

# Sustainable Economic Development Planning Summary

\* A new whole-system model for economic development planning, policy and actions \*

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April, 2004

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“If our species is to survive the predicaments we have created for ourselves, we must develop a capacity for whole-systems thought and action. Whole-systems thinking calls for skepticism about simplistic solutions, willingness to seek connections between problems and events that conventional discourse ignores, and the courage to delve into subject matter that may lie outside our direct experience and expertise.”

- David Korten<sup>2</sup>

Abstract: A methodology is proposed for whole-system regional economic development planning conducted within ecological carrying capacities that will support a more globally competitive business climate as well as social, economic and environmental sustainability. Natural Capitalism Principles are suggested as a sustainability framework.

## 1. The Need for a Sustainable Economic Development Plan (SEDP)

To what end do communities and states plan their continued economic development?  
The generally accepted goals include:

- (1) Increased community prosperity through higher quality and diverse jobs of a sufficient quantity that the present and next generation of workers have local opportunities for rewarding careers;
- (2) To better support community infrastructure with quality tax bases, and

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<sup>1</sup> Christopher Juniper has served local, regional and state economic development efforts in management positions from 1985-1997 and has served Rocky Mountain Institute, Catamount Institute and Eco-Logic Resources as a sustainability consultant and officer 1997-present. Under his guidance, the City of Portland OR became one of the first major cities to include sustainable economic development in its adopted policy in 1994; he convened a sustainable economic development strategy task force for the Economic Development Corporation of Colorado Springs in 2003.

<sup>2</sup> David Korten, *When Corporations Rule the World*, revised 2001 edition, p. 21. Berrett-Koehler Publishers, Inc.

(3) To generally enhance “quality of life.”

Strategies frequently focus on local business development and workforce preparation; and attraction of new business facilities. Occasionally, transportation systems, taxation systems, and urban design are consciously integrated with economic development efforts – but generally only when they are perceived as a serious barrier.

However, it is very rare that whole systems approaches are taken towards economic development efforts, and the result is often a deterioration of the business climate over time for “non-business” reasons, such as higher wastewater treatment costs due to required protection of river habitats, or higher taxes to improve freight mobility in traffic congested urban areas, or globally uncompetitive wage rates that become required so workers can afford housing prices that increase faster than manufacturing wages each year (the case in most every desirable city in the US).

***At its core, sustainability is about finding business and community cost savings*** through elimination of waste, enhanced resource and human productivity, and capturing the economic benefits of innovation and market leadership. Former IBM manager Bob Willard describes seven key forms of business competitiveness through sustainability strategies:<sup>3</sup>

1. Easier hiring of the best talent
2. Higher retention of top talent
3. Increased employee productivity
4. Reduced expenses for manufacturing
5. Reduced expenses at commercial sites.
6. Increased revenue/market share
7. Reduced risk / easier financing

The primary sustainability goals of global frameworks such as The Natural Step<sup>4</sup> or Natural Capitalism<sup>5</sup> are: No net loss of human or natural capital.<sup>6</sup> The SEDP model recognizes that this goal will be best met through (1) the synergy of whole-system planning of social systems such as housing, transportation, waste removal, land-use, etc. so they help the local business community benefit from lower costs and risks....while at

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<sup>3</sup> Bob Willard, *The Sustainability Advantage: Seven Business Case Benefits of the Triple Bottom Line*, New Society Press, 2002.

<sup>4</sup> The Natural Step System Conditions define when a society has achieved sustainability; the definition drives efforts to achieve greater sustainability performance. The framework was developed and is supported by a global network of organizations called The Natural Step. For more information visit [www.naturalstep.org](http://www.naturalstep.org).

<sup>5</sup> Natural Capitalism is a set of principles for sustainability implementation developed by L. Hunter Lovins and Amory Lovins of Rocky Mountain Institute and sustainability business author Paul Hawken. The principles were articulated in the book *Natural Capitalism – Creating the Next Industrial Revolution* (1999) and implementation tools are being developed by Natural Capitalism Solutions, a non-profit organization.

