

Sustainable Development: Differing Definitions Negative vs. Positive

I. Negative - Sustainable Development Should Not Focus on Economic Development:

“Trade policy makers are largely ignoring environmental and social equity concerns in their negotiations. **The purpose of this paper is to argue that global trade and investment agreements should instead promote the evolving concept of sustainable development. Sustainable development advocates recognize that economic growth can be an outcome of development, but that development is a broader concept.** The most basic definition of sustainable development is ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable development...means a robust economy that serves the people and the natural world. A healthy economy is one that operates within the carrying capacity of the earth.’ (pp. 2-3)

“...Current and proposed multilateral trade and investment agreements single out certain practices as illegal, including efforts to improve export performance, use domestic content or foster import substitution, and so forth. First these international agreements do not allow governments to discriminate against foreign investors in relation to domestic investors for any purpose. This runs against the grain of most development strategies, which seek to aid one’s own citizens and businesses and places...” (p. 3)

“...Development policy makers must also promote the best environment for indigenous development. Most job creation results from homegrown firm startups and expansions, not from business attraction. In addition, there are a range of ways to create higher local returns on new foreign investment. Not all negotiated ways to use foreign direct investment to promote a domestic supply chain or foster local spin-offs are bad ideas.” (p.4)

“It is commonly held that the private marketplace is the best producer of the resources our people and companies require to be internationally competitive. **But the private marketplace, however, efficient, needs resources and relationships that can be best produced and organized with public involvement.** Policymakers say international agreements shouldn’t get muddled by adding environmental and social elements. Yet, the WTO has been used to attack environmental laws that environmental organizations worked for decades to create and that have broad public support. **Future negotiations should be informed by environmental and sustainability assessments,** which means answering the hard questions about the effects of multilateral policymaking on the environment.” (p. 4).

International agreements must take the environment into account...All countries are bound together by the global atmosphere. International agreements offer an opportunity to address some global common problems such as ocean fisheries and climate change. **“Policymakers must better balance private interests and the use of publicly owned natural assets.”** (pp. 4-5).

“Some people in developing countries are forced, because of their intense poverty, to destroy their natural assets by overuse... Therefore it is important to protect these resources for future generations. **Sustainability implies living off the ‘interest’ of natural assets rather than depleting them, which offers a steady stream of products and services and helps keep nature in tact.** Policy makers should use multilateral agreements to increase the efficient use of natural assets as well as price these resources better, using a full-costs accounting methodology that will spur producers and consumers into making better decisions about the resource use.” (p.5).

“Policymakers must recognize and find ways to better value the nonmarket goods and services that natural assets provide. **International trade and investment regimes are ignoring environmental issues and dangerously challenging national governments’ ability to regulate on environmental matters through trade and investment agreements.**”(p.5).

“It is true that increasing incomes and living standards in developing countries will lead to greater demand for environmental protection. If you’re hungry, you’re not going to worry about the ill effects of pollution that take place twenty years down the road. As incomes and income security rises, therefore, the demand for environment protection increases. But today’s industrializing countries have the opportunity to leapfrog over the past destructive patterns of economic development; yet in some cases globalization is moving so fast that these nations are too rapidly taking the destructive path of industrialized nations. International trade agreements are influencing the development paths for developing countries that will determine pollution levels and the health of the natural asset base for generations.” (p. 5).

“Policymakers must shape markets and take action if they want to promote economic fairness. Markets ignore how goods are distributed and to whom. Markets only measure ‘effective demand’. Effective demand means that even though there might be a great demand or need for food if you live in a famine stricken region, but the market will not respond because those people have no money with which to buy food. Effective markets will never ensure that people don’t starve to death...**Sustainable development asks policymakers to consider whether the distribution of benefits is fair and whether it protects the poorest.”** (p. 6).

“European economics characterized by more cooperative labor-management relations, less inequality and ‘higher road’ business practices performed better than those with the opposite. Growth and equity can be found together. According to the late economist David M. Gordon: ‘The high road seeks to build economic growth and prosperity through cooperation and strong worker rewards, including relatively rapid real

wage growth. The low road relies on conflict and insecurity, control and harsh worker punishments, and often features relatively stagnant or even declining real wage growth. Both are coherent strategies, both can conceivably work.” (p. 6, fn 2).

“Sustainable development calls for enhancing one of the key elements – information – that helps markets work. *The international agreements should not undermine the principles that underpin free markets – namely that consumers must have all available information. Without full information, prices are wrong and consumers make choices they otherwise would not. The WTO Agreement on Technical Barriers to Trade potentially endangers the ability of governments and private organizations to promote sustainable development through environmental or socially sustainable labeling programs.*” (p.7).

Trade agreements:

1. “...are potentially limiting local, state and national governments’ abilities to protect the environment, promote economic development and improve social equity;

and

2. ...focus **only on increasing economic growth** and as a result are beginning to imperil countries’ abilities to maintain the health of their natural assets and to promote more equitable , widely shared economic well-being.” (p. 7).

(EMPHASIS ADDED)

Paige Brown and William Schweke, “Trade Agreements and Sustainable Development: 13 Reasons Why They Should Be More Compatible” **Corporation for Enterprise Development, November 21, 2003**

Sustainable Economies – Globalization and Economic Development,
Trade and Sustainable Development: A Newsletter, Vol. 3, No. 3 (March 2002)

(www.cfed.org/sustainable_economies/globalization/News/20020300GlobeTradevol3no3.htm)

(http://www.cfed.org/sustainable_economies/globalization/Reports/20031121tradesustainabledevelopment.pdf

- II. **Positive - Sustainable Development Requires Protection of Private Property Rights, Intellectual Property Rights, Freedom of Contract, Rules of Law, Good Governance, Free Trade and Decentralized Decision-making:**

“The term ‘sustainable development’ has been around for about thirty years but has only recently been popularized. It derives originally from the biological concept of ‘sustainable yield’ – that is to say, the rate at which species such as cod and elephants may be harvested without depleting the population. Starting in the late 1980’s, environmentalists and