reflects data on countries from the former Soviet Union. In those countries, the level of Contentment may not be due primarily to the level of income. If one accepts the validity of the cross-cultural comparisons and ignores the former communist countries, the remaining data show that Contentment rises with income among poor nations. Among the wealthy countries, no gains are apparent.

What about the other factors that contribute to Contentment? Adverse developments affecting family such as separation or divorce are more important than a substantial, permanent loss of income (Layard, 2003). This supports the notion that time affluence can be more important than income in the pursuit of Contentment. What is required to establish and sustain an intimate relationship* that contributes to Contentment? Surely, adequate time is a key requirement.

Institutional factors, particularly the extent of political decentralization and the corresponding opportunity for citizens' direct political participation, have also been shown to affect Contentment (Frey and Stutzer, 2002). This finding also supports the notion that time affluence is important. No matter what the opportunities, direct political participation is only possible if citizens have the time required to learn about issues and to participate.

Recently there has been a substantial effort to identify **actions** that affect one's Contentment. Psychologists focused on this issue counsel us to develop our individual strengths, focusing on work and unpaid activities that will "draw us in" and provide ongoing satisfaction (Seligman, 2002). One may, of course, happen to have strengths, all of which can be adequately developed as part of one's paid work. However, this is likely to be the exception, not the rule. For most, work may not afford the opportunity to develop all one's strengths, even some that might arguably be useful on the job. Developing strengths generally requires time, not increases in income. Finally, research on the impact of **Materialism**—the pursuit of a high income and the things it can buy as

* As most well-being researchers do, we take the data on "family" to indicate the importance of a stable, supportive intimate relationship, not necessarily a marriage as traditionally defined.

a major goal in one's life—on Contentment shows that materialism results in decreased levels of satisfaction with life, as well as an increase in psychological disorders (Kasser and Kanner, 2004).

Freedom

Freedom, as it relates to well-being, focuses on one's economic, political, and personal rights, and whether one is actually able to exercise those rights. At low levels of income, financial gains are associated with better education and more opportunity, both of which increase real Freedom. Freedom is generally not seen as an issue for the wealthy nations. However, substantial questions about Freedom among the wealthy emerge when one considers the complaints about day-to-day life common in the wealthy nations, notices the contradictions those complaints bring to the surface, and then examines the mechanisms that economists and psychologists have developed to explain the situation.

Today, "time stress" is a significant issue for residents of the wealthy nations. In particular, insufficient time to enjoy their wealth is a significant cause of such stress for the very rich (Hamermesh and Lee, 2003). Why don't the rich simply work less? More generally, why don't residents of the wealthy countries simply reduce their hours of work to reduce their time stress?* A number of factors explain the failure to apply this simple remedy. While institutional constraints prevent many employees from easily reducing their working hours, there are also deep psychological factors that are important in understanding the behavior of workers in wealthy nations.

In a mobile, affluent society such as those in most wealthy nations today, choice of one's home, car, clothes, etc., plays an important role in the creation of one's identity. **Positional consumption**, that is, consumption not to meet an absolute need—hunger, thirst, etc.—but rather to show that one is "doing well" relative to others, has become a central feature of the process of identity construction. At a certain point, income itself, not what it allows one to consume or display, can become a key positional good. For example, in some occupations, the relative size of one's year-end bonus is an important status symbol. Once positional consumption is underway**, adaptation**, a basic element of human psychology, helps push the process along. Adaptation, not just to a high level of income but also to constant increases in income, creates what is commonly referred to in the literature as "a hedonic treadmill", the psychological equivalent of a motorized treadmill on which one has to run faster and faster just to remain in place (Diener and Suh, 2000). The operation of the hedonic treadmill is particularly effective because of the way people weigh gains and losses. People overestimate the positive impact of future gains—a raise in pay, a new car, etc.—on Contentment. Despite the fact that the expected increase in Contentment is not realized, they also exhibit a strong aversion to letting go of the gains. The strength of this **skewed perception** makes it very hard to step off the treadmill (Kahneman et al., 1999).

Consider Fred, an affluent resident of a wealthy, "free" country who is twenty years into a successful (i.e., highly paid) career. Fred chooses to take a better-paying job, even though he doesn't need the extra money. He does this knowing that his marriage is "rocky" and the additional time away from home required by the new job might end it.

* A recent study (Aguiar and Hurst, 2006) suggests that, in the U.S., leisure has been increasing. In fact, what the study shows is that almost all of the gains in question occurred between 1965 and 1975.

When asked why he took the job, he explains that he can't pass up a promotion that will allow him to "stand out among the crowd". Is Fred's choice (a) the informed exercise of Freedom in the pursuit of well-being or (b) the result of a life so shaped by the hedonic treadmill that the only "choice" is to run faster and faster? Fred, of course, is a caricature, designed to produce the desired answer, "(b)". However, it is important to note that, when asked, survey respondents in the United States overwhelmingly indicated willingness to take exactly the type of "better job" Fred accepted (Easterlin, 2004).

Combining the strands

The research findings reviewed above provide substantial support for the relationship between income and well-being shown in Figure 2. The results on Welfare and Contentment strongly support the pattern of initial rapid gains in well-being followed by diminishing returns as the level of income rises. The results shown in Figure 4, looking at health care and life expectancy, provide insight into the mechanisms that make the rapid gains possible. The absence of gains in lifespan among the wealthy nations and the survey results on income and Contentment make the diminishing, indeed vanishing, gains clear.