<sup>6</sup> For a society as a whole, this goal should be modified to reflect the need to preserve human and natural capital to serve ever-growing populations: No net loss *per capita* of human or natural capital.

the same time (2) helping the business community through training and incentives to adopt globally competitive sustainability strategies for its own prosperity.

Environmental and social sustainability are not among traditional economic goals for communities or companies, nor it is directly supported by current markets except through regulations. The result is that economic development too often mistreats and diminishes the environment (natural capital) and social welfare (human capital). In the same way, the global marketplace mistreats these critical forms of wealth-generating capital by use of prices that don't reflect environmental and social costs of resource choices.

Sustainable Economic Development Planning (SEDP) attempts to remedy this problem by creating a market-based system for insuring that natural and human capital are included in community private sector and public sector choices about future development patterns, organizational practices, and measures of progress. For example, until new economic and residential growth "pays its own way" instead of being subsidized by existing tax bases and unlivable compensation levels, the marketplace will foster degradation of natural and human capital ...just as the global marketplace fails to protect natural and human capital because of inaccurate pricing<sup>7</sup>.

Leading businesses around the world are learning to look into the future and stay ahead of resource shortages, environmental regulations, supply chain risks, and dependency on old technologies through use of sustainability strategies. It is time that communities did the same in order to provide for its businesses a globally competitive business climate that promotes sustainable business practices...practices that improve the environmental and social performance of businesses while simultaneously giving an advantage in the marketplace. But the planning for a "sustainable" community prosperity is not solely focused on business behaviors; it requires a "turf-less" whole-system approach to managing community resources and infrastructure to allow continued wealth generation within the area's ecological limits. This concept is the crux of the SEDP model.

## 2. The Value Added by SEDP and How It Works

A model has been developed called the *Sustainable* Economic Development Plan (SEDP). Its value over existing planning processes can be summarized as:

- Linkage of economic and community development with the region's *sustainable* ecological carrying capacity<sup>8</sup> and human capital development. What will be affected primarily includes:

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<sup>7</sup>Inaccurate pricing refers to the fact that most "common" goods including natural and human capital are "external" to the market price, generally causing market prices to be below the real costs if these generally negative "externalities" were included. For example, the International Center for Technology Assessment estimates that the true price of gasoline in the U.S. should be from \$5.60 to \$15.14 per gallon if all subsidies are accounted for. See "The Real Price of Gasoline" at [www.icta.org](http://www.icta.org).

<sup>8</sup> According to the Carrying Capacity Network ([www.carryingcapacity.org](http://www.carryingcapacity.org)) "carrying capacity" refers to the number of individuals who can be supported in a given area within natural resource limits, and without degrading the natural social, cultural and economic environment for present and future generations. A more scientific definition, offered by University Corporation for Atmospheric Research, Univ of Michigan, is

- Land use patterns and developments, including transportation infrastructure
- Natural resource strategies, such as water, soil, air, waste re-use
- Business and individual technology deployment
- Tighter, more effective coordination between various government planning agencies/processes, and between governments and private sector organizations and individuals.
- Whole-systems long-term approaches that reduce costs, enhance benefits, reduce frustrations and disconnects, empower citizens.
- Visioning of an environmentally and socially sustainable regional economy and adoption of strategies to achieve the vision.

**The objective is a globally competitive business climate that moves its businesses and their host communities along the path towards sustainability (no net loss of human or natural capital).** This is a goal that will receive little political opposition; citizens want “clean” business operations that provide quality jobs and future security while enhancing local quality of life.

