

HAPPINESS AND FOOTPRINTS – Assessing the Relationship between Individual Well-being and the Environmental and Social Footprints of Consumption

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Incrementalist policies and gradual socio-cultural trends, such as the pricing of externalities, and green consumerism and other pro-environmental behaviours, are probably the most obvious and pervasive forms of transitioning towards more sustainable societies. Arguably, achieving sustainability will require deeper and more profound changes in people's aspirations and lifestyles, and a much better understanding of the full consequences of their production and consumption decisions as well as the nature of other influences upon their well-being. While urban form, institutional, behavioural and other structural constraints that are largely beyond an individual's control will be significant, a major socio-psychological barrier to reduced consumption and associated sustainability impacts is likely in the form of fear – fear that such life choices will reduce their well-being and that of their families and their extended care networks.

This paper investigates the nature of the empirical link between people's well-being and their environmental and social footprint. Although per capita economic growth is no longer a strong predictor of ecological stress (at individual to national levels) (Dietz, Rosa, and York 2012), a more detailed investigation of favourable well-being outcomes for people with relatively low footprints should help suggest a range of insights and potential options and strategies for win-win transitions to more sustainable futures. This research builds on existing research which has developed at the intersection of the economics of happiness and ecological economics via the examination of the link between happiness and environmental conditions and pressures (cf. Brereton et al. 2008; Engelbrecht, 2009; Smyth et al. 2008) and its extension to non-market valuation using what has become known as the “life satisfaction approach” (cf. Frey et al. 2010) or the “experienced preference” method (cf. Welsch & Ferreira, 2014). This particular study, is unique in terms of its detail and disaggregation in measuring and relating individual well-being or ex post “experienced utility” (cf. Kahneman & Sugden, 2005; Dolan & Kahneman 2008) (using several measures of well-being from the Household, Income and Labour Dynamics in Australia survey) and an extensive range of social and environmental impact measures.

The environmental and social impact or footprint measures are capable of accounting for the fully supply chain and embodied demands of people's consumption and broader lifestyle choices. This is now possible with the development of powerful new “environmentally” extended multiregional input-output tables with unprecedented geographic and sectoral detail and coverage (see the EORA and virtual Industrial Ecology lab (IELab) projects <http://www.worldmrio.com> and <http://www.isa.org.usyd.edu.au/ielab/ielab.shtml>).

Transitions towards sustainability will inevitably depend on the widespread adoption of new “lifestyles” that are readily accepted by people via an understanding of the likely joint consequences of those lifestyles for their own subjective well-being and the inter-related well-being of other people as measured, at least in part by social and environmental footprints. To transform societies and so enhance well-being, appropriate indicators of social conditions are required. An important part of the creation and compilation of these indicators will be the identification and innovative adaptation and use of relevant underlying data sources. However, the selective focus and prioritisation of social indicators is best guided by the needs of the broad range of users that will drive transformations. The primary goals of the updated post-2015 Millennium Development Goals will provide the basis for the identification and selection of relevant indicators for the assessing environmental and social footprints.

The power and innovation of the project stems from its use of existing economic and environmental data and structures in the EORA and IELab multi-regional input-output systems augmented with the critical social data and indicators required to identify, guide and monitor changes towards sustainability. The indicators will explore measures of the extent and change in both (1) negative impacts (“footprints”), as well as (2) positive benefits (“handprints”) of potential transformations. The supply chain analysis power of MRIO helps reveal the full nature of the direct and indirect welfare effects (both positive and negative) and thus the implications for social rates of return from transformation options.

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