Evidence for the possibility of continuing gains through the direct pursuit of well-being once a sufficient level of income is reached come from two strands of the research on Contentment. The results on the importance of circumstances other than income suggest that a shift in focus away from income maximization can increase well-being. The results on action—positive affects from the development of one's strengths, adverse affects from materialism—support this point.

The discussion of Freedom focuses on the paradoxical result that lies at the heart of the quest for well-being among the affluent today: despite clear symptoms of diminishing returns such as time stress, the affluent throughout the world choose to pursue well-being through increases in income (Myers and Kent, 2004 and Cross, 2000). The mechanisms discussed—positional consumption, adaptation, and skewed perceptions—help explain the paradox and the difficulties to be faced in fostering change.

Finally, what about leapfrogging? The rapid initial pace of gains in Welfare with increases in income and the importance of all the elements of well-being at all income levels together suggest that, in principle, leapfrogging as shown in Figure 2 is a viable option. However, the strength and rapidity with which the "earn-and-spend cycle" has become established in developing countries makes it clear that fostering it will not be easy.

Vision

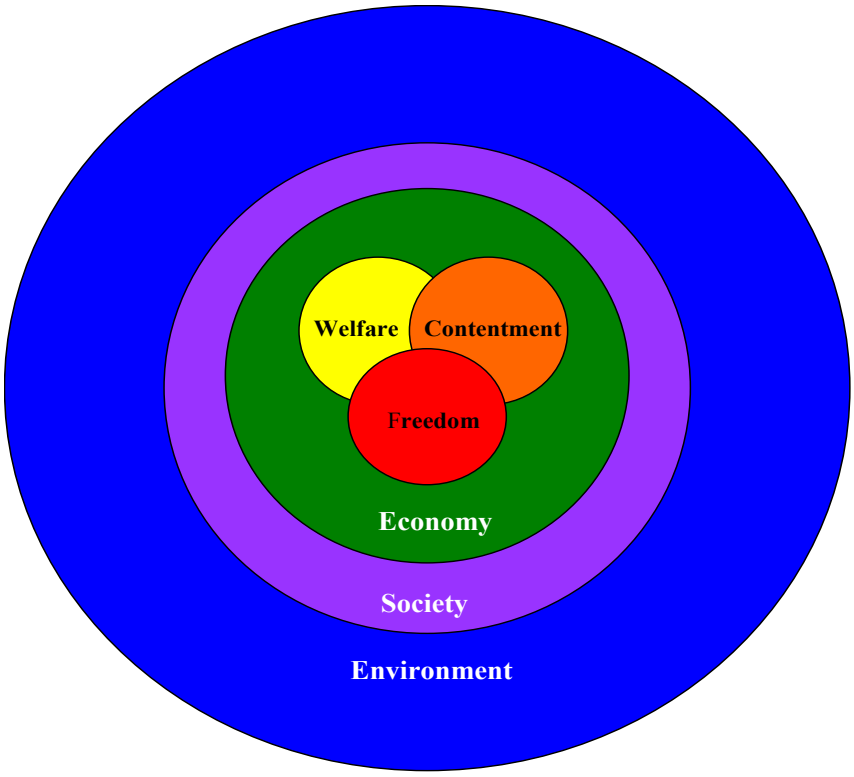
As the results in the preceding section show, once income is sufficient to provide a level of comfort, further progress in well-being requires a change in focus from efforts to increase income to the direct pursuit of well-being. The issue, to which we will turn in the Pathways section, is how to foster the decision to pursue well-being directly. First, however, it is useful to step back and visualize the world toward which the direct and effective pursuit of well-being might lead us. This section provides a brief discussion of such a world, focusing on those facets and features most relevant to well-being. The discussion is styled as a "report from the future". The year is 2084 and a *Great Transition*

(GT) has occurred. Looking back, an observer is writing a report, summarizing the changes this transition brought. Her overview is presented under the title "GT Today: A Report from the Future" (Raskin et al., 2006a), an earlier paper in this series. In what follows, she goes on to address well-being after the *Great Transition* in some detail. In reading the remainder of this section, keep in mind that "today" is 2084.

Visualizing Well-Being

There is agreement worldwide today that Quality of Life or, equivalently, Well-being is and should remain one of our core values. We often use colorful figures to express our key ideas. The **Well-Being Mandala** provides an important example of this practice. Mandalas have a long history. As C. G. Jung, an early psychologist, explained, the Sanskrit word *mandala* is used in certain religious and psychological settings to denote circular images that were drawn, painted, modeled, or danced. Mandalas are efforts to express order, balance, and wholeness (Jung, 1959). Our effort to express order, balance, and wholeness in the consideration of Quality of Life resulted in the Well-Being Mandala shown in Figure 5 below.

Figure 5: The Well-Being Mandala



The structure of the Well-Being Mandala is quite simple. At the center are three small, overlapping circles. These represent the three elements of individual well-being. The background against which the small circles rest consists of three larger circles. These indicate the way in which the pursuit of individual well-being is related to the world in which we live. The structure of the Well-Being Mandala is intended to convey two key ideas:

- One can distinguish different elements of well-being. It is useful to treat them as distinct but substantially overlapping.

