

Environmentally Sustainable Economic Development

(Building on Brundtland: A Comment)

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The document, as mentioned in the introduction, is intended to be an input to the UNCED conference scheduled for 1992. It is technically very sound and is of considerable value not only in the context of UNCED meeting but also understanding the process of development itself, both in the current scenario and in prospective future. The World Bank, through this particular paper, has, therefore, done considerable service to the cause of sustainable development and the future of mankind.

An important contribution of this publication is the manner in which current status of the development scenario has been described. Even though the documentation largely remains the same, its effective narration and indexing is very helpful in not only understanding the issues better but also conveying the same much more effectively to the policy makers.

In this background the observations that follow are based on rather superficial reading of the document. Superficial, because readers seldom have access to the total background materials and knowledge on which authors base their findings and recommendations. These observations, therefore, are intended to assist the authors to take into account some additional aspects of the development system which also appear relevant and deserving of attention but might escape the attention of authors and others concerned. These are also indicative of certain doubts and questions which this publication raises.

Institutional Linkages

One doubt is the absence of institutional framework that will link these thought processes and the objectives that support to the (say) tribal village. Since

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the operational ground for all these thought processes ultimately have to be people and people (i.e. majority) are not much inclined to know or worry about these thought processes or understand their implications, these ideas, it is feared, might move from one technical document to another. There, is then, a serious need to translate these ideas into simplistic objectives and also mount efforts for greater understanding of these issues by the people. Effort has to be in the nature of KAP (Knowledge, Attitude and Practice) in the area of environment and conservation, at the mass level and for this necessary institutional framework is to be created and/or strengthened.

Human Nature and Development

These ideas also run counter to the essential human nature and character of most economies which largely draw upon the philosophy of Adam Smith. That philosophy, in summary, suggests that the benefit of each adds upto the benefit of all. What actually has happened so far is that the benefit of each has added to the benefit of some at the cost of many. It was a realization of this situation that the concept of social engineering and planned intervention came into being and thrived. But that was in the nature of limited corrigendum to an extensive laissez faire situation.

What is required in the situation analysed in the present document is not a marginal or an external amendment to the working of the economy, but exposing the unit level economy to certain (exogenous) considerations which might dominate more than its endogenous functioning. If what is suggested is to be actually carried through, the public policy will become the dominant guiding force of the economy and private initiative its maid servant or subsidiary. Shall we then not be moving in the direction of a collective, rule bound, bureaucratic economy, the type the world has just attempted to dethrone.

Since needs of ecology and sustainability have so far been exogenous to the working of the unit the desired changes will have to be, at least initially, forced on the system. There is an essential conflict between micro interests (the business as

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usual) and the macro needs (the businesses as proposed) and the two may not live together.

The proposed additional costs are unit specific whereas the benefits are for the society at large. How a relationship is to be brought about between these private costs and public benefits needs to be carefully examined. This is perhaps feasible, but by the time this is actually achieved the global economy may have already reached its limits.

Selective Consumption and Investment

An important requirement of global survival as suggested by the document under reference is curtailment of that part of consumption and investment which is not strictly related to the development process of the society at large. Growth based on increased is to be curtailed. We are aware that considerable investments go into micro areas which meet the needs of very few but involve considerable resources both of talent and natural and human capital adding to the problems of environmental damage. Consider the resources that have been devoted to the development and making of test tube babies. One is not sure how much the world would have been poorer if the test tube babies were not to be born. Here again macro needs have been sacrificed to meet needs of a few selected and resourceful families/nations.

Likewise, consider the damages that are being caused to the world ecology by avoidable over consumption. There is a possibility that more damage is caused by excess consumption in some societies than by increase in numbers in some others. Whereas world has developed considerable institutional framework to contain numbers no known suitable institutional framework has yet been developed to curtail consumption. What should be the standards for consumption through future years and what institutional system has to be brought about to ensure environment friendly consumption (and investment) needs to be considered carefully.

Fragility of Thought Process

It will take very long time, may be a few decades, to translate these ideas into programme strategies. The fear is that by the time these programme strategies are formulated and start taking shape on the ground, the thought processes that initially make these tasks relevant and necessary themselves may undergo change. There may be a conflict between the idea that exists and promotes a strategy at a point of time and the thought process that dominates the scene when the institutional framework in response to an earlier thought process has come into being and becomes operational. And an institutional framework once established is very difficult to dismantle. Thus, on the ground institutional framework is generally behind time with the ideas which are taking shape in the best of the minds at any point of time. New ideas keep suggesting demolition of old structures some of which are even half way through. What about the enroute losses to society and who bears it? Also the ratchet effect in almost all institutional systems. These tend to persist much beyond their need and this can prove harmful since time available to the world is now somewhat measured.

If a historical analysis was made of the development of various thought processes with regard to development strategies propounded (say) by the World Bank itself from time to time. It will be easy to see the kind of difficulties that arise when a large institutional framework has been created in response to a specific idea only to be abandoned because the thought process at the World Bank has changed. This has caused, on several occasions, serious difficulties both in resource allocation and social and political environment, often in the developing world. We therefore, have to consider how to maintain balance between mobility and agility of thought processes and their on, the ground translation.

