

An Economy for the Future

Facing Challenges

The 21st century must be the century of overcoming several issues: social inequality, climate change and environmental pollution - to name a few of them.

The question which we have to ask is: how do we effectively combat these challenges?

As we have seen, the current system is not only inefficient at solving these issues, on some occasions it has failed. Take social inequality for example:

Inequality has increased in many countries, even in the most developed ones. But don't take my word for it; the United Nations published the [World Social Report 2020](#) (pdf file) where this issue is being discussed. The executive summary states on page 5: *"Despite progress in some countries, income and wealth are increasingly concentrated at the top. The share of income going to*

the richest 1 per cent of the population increased in 59 out of 100 countries with data from 1990 to 2015.1 Meanwhile, the poorest 40 per cent earned less than 25 per cent of income in all 92 countries with data (United Nations, 2019a)."

A functioning society needs a fair distribution of wealth and income; otherwise it sabotages its own capabilities and risks running into social unrest. Poverty, whether it is relative or extreme, has severe consequences for an individual. The vicious cycle of poverty affects the children of poor families too, since they can't afford higher education and are often doomed to live a life of poverty.

If the human factor isn't enough, then I'll move on to the economic consequences.

The GOA (US Government Accountability Office) published a [report](#) in 2007 regarding poverty and how it affects the economy: *"Research shows that poverty can negatively affect economic growth by affecting the accumulation of human capital and rates of crime and social*

unrest. Economic theory has long suggested that human capital—that is, the education, work experience, training, and health of the workforce—is considered one of the fundamental drivers of economic growth. The conditions associated with poverty can work against this human capital development by limiting individuals' ability to remain healthy and develop skills, in turn decreasing the potential to contribute talents, ideas, and even labour to the economy."

Therefore, it is not only ethically the right thing to do, but also economically. If the issue of social inequality and poverty aren't addressed properly and solved adequately, it is unlikely that the other problems will be solved. Poor regions in India for example don't have the [infrastructure](#) to get rid of their plastic pollution problem. For that, a well-built and maintained infrastructure is needed, which in turn requires tax money to fund.

Alternatives to plastic as well as strict enforcement of rules also play an important role to combat pollution.

The biggest threat to humanity is global warming, but in order to solve this incoming crisis, the scientific reality must be accepted. It's unfortunate that it has to be said, but there are still many politicians and parties who refuse to accept the consensus of climate change.

As the [Climate Science Special Report of 2017](#) states: *"Since NCA3, stronger evidence has emerged for continuing, rapid, human-caused warming of the global atmosphere and ocean. This report concludes that **"it is extremely likely that human influence has been the dominant cause** of the observed warming since the mid-20th century. For the warming over the last century, **there is no convincing alternative explanation supported by the extent of the observational evidence.**"*

This truth must be repeated over and over again, as well as the impacts a continuing warming would have on the planet.

The consequences of climate change are severe droughts (in drier regions) as well as stronger floods (in wet regions). Extreme weather damages farms and

may result in a loss of most or the entire crop. Next to the extreme weathers which threaten the agricultural sector, there's also the threat of insects plagues which eat away a lot of the crops. Regions that are already poor will be affected the most.

Other threats:

- Frequency of heatwaves increases
- Ocean acidification
- Stronger hurricanes
- Rising sea levels
- Increased risk of forest fires
- Extinction of animals due to the rapid change
- Etc.

All the threats which are listed above will become real – and to some extent, already are – if nothing is done. It may be expensive, but it does not compare to the costs we face in a business-as-usual scenario. Furthermore, it requires political will to get it done. And as the last decades have shown, there's hardly any of it existing.

What to do?

In order to overcome all of these issues, we have to work closer together with the scientific community as well as other groups of society. Scientists should have a say in the law-making process. Ideally, they work together with lawyers and formulate goals. These laws, legislations and regulations are then passed on to other advisory councils. For example, a law that is aimed at agriculture would go to the Council of Farmers.

You may already have guessed that the same goes for other issues; each group (with four categorizations: population, economy, military and sciences) has a council that keeps politicians up-to-date and help them to solve the issues. The other task of the council is to stay in touch with the people who they represent and talk to the sub-councils in each state.

Additionally, the advisors are also allowed – and encouraged – to propose strategies which help their group/community best.

Democratization is essential!

The government, on the other hand, must appoint people with expertise to ministries. They, too, have to stay in contact with the advisory councils.

Each meeting with a group must be documented and made public. Otherwise there may be the risk, that a minister or party talks more with the Council of Industry than the Workers' Council. Transparency is therefore a necessary part to keep the new system alive and well-functioning.

Speaking of transparency, the age of the internet is a golden opportunity to strengthen democracy and reduce bureaucracy. Estonia is the ideal role model and establishing contact with them is a must to achieve the level of digitalization they have.

I'm certain that there are many people out there who wonder what happens with their taxed money, and in order to let them see what happened to it, it should be made public on an internet platform.

However, the democratization efforts will only help to a certain extent. An important role plays also environmental and social awareness to combat the issues – on a political, societal and economic level.

We need to raise environmental awareness in politics to push for green policies. The economy needs it to focus on environmental objectives instead of maximizing profit – a goal that approves of the destruction of the environment -, and society requires it to buy goods and food which is produced environmentally friendly.

We also need to raise social awareness in politics to effectively fight poverty, inequality and other social illnesses. The economy needs it to focus on social objectives (e.g. well-being of their workers), and society requires it to see the people behind a good and open their eyes to issues such as homelessness and starvation wages.

The prices may increase, but so will the wages. Products need to last longer and made easier to be repaired. We have to

evolve from a throw-away society to a maintenance-society. Instead of encouraging selfishness, we should teach compassion and togetherness.

In a world with finite resources, we should not focus on illusions such as endless economic growth. Our main goal should be to guarantee that everyone can live a life free from poverty and with dignity. Everyone deserves freedom.

To some, “freedom” may sound like a mere buzzword, since it has been thrown around so often, but many people – especially those who live in poverty – could never truly enjoy true freedom.

I mean the freedom to engage in social activities and eating healthy; the freedom to actively participate in democracy and make one's voice be heard; the freedom to self-development; the freedom to widen one's horizon through education; and most importantly: the freedom to enjoy leisure time.

We need a complete overhaul of the system. Hopefully, this article is a start. Together, we can create a new system.