- While well-being is an individual attribute, understanding and addressing it requires consideration of the individual in relation to an economy that is, in turn, a part of a society that exists within the physical environment. The circle representing the environment is proportionately larger than the other two, to stress its importance.

The ideas conveyed by the mandala, as well as a great deal of other information about well-being, are part of basic education in our post GT world. This education lays a foundation for the ongoing discussion of well-being that occurs as part of civic life today.

Living well in 2084

Today, our pursuit of well-being reflects the structure of the well-being mandala. Welfare, Contentment, and Freedom are addressed within the framework and constraints of Economy, Society, and particularly the Environment. First, consider Welfare. We live in a post-scarcity world made possible by sophisticated technology and a well-educated population. Our basic human rights include adequate provision of the "necessities"—food, shelter, medical care, and public services including education. Thus, for all of the world's population, we attempt to guarantee Welfare. Our approach to Contentment is subtle and complex. To begin to get an idea of how we address it, consider our approaches to work and family life. For those who wish to work—and worldwide most adults do—there is a normal workweek of twenty to thirty hours. Jobs are structured so that those who work full-time can pursue career, civic, and personal life in a full and satisfying fashion. Family is an important institution in our world today. Units recognized as families vary greatly in size, composition, and underlying basis for association. However, the thing that family life has always been prized for—providing a comfortable and supportive framework within which to live a large part of one's day-to-day life—is still at the center of our family units. Finally, there is Freedom. Today, we not only have the right to make important choices, such as type of family unit and work, but we also have the opportunities and resources we need to make good on our choices.

As the mandala indicates, the pursuit of well-being takes place within an economy and a society. Today, our planetary economy and society consists of hundreds of regions that are astonishingly diverse in character and size. However, most regions fall into one of three general types: **Arcadian, Ecodemian,** and **Agorian** (see box).

How individuals pursue well-being is shaped by the type of region in which they reside. However, the characteristics of the specific places in which they live are also important because many of the decisions which affect our well-being are made at the local (i.e., the sub-regional) level. Thus, to provide additional insight into the pursuit of well-being in our world today, it is useful to consider a particular place.

Regions in a Great Transition World*

The fabric of planetary society is woven with hundreds of regions that are astonishingly diverse in character and size. Some correspond to the national boundaries of a century ago and others are federations of earlier states. Still others are parts of former states, forging a common identity around the boundaries of river basins and other ecosystems (so-called "bio-regions"), around urban centers, and around cultural traditions. Nevertheless, most regions can be clustered crudely into one of three major types, called *Agoria*, *Ecodemia*, and *Arcadia*, although few regions are pure cases.

Agoria

These regions would be most recognizable to a visitor from the year 2000. Some critics call *Agoria* "Sweden Supreme", with their more conventional consumer patterns, lifestyle and institutions, and their economies dominated by large shareholder corporations. However, when compared to even the most outstanding examples of social democratic models of the last century, the commitment to social equality, the environment, and democratic engagement from the level of the firm to the globe is of a different order. The key is a vast array of policies and regulations, supported by popular values, that align corporate behavior with social goals, stimulate sustainable technology, and moderate material consumption in order to maintain highly equitable, responsible, and environmental societies.

Ecodemia

The distinguishing feature of *Ecodemia* is its fundamental departure from the capitalist economic system. The new system, often referred to as "economic democracy", banishes the capitalist from two key arenas of economic life. First, the model of the firm as comprised of private owners and hired workers has been replaced by worker ownership in large-scale enterprises, complemented by non-profits and highly regulated small businesses. Second, private capitalist markets have given way to socialized investment processes. Worker ownership and workplace democracy has reduced the expansionary tendency of the traditional capitalist firm, since the focus is on profit per worker (rather than absolute profit) and the popular goal of "time affluence" shortens work weeks. Publicly controlled regional and community investment banks, supported by participatory regulatory processes, recycle social savings and tax-generated capital funds. Their mandate is to ensure that successful applications from capital-seeking entrepreneurs satisfy social and environmental criteria, as well as traditional financial criteria.

Arcadia

Relative to other regions, the bias in *Arcadia* is toward self-reliant economies, small enterprises, face-to-face democracy (at least in cyberspace), community engagement, and love of nature. Lifestyles tend to emphasize material sufficiency, folk crafts, and reverence for tradition. While the local is emphasized, most people are highly connected with cosmopolitan culture and world affairs through advanced communication technology and transportation systems. *Arcadia* has centers of innovation in some technologies (organic agriculture, modular solar devices, human-scale transport devices, etc.) and arts (new music, craft products, etc.). Exports of these products and services, along with eco-tourism, supports the modest trade requirements of these relatively time-rich and slow-moving societies.

This discussion of differences should be balanced by a reminder that the regions also have much in common. Relative to the nations of a century ago, contemporary regions enjoy a high degree of political participation, healthy environments, universal education and healthcare, high social cohesion, no absolute poverty, and more fulfilling lives. Finally, people the world over share the historically novel attribute of citizenship in a world community.

* Summarized from Raskin (2006).