Since the experimental ground for working out new thought processes in the area of development, environment, population and health of the globe (including armaments) is often the developing world, the institutional cost of such experimentation in these societies is considerable and sometime wasteful. It needs to be studied to what extent lack of development in developing

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societies is because of lack of sustainable thought process as to what policies and institutions deserve attention and what is best route to bring these about.

The problem with some of these ideas is that these presume human beings as an arithmetic of numbers to be fitted into an equation. Human beings, on the other hand, are sentient beings. They do not respond to the situations the way one expect them to. And this is more apparent in developing societies as against developed because in these societies a "standardised" person with "standardised" responses has still not emerged, as in most developed societies. This leads to considerable frustration among planners and world leaders inspite of their total sincerity and commitment to a cause such as world sustainability. It is for this reason that some minimum level of all-round development should be quickly reached to all the people of the world, so that their response system is more homogeneous in face of threats such as the one now perceived in global environmental degradation.

Resource Transfer

Further, the rich states have already contained their population and through hard work or other effort attained a high standard of living. The people in these states will naturally argue and actually do so in most private conversations that people in relatively poorer countries should do likewise. If developing countries cannot manage their population or their resources, they better pay for it. Rich societies cannot view sympathetically the state of the poorer societies; World Bank can. But World Bank is not the people. Nor does it constitute that leadership that has to go to them for votes. Likewise private persons have their own yardsticks when it comes to parting with money and (concessional) international transfer of resources are not high on their (private) household agenda, or in their voting patterns. There is often a dichotomy between perception of private persons and their leaders as regards resource transfers in favour of the poor and vote based political systems, though excellent in themselves, are not conducive to such transfers as has been the case for the last two decades or so.

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The thesis that man made capital is not a limiting factor also needs to be carefully looked into. It may be so globally but one is not sure of that if one looks at global needs and implications of these needs for resource and technology transfer. But even it be so its uneven distribution and also different absorptive capacity of recipient states should remain a limiting factor for large part of the world. What may be sufficient when evenly distributed might become highly insufficient when distribution is skewed as is the case for accumulated human capital.

A sympathetic understanding of the issues raised in the document under reference and what it suggests by way of possible areas of action may take (say) half a century for translation into work programmes and their implementation. In this time this planet would have already reached that critical point which may be described as a point of no return. Therefore, something more expedient has to be thought of and put into action urgently, if possible through persuasion or otherwise by whatever means available. As a first step there is urgent need for extension education in the area of environment and population management and development of new technologies for preservation and enlargement of natural capital. Efforts should be consolidated to limit avoidable consumption and investments including high-tech investments where size of target group is limited, even if affluent.

An important expectation of the authors is that most of this programme shall be supported by a transfer of resources both in terms of human capital and technology from developed to the developing countries. This expectation may prove to be a major source of disappointment because most of these transfers are sought for reasons which may be fairly well understood at Government to Government level but are not understood at all at the people to people level. It is extremely difficult to find a leader who will ask its constituents to transfer resources to the under developed world for its ecological improvement.

If this be so extension education should specifically be so directed as to reduce the gap in thinking of the people and needs of the world society as perceived by their leadership. So far hardly any political leader has stood on a

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public platform to categorically insist on family limitation, at least in a developing society. To talk of limiting or even moderating consumption will be a political heresy. And to suggest that resources be transferred to those relatively poor living a few thousand kilometers away will be politically difficult. Who takes the responsibility to provide leadership which commits itself to these goals and also wins an election in a democratic set up, which is suggested to become universal?

Some Specific Observations

No longer have some developing societies launched themselves on a growth path that "a policy of growth becomes less possible", 1. To realise development through increased redistribution both intra-country and inter country is difficult. How is this development in the underdeveloped part of the world to be brought about in a world economic system in which Adam Smith has been the high priest for a long time and has been further rehabilitated in the recent past is very difficult to conceive.

"The difficulty with infrastructure investments", according to the document, "is that their productivity shows up in enhanced returns to other investments and is, therefore, difficult both to calculate and to collect for loan repayments". If this be the case, fiscal or any other method will fail to determine a quidpro-quo for environment improvement or damage. In this context use of economic system to secure voluntary participation in nature upkeep, largely through a suitable fiscal system will be very difficult.

The document suggests that a body which is internationally acceptable "be given the authority and power to choose the future path of development and enforce it". "If these simple facts are not recognized there is no more to be said about the sustainability issue or any other development policy". This statement is very emphatic and demands considerable compromise of sovereignty on the part of nation states. How this compromise of sovereignty is to be brought about is difficult to see, specially from the point of view of developing societies who, from

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their experience, or at least in their psyche believe that any dilution of sovereignty will be in favour of the "north" or the developed part of the world.

The document also suggests "that do not permit further production growth in rich countries", "stabilise global population" and "improve international income distribution". These are impossible suggestions to a powerful group of people with considerable resources which include the transnational corporations whose survival base is growth and consumption and they have an answerability to their constituents, including their share holders, and have a natural urge to grow and capability for it.