The advantages of SEDP are accomplished by linking through whole-system planning the categories that economic development planning efforts either presently or should address:

- Land Uses and Community Growth Patterns
- Economic Development
  - Economic expansion
  - Retaining wealth and enhancing economic security
- Energy
- Water
- Air
- Solid Waste
- Affordable Housing
- Human capital (including health care systems)
- Transportation / Mobility systems

### 3. A Key Difference: Economic Development Planning Respecting Ecological Carrying Capacity

For economic development planning purposes, the basic question facing communities today is the integration of desired wealth generation in the foreseeable future (20-40 years)

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“the steady-state density of a given species that a particular habitat can support.” (www.windows.ucar.edu/glosary). A similar definition added “support through the most unfavorable period of the year” (Florida Sierra Club).

with local *natural capital* available and the true costs of “importing” necessary *natural capital* from elsewhere. It is a “preventive” system rather than “reactive” to problems that when encountered, can be very costly to repair (for example, the City of Wilsonville, OR had to enact a building moratorium for several months until additional water supply could be secured).

Some major cities (e.g. Chicago) have begun unique partnership efforts among governments and businesses to reduce airshed impacts given the limits on further growth posed by existing regulations. Such efforts are highly challenging because of their reactive nature; advance planning to avoid carrying capacity limits is likely to have superior results.

**What is meant by sustainable economic development planning is not community restriction on business activities per se, but a partnership process** that helps business and the community understand its alternatives for community economic development with regard to the limitations of the *natural and human capital* of the community. A thorough understanding of both ecological realities and the merits of business and community organizations minimizing their ecological and family impacts will likely result in a win/win scenario being adopted whereby businesses reduce costs through minimized resource costs and impacts, making businesses more profitable, while at the same time the more efficient use of *natural capital* allows for greater community wealth creation over a sustained period of time.

SEDP is essentially about a whole-system approach to the challenges of economic development, and the challenges to natural and human capital posed by economic development. To squarely face these challenges, **different questions will be asked** in the process of planning key community infrastructure systems for transportation, housing, health care systems, etc. Some examples follow<sup>9</sup>:

#### Land Use Planning:

- Does the area’s economy face clear *natural capital* / environmental limitations to its continued development?
- What is the community’s *sustainable* vision of a healthy, balanced economy in the foreseeable future (15-30 years)?
- What is the effect on the area’s *natural and human capital* of present growth patterns?
- What market mechanisms/regulations will foster growth patterns that optimize the effect of growth on *natural and human capital*?

#### Energy and Water:

- What is the role of energy and water procurement and usage in the *natural and human capital* trends of the region, and how can negative impacts be mitigated?

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<sup>9</sup> A complete list of the questions to be addressed in SEDP are provided in the full SEDP paper, available upon request from Christopher Juniper

- How can a whole-system approach to energy and water help local businesses be globally competitive?

### Business Development

- What are the impacts of business activity on the region's *natural and human capital*? How can negative impacts be reduced, and positive impacts increased?
- Are area businesses sufficiently connected to the area's *natural and human capital* resources such that they reinvest in them for future prosperity?
- What community investments will support greater prosperity by businesses choosing a *sustainable* path?

In summary, the SEDP model intends to enhance the business climate through the long-term whole-system approach of sustainability strategies. It will stimulate planning towards a shared community vision of economically developing in ways that enhance natural and human capital available for sustained business wealth creation in a sustained globally competitive business climate. It does so through recognition that key aspects of the community's health, such as affordable housing or watershed management, are likewise key aspects of business competitiveness and need to be treated as such.

It recognizes that sustainability strategies are synergistic with most local economic development goals:

- Less business waste means the potential for higher local wages or profit sharing; innovation means potential market leadership;
- Socially-responsible (sustainable) practices mean access to the rapidly-growing socially-responsible capital sector;
- Non-toxic sustainable products will mean greater access to increasingly environmentally-sensitive markets.

And since serious "economic development planning" of any sort rarely exists beyond strategies to attract or retain high-quality jobs, the SEDP model also delivers the core benefits of the basic aim of the traditional economic development efforts in the U.S. today: a community's intention to take its economic future into its own hands.