The Falls is a small village, population about 10,000, located in a rural area about eighty miles from a large urban center (The City). The village lies at the head of a valley filled with small farms. It takes its name from the large waterfall around which the village is clustered. Two hundred years ago, the waterfall powered a variety of small manufacturing operations. Today, the same is true. However, the power is hydroelectric. The largest business in the village is a manufacturer of knives, still known by the name of the family who founded it 200 years ago, Brown's. The region in which The Falls is located can be classified as Arcadian. However, the residents of The Falls include three broad groups that reflect our three types of regions. A brief description of each group and a resident typical of each will be helpful in fleshing out our discussion of the pursuit of well-being not only among the residents of The Falls, but also among residents of the three types of regions.

The first group is comprised of the residents of various communes located in The Falls. **Bob**, a man in his seventies, came to The Falls over forty years ago, to help found the Zen Buddhist commune, where he lives, and the associated Zen Center. To earn his living over the years, Bob has taken a variety of jobs in the retail businesses located in The Falls. Like some but not all other members of his commune, Bob has chosen not to marry. Instead, he sees the members of the commune as his extended family. A second group is composed of the skilled workers at Brown's and the other manufacturing enterprises, all of which are worker-owned. **Ruth**, a young woman in her twenties who grew up in The Falls, is a recent graduate of the apprenticeship program at Brown's. She and her partner, **Beth**, live with a group of workers from Brown's and the other manufacturing establishments, who share an interest in exploring the connections between manufacturing and the fine arts in a small group setting. Renovation of the old mill where their group occupies a unit was financed by the business in which they are worker-owners. Finally, there are the telecommuters. This group consists of employees of large corporations located primarily in The City, who prefer to live in The Falls. **Linda and Bill**, a married couple in their late sixties, moved back to The Falls from The City about ten years ago. As they expected when they moved, both have been able to slowly reduce their hours of work at their jobs in the corporate world. They live in a small single-family house with a modest-sized but elaborate garden on which they spend a good deal of the time freed up by their declining hours of paid work.

Bob, Ruth and Beth, and Linda and Bill exhibit diverse approaches to work and family—key areas for Contentment. The work that really draws Bob in is done at the Zen Center, not in his paid job. This, and his non-traditional approach to family, makes him very Arcadian. Ruth and Beth's positioning of their living arrangement and artistic pursuits within the worker-owner community marks them as Ecodemian. Finally, Bill and Linda, with their individualistic job arrangements and non-paid activity—gardening at home—and their traditional family life, are quite Agorian. However, Ruth and Beth and Bill and Linda are all members of community-supported farms in the valley, contributing time and money to them. This makes them somewhat Arcadian as well.

Another factor that makes all four residents of The Falls Arcadian is their direct participation in "local politics". As is typical of most Arcadian communities, The Falls has an active system of face-to-face democracy. The function of the system is two-fold: to address and resolve issues of local concern and to provide an opportunity to discuss broader issues. In some cases, these discussions lead to formal resolutions that are

forwarded to the regional and even the world level governmental bodies. One of the things to which Linda and Bob were looking forward when they moved back to The Falls was the opportunity for face-to-face political participation in a small community context. All four agree that participation in "local politics" is an important aspect of life in The Falls, one that contributes substantially to their sense of well-being.

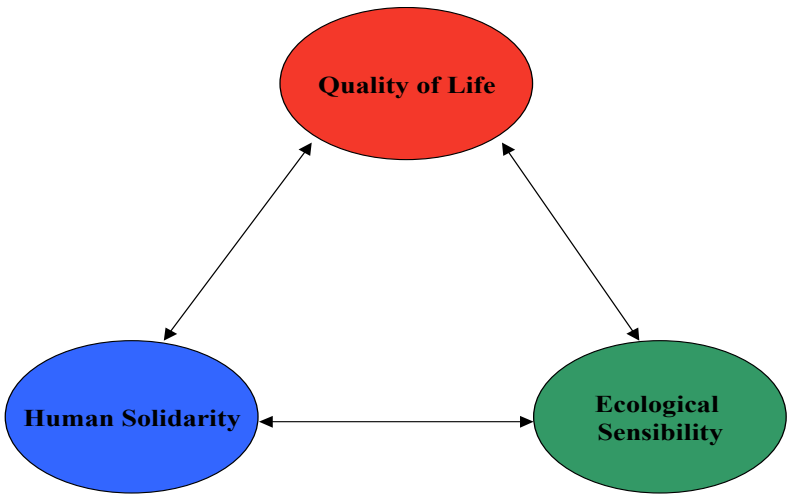
We have focused on family, work, and political participation, areas particularly relevant to Contentment, because Contentment is the element of well-being that generally differs the most among our regions. However, it is worth noting the importance of Freedom and Welfare to our group of residents of The Falls. All have made choices—where and how to live, how much to focus on paid work, how long a work week to accept, and when and how to "retire". They were free in a real sense to make these choices because our basic human rights ensure that a basic level of personal welfare was never at risk.

Multiple dividends

As the Well-Being Mandala indicates, today the environment is recognized as the ultimate basis upon which our well-being depends. Concern for it arises from enlightened self-interest, but also from a deep-seated sense of reverence and concern for the world that is our home. Consideration of the environment in relation to well-being provides an opportunity to discuss an important general feature of life in our post-GT world—value-driven choice focused on multiple dividends rather than conflict.