The document seeks to maintain the natural stock at its original or some computed level. Since population is rising it will be appropriate that stock per capita should be maintained at some optimal level which may also have to be suitably revised from time to time. This optimal level has to be within tolerance range for the developed societies and if this is accepted, it will require considerable additional resources for developing societies to reach that optimal level, calling for considerable drawing down of natural resources.

"Industrial countries should, therefore, be prepared to compensate the developed world for these closed options based on excess consumption of natural capital". The cost of closed options, keeping in view the large population and size of the poor countries, is going to be such as to absorb considerable proportion of the GNP of the developed countries. Keeping this in view there are doubts whether such an arrangement will be feasible. Also such capacity as brings about development without growth has to be internalized into these developing societies and one is not sure whether these societies are (a) prepared for it; and (b) are at the technological threshold where this becomes feasible.

"It is possible to provide financial support to the rural poor and landless" who are at present over "dependent on natural environment". They "frequently have very limited means for making long term investments in natural capital, therefore, often have to sacrifice such investments for consumption". They "may

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then become vigorous promoters for sustainable resource management". In actual practice any such population when it crosses threshold of stagnation does not stabilise its demand. Before becoming environmentally helpful through stabilized or reduced use of natural capital it will pass through a phase of excessive consumption of natural or whatever capital is available to it which may further add to environmental hazards rather than stabilize it. Thus, in the short run, this expectation will not materialize and the long run appears too far. This is by way of caution and is not intended to suggest that poor should not be reached with such assistance.

It appears that world sustainability is coming in conflict with democracy. Left to themselves no one will expend resources on restoration, waste disposal and protection of the natural capital (except perhaps the state) 1. If this be so are we not suggesting a state managed society?

It is rightly emphasised that existing (democratic) "institutions may reflect historical preferences rather than modern needs and the interest of 'old' organisations in modern sustain-ability issues might be larger than their ability to cope with them. This brings up the whole issue of either establishing new institutions or up-dating existing ones which is a long term investment in itself". But these institutions to be effective have to be Mega institutions, perhaps international in scale with international funding. Almost all of them have to be state managed, even if multilateral. Again a pointer to movement towards centralization and collectivization. It appears that institutional framework that will become necessary in response to the now perceived needs (very rightly as developed in this document) shall move the society away from individual to collective initiative.

Government exhortation appear futile and reference to moral discipline misplaced in a society where gold has been deified. The conflict between self interest and needs of nature brings up contrary situations which it is becoming difficult to make consistent. Let us hope and pray that minds that assemble in Rio

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in summer, 92 are able to reconcile private interests with public needs in the face of threat to the survival of the planet.

"Business is the Major engine of development in our society and, therefore, if we cannot influence business we really cannot influence development". This is very true. But we are not sure of consequences of our intervention in business. There is no surety that our interventions are always in the right direction, in the right place and at the right time. Each intervention has often left us with the wisdom that we might have been better off if we had not intervened or intervened in a different manner. In this scenario to come up with ideas of public or state intervention which are really useful is a task which may be easy to document but very difficult to implement.

Conclusion

Surely, these difficulties should not deter us from documenting our perspective and our future needs to meet that perspective. Also continuing our search for discovering new ways and means or amending existing ones to realize these perspectives and goals, particularly since sustainability is a precondition to human survival and everything that humanity stands for. That there are difficulties is a matter for challenge and not despondency. It is also important that these difficulties are recorded and understood and kept in view as we carefully move towards our future. Some attempt in this direction has been made here hoping that it will prove useful to all who are concerned with formulating policies for the future of mankind and also organize their implementation.

While a lot is possible in sectoral areas such as population management, energy conservation, reduction in armaments, land upgradation, water management, demand / consumption management etc. the over-all scenario, and the direction in which the world society will move remains somewhat confused with pulls of democracy towards greater individual freedom and pressures of survival (of humanity along with its eco-system) towards greater collective effort through state managed, natural and multilateral, (mega) institutions, knowing that

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state has often faulted in delivery of development, specially in developing societies.

There will obviously be serious difficulties in bringing about a compromise of national sovereignty (in face of multilateral mega institutions) which is equitable and acceptable to all. If we start from the basic concept that all people are partners in this globe and globe belongs to all, that political boundaries of today will not confer special benefits on some in contrast to others, that world community accepts responsibility for all in term of their basic needs of food, shelter, clothing, education, health and livelihood, people may be willing to come together and help setting up of a Global system of governance which is more sustainable. Peoples approach to these issues and peoples participation in them thus becomes important and this can only be achieved on conditions acceptable to people. May be we will do well if we boldly write in the beginning of each such document "All the world is one country and all the people its citizens" (Baha"u"lla). Or at least declare that all countries of the world come to an arrangement similar to the EEC, as a first step in that direction. This will give people a direct experience of cooperative living and hope in a cooperative future. In that atmosphere a collective advise that all nations are inter linked and inter dependent and insistence to act unitedly in face of threat to its eco-system will make far greater appeal and bring forth far better response from the people.

* S.P. Ahuja
Hony. Director-CERPA