Today, all over the world people subscribe to three core values: Quality of Life, Human Solidarity, and Ecological Sensibility. These are not seen as separate, distinct, and potentially in conflict. Rather, they are seen as closely related and mutually reinforcing. Indeed, the three core values are often pictured as linked together in the Values Diagram shown in Figure 6 below. Our way of life consciously takes into account the linkage among our key values indicated by the double-headed arrows in the figure. This approach allows us to achieve multiple dividends. In particular, actions taken to enhance well-being also address human solidarity and ecological sensibility.

Figure 6: The Values Diagram



How we achieve multiple dividends in pursuit of well-being is illustrated by our approach to consumption. Our basic rights include a right to consumption sufficient to provide "bodily flourishing", for ourselves and for all the other residents of this planet. However, unlike the "bad old days" in the late twentieth and early twenty-first centuries, we all know that once we reach the level of comfort, how we spend our time is more important than what more we can own or consume. As the lives of the residents of The Falls show, we exercise our freedom to find and undertake interesting work, paid or not, to develop a satisfying family life, and to do all the other things required for well-being. In all of this, we keep **a key ethical question** in mind: *what would happen to the planet if everyone lived as I choose to live?* Our continuing need to deal with the environmental consequences of "runaway energy use" of the past is one reason why this question looms large in our minds. However, as we respond to this key question, our focus is not primarily on constraints and restrictions. Rather, it is on the identification of choices that, in the words of a visionary twentieth century economist, allow us all "to live wisely and agreeably and well". Informed decisions result in lower levels of paid work and consumption, but higher levels of well-being than was experienced in the past. In what we do consume, we have a preference for quality over quantity and durable over disposable items, further reducing the resource burden associated with our consumption. Finally, we take an interest in the sources, production, and transport of what we consume. In part, this reflects our desire for the gratification that comes from the knowledge that we can face up to the key question.

Within consumption, an important item is **Transportation Services**. How the residents of The Falls deal with this item provides a specific example of our general approach to consumption. About sixty years ago, when the hydroelectric system in The Falls was being renovated and upgraded, a decision was made to rebuild the electric "trolley system" that had been removed in the early twentieth century and to ban the use of private vehicles within the village in all but a few exceptional circumstances. This decision reflected climate concerns and also a desire to improve the Quality of Life in The Falls. The impact on Quality of Life was far greater than was ever anticipated. Because everyone rode the trolley, contact among the different groups of residents greatly increased. A publicity campaign—"Don't Just Ride, Talk!"—pushed this along. Walking to and from the trolley provided exercise, something we know bodily flourishing demands. Some of the older residents of The Falls recall their parents' complaints, when cars had been just banned, that "everything will take longer now". Similar complaints have arisen at various times since the ban. In The Falls, as in most Arcadian locales, the residents address such complaints at their annual village meeting. Extensive media and communications networks allow us all to be informed and active citizens of the specific place where we live as well as our region and the planet. All three perspectives—local, regional, and planetary—have informed the periodic discussions of the ban. However, as it turns out, local Quality of Life has been the key concern. In all discussions to date, a strong majority has supported the ban. Those in favor of the ban

have adopted a phrase from an old blues song as their slogan, applying to the village as a whole: "I'm built for comfort, I ain't built for speed".*

Staying on track

Since the latter part of the twentieth century, various types of data have been developed and used to address well-being. The early data provided an important focus for the debates of the time, particularly on the importance of economic growth to enhanced well-being. The same thing happens today. As leaders in business and government liked to say 100 years ago, "What gets measured gets dealt with". That saying is as true today as it was then. What has changed is the focus of the effort.

There is in place today a regular and comprehensive program of surveys conducted by our Census Bureau which collects **micro** (i.e., individual-level) information relevant to each of the elements of well-being:

- **Welfare**: Information on average years of healthy life as well as data dealing with nutrition, housing, sanitation, access to medical care, and other factors known to contribute to Welfare.

- **Contentment**: Information on individuals' satisfaction with their lives, as well as data on a variety of socio-economic factors known or expected to be linked to individual level of life satisfaction.

- **Freedom**: Information on the nature and extent of the rights guaranteed in different regions and locales, and on the conditions that affect the exercise of those rights.

The Census data provide the full range of information needed to see if progress in individual well-being is really being made.

Standard Regional Accounts (SRAs) are also prepared by the Bureau of Economic Analysis to track **macro** (i.e., aggregate regional and planetary level) data of various sorts. The SRAs trace their origins back to the Standard System of National Accounts, which was developed in the first half of the twentieth century and rapidly adopted throughout the world as the basis for developing and presenting aggregate economic data. Over the course of time, these accounts were extended in two ways: (1) data on physical flows—water use, mineral extraction, changes in soils, etc.—and on non-market activities—household work, informal exchanges of services, etc.—were added and accounted for using shadow prices, and (2) data on the income distribution were made part of the system (David and Thomas, 2003). The SRAs provide the data we need to determine if our pursuit of well-being is producing the anticipated multiple dividends.

* The song is *Built for Comfort*, written by Willie Dixon and made famous by Howlin' Wolf (Chester Burnett).

The visible hand

A visitor to our post-*Great Transition* world might wonder why we put so much emphasis on thorough knowledge and understanding of well-being. The answer lies in our history. In the early part of the twenty-first century, as part of the general upheaval and change going on at that time, there was a dramatic increase in the "discussion" of Quality of Life issues. Through this discussion, we came to see that our efforts up to that point to pursue well-being were limited and incremental: individuals made work and consumption choices based on their immediate needs and desires, businesses focused on the next quarter's earnings, and governments set policy based on short-run changes in economic output, inflation, and unemployment. There was implicit reliance on the operation of a pervasive **invisible hand,** which was presumed to ensure that, if all pursued what they perceived to be their short-run individual self-interest, all would turn out for the best in the end. Developments, such as the dramatic growth in affluence and material consumption, leading to massive adverse environmental impacts but little in individual well-being, made it clear that this faith had been misplaced: the invisible hand was simply not doing the job.

Following the crisis of 2015, our way of looking at the world began to change profoundly. Over time, we came to see that, if increased well-being and our other goals were to be met, there needed to be a **visible hand** which had as its explicit objective helping us meet our goals. To put the visible hand into operation, three changes were required. First, we needed to frame, ask, and answer many questions previously left to an invisible hand. Second, we needed to put in place a system of governance that addressed certain issues such as greenhouse gas emissions at the global level and others such as the pursuit of well-being at the regional and local levels. And, third, we needed to develop regional and local economies and societies in which the conscious pursuit of well-being was accepted as a key goal. In these efforts, the "we" were individuals acting on our own, through businesses and governments, and as members of the Global Citizens Movement. The *Great Transition* emerged in part as the result of letting go of the invisible hand, putting the visible hand in place instead.

This brief historical discussion is not meant to suggest either that the *Great Transition* emerged through calm discussion or that pursuit of improved Quality of Life was its only cause. In fact, the transition occurred after a period of crisis and in response to a number of different issues and concerns. Well-being was only one part of the picture. But, it was an important part.

Pathways

What might we do to foster progress toward a world in which all can live sustainability and well? The answer offered here focuses on the "fork in the road" shown in Figure 2. The challenge is to find effective ways to shift the residents of the developed countries and the increasing number of well-to-do elsewhere from the pursuit of material affluence to styles of life that emphasize time affluence. The suggestion offered is to promote value change, embrace movements which respond to changed values, find ways to link such movements together, and then use the combined movements as a platform from which to effectively advocate for policy changes and new institutions which foster further well-being and help others enter the cycle via value change. Adoption of this **virtuous** circle

approach, shown in Figure 7 below, will help move us toward a *Great Transition* future. As is explained in the final part of this section, this approach fits naturally with efforts to foster leapfrogging in developing countries.

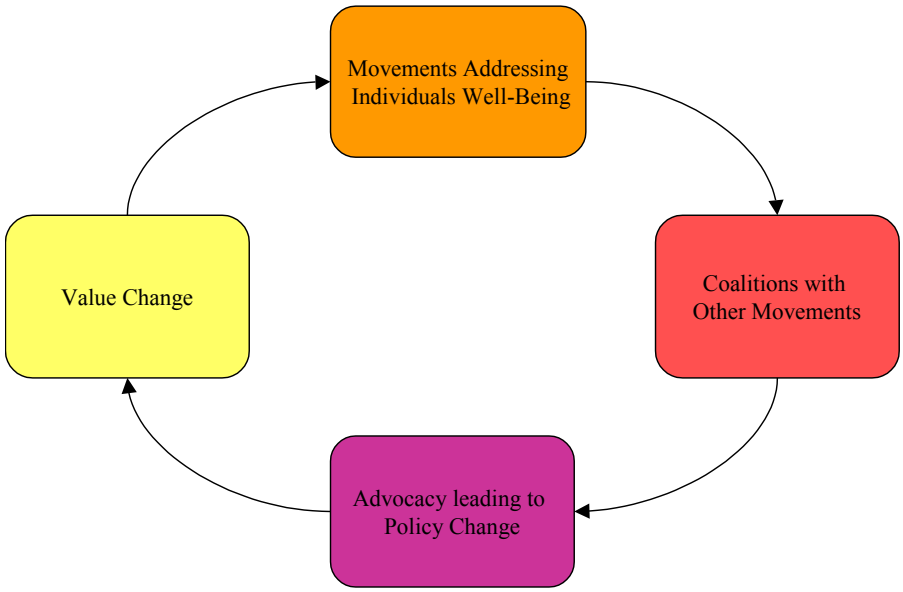


Figure 7: The Virtuous Circle.[*]

Value change

Changing the values and behavior of the affluent is not a new concern. It is central to one of the most famous tales in all of literature, *A Christmas Carol* by Charles Dickens (1843). In that story, the protagonist, Ebenezer Scrooge, is confronted about the way he has been living. Three spirits force him to look carefully at the past, present, and likely future consequences of a life of obsession with the accumulation of wealth. As a result, Scrooge undergoes a profound change in values. He changes his life, shifting the focus from accumulation to community and generosity as ways of finally living well.

How might such changes occur in our time? Scrooge's encounter with the three spirits provides a starting point for a strategy. To foster shifts in values, one can provide **information** on the choices and behaviors that most effectively further well-being.

[*] The virtuous circle embodies a theory of change in which progress in equity and sustainability occurs in concert with, and indeed as a consequence of, incremental improvements in well-being. Another paper in the GTI series, *World Lines: Pathways, Pivots, and the Global Future* (Raskin, 2006b), stresses the role of systemic crisis as part of fundamental change. To reconcile these two approaches, a bit of history is useful. In the United States, since the Civil War, social progress has generally occurred during periods of increasing well-being, and not during periods of adversity. The major exception is the New Deal, which responded to the Great Depression (Friedman, 2005). What the virtuous circle emphasizes is the general situation in which gains are incremental. The Great Depression/New Deal exception illustrates the way in which a crisis can permit (and likely is needed to allow) truly fundamental change of the type discussed in *World Lines*.

Presentation and discussion of data relevant to well-being may also help. However, as Daniel Gilbert, a Harvard psychologist whose professional interest is well-being, commented recently (Goldberg, 2006), one must be careful not to expect too much from information alone. Gilbert's note of caution is well taken. We will return to his point when we address policy.

In Figure 7, shifts in values link to movements. To appreciate how this comes about, consider the experience of Carl Honoré, an international correspondent and parent who was having increasing difficulty in meeting the requirements of both roles. While standing in line to board a plane at the airport in Rome, Honoré saw an advertisement for a book entitled *The One-Minute Bedtime Story*. In his own book, he describes the train of thought that followed this sighting: elation that he could discharge his bedtime responsibilities as a parent in moments, followed by a sense that it's crazy to approach his precious moments with his child as a mad dash. This led to a transformative insight. "My whole life has turned into an exercise in a hurry, in packing more and more into every hour. I am Scrooge with a stopwatch, obsessed with saving every last scrap of time, a minute here, a few seconds there. And I am not alone. Everyone around me—colleagues, friends, family—is caught in the same vortex" (Honoré, 2004). After this epiphany, Honoré returned to London with a mission: to investigate the prospects for slowing down in a world obsessed with speed. Eventually, this led him to the **Slow Movement**.

Movements and coalitions

The Slow Movement, and others similar to it such as the Not So Big House (NSBH) Movement (Susanka, 2001), provide a haven for those, like Honoré, being driven crazy by life on the hedonic treadmill. These movements do not ask participants to reject consumption as a source of well-being. Instead, they address the mechanisms that drive consumption by providing alternative outlets for them. For example, consider slow food. One can create an identity as a skilled cook, satisfy "positional needs" by demonstrating that skill to others, and address adaptation through lifelong improvement. These movements foster a significant change in attitude toward consumption. This is illustrated in the following description of what might be described as the "slow" approach to the acquisition of material goods:

> Living artfully might require taking the time to buy things with soul for the home. Good linens, a special rug, or a simple teapot can be a source of enrichment not only in our own life, but also in the lives of our children and grandchildren. The soul basks in this extended sense of time. But we can't discover the soul in a thing without first taking time to observe it and be with it for a while. This kind of observation has a quality of intimacy about it; it's not just studying a consumer guide for factual and technical analysis. Surfaces, textures, and feel count as much as efficiency (Moore, 1992).

The slow approach to acquisition is what one might see today at a craft exhibit, an antique show, or a farmers' market. The NSBH Movement transfers this sensibility to what is generally our most significant consumer purchase—a home. As a result, those in the NSBH Movement build or buy higher quality but smaller homes, thus reducing the resource impact associated with both construction and operation (i.e., heating and

cooling). In general, those seeking greater well-being through participation in the Slow and NSBH Movements are, in various ways, led to make common cause with those in the Sustainable Consumption Movement, who bring an emphasis on individual responsibility for the larger environment.

Well-being brings a potentially transformative element to the movement for sustainable consumption. What is transformative is **not** simply making the point that sustainable consumption is a natural consequence of the direct pursuit of well-being. Advocates of sustainable consumption are doing that themselves with increasing regularity (Princen, 2005). What is transformative is the entry into the sustainable consumption effort of movements that have as their **primary focus** enhanced well-being for themselves. The argument for sustainable consumption based on self-interest—"Try it; you'll like it"—becomes much more convincing if at least some of those making the argument are clearly and demonstrably motivated primarily by the pursuit of well-being.

The Slow Movement was focused initially on food preparation and consumption, but now embraces many areas of human activity. For example, there are now over 100 slow cities located in ten countries. The extension from slow food to slow cities is interesting because it illustrates an important shift, from a movement focused on an individual, private concern—food preparation—to one which affects a significant unit of government—the town or city. One could easily imagine both the Slow and NSBH Movements joining forces with other movements interested in smart growth. (In this example, it is the slow cities portion of the Slow Movement that is relevant.) The key point here is that the Slow and NSBH Movements and others like them turn out to be **Bridging**—providing the opportunity for linkages and growth toward a Global Citizens Movement, rather than *Binding*—emphasizing unique features such as an interest in food preparation—which draw members closer but distance them from those who have even slightly different concerns (Putnam and Feldstein, 2003). Bridging movements could eventually become part of a Global Citizens Movement, or other broad coalitions that have the strength to influence policy.

Policies and closure

There is clear evidence that value-driven policies can effectively address key issues related to well-being. Today in Germany, vacation and holidays together average thirty-nine days per year. In the U.S., the figure is twenty. This difference is not an accident, but rather a reflection of public policy. Germany mandates twenty days of vacation. In the U.S., there is no mandatory level. While the difference in mandatory vacation does not explain the entire difference, it does account for a large part of it (Alesina et al., 2005). It is not hard to devise a wide range of policies that would foster well-being. One such policy would be mandatory vacation and holiday time. Another, under active discussion today, is a ban on advertising targeting young children (Kasser and Kannar, 2004). A strongly progressive income tax adopted as part of an effort to create a reasonable work-life balance for the affluent and greater welfare for the poor has recently been proposed by a well-known policy analyst (Layard, 2005). Finally, stepping beyond current but not

past policy discussion, one could push for a minimum guaranteed income* (Ackerman et al. (eds), 2006).

While devising good policies is always a challenge, that is not the major hurdle. The major hurdle is building a large, strong movement that can effectively foster policy change. The basic argument here is that there can be a sequence, starting with issues related to well-being, leading initially to movements focused on those issues. Bridging then creates the possibility that movements which foster well-being primarily through individual action—slow food, for example—can join with broader efforts such as the movement for sustainable consumption to create a coalition which is strong enough to effectively force changes in policy. Finally, by closing the virtuous circle shown in Figure 7, we can respond to Gilbert's observation that information alone is likely to be an insufficient basis for large-scale value change. Policies such as bans on advertising targeting children, requirements that businesses offer holidays and vacation as well as job sharing opportunities, a more progressive tax structure, or a guaranteed minimum income, can each make it easier for additional individuals to take up the direct pursuit of well-being.

Leapfrogging

The "fork in the road" shown in Figure 2 presents a choice for those who are far beyond comfort and well on the way to extravagance. There is a comparable choice for those, primarily in the developing countries, who are moving toward the relatively modest level of income at which gains in well-being associated with greater income begin to diminish dramatically. They have the possibility, indicated by the dashed line in Figure 2, to "leapfrog" the developed nations in the pursuit of well-being.

There is a natural tendency for countries that are undergoing development to assimilate advances and so make progress more quickly and efficiently than the nations that preceded them. This tendency is part of the standard demographic framework used to explain the rapid gains in lifespan in developing countries where there are at least modest gains in income (Lopez-Casanoves et al., 2005). Developing countries can, and many do, adopt public health policies that help maximize gains in Welfare as income increases. Other policies, such as an emphasis on education, can help maximize gains in Contentment and Freedom as well. The role of education in enhancing freedom of choice, particularly for women in developing countries, is well known (Soubbotina, 2004). Education is relevant to Contentment because, all else equal, it increases options for employment, and so economic security.

To maximize gains in well-being, the shift to pursuit of time affluence should occur at a lower level of income than the wealthy countries have achieved. Developing countries could build on the policies discussed above—better public health and education—to foster an early shift. Unfortunately, what one generally sees instead is the rapid emergence of widespread pursuit of "luxury consumption" (Myers and Kent, 2004). This reproduces the pattern observed in developed countries—as income grows, an increasing fraction is devoted to expenditures on things previously available only to the rich (Brown, 1994). With the advent of global media, "the rich" are increasingly the affluent residents

* Survey research supports what one would intuitively expect: income security is very important for contentment (Layard, 2003).

of the developed countries or those who adopt their lifestyles (Friedman, 2005). However, there is evidence that residents of developing countries are not passive consumers of the global media (Appiah, 2006). Thus, the "bad examples" provided in the global media are not necessarily an insuperable problem. Coverage in the world media, emphasizing the efficient pursuit of well-being in the wealthy nations, would be a help in expanding such pursuit in the developing countries.

There is an important linkage between the formation of a coalition among movements in the developed countries included in the virtuous circle, and the prospects for leapfrogging. A coalition movement in the developed countries would likely include many individual movements interested in the developing countries. Led by these movements, the coalition could link up with those in developing countries who support making an "early shift" to the direct pursuit of well-being, working with them to help foster leapfrogging. This is one way in which a coalition of movements in the developed countries could grow into a true Global Citizens Movement.

Conclusion

This paper began with Keynes' essay, *Economic Possibilities for Our Grandchildren*. Much of the discussion elaborates his preliminary insights. For example, the discussion of the "fork in the road" which is central to this paper, simply extends Keynes' argument that better use of "leisure" rather than ever-greater consumption, is the path to a better Quality of Life. This being said, there are a number of things that are new. Keynes did not describe a process by which choice on the part of the affluent to pursue well-being directly could be fostered. The virtuous circle fills that gap. Keynes did not mention sustainability or equity, nor did he discuss the possibility that these could be dividends obtained by living well. That possibility is an important point here. Finally, Keynes only addressed what were then the "developed countries". Here the argument is that living well can and should be a planetary goal, to be addressed eventually by a Global Citizens Movement.

Despite the behavior of the rich in his own day, Keynes expressed optimism about the future. Will our future see economic growth leading a world in which all can live sustainably and well? The position taken is that this is possible, and indeed plausible, because the development of such a world is, in fact, in the interest of both the poor and the rich. Adopting well-being as a goal and pursuing it directly will help foster the development of such a world. The challenge, taken up in this paper, was making this point in a clear and compelling fashion. Hopefully, the challenge has been adequately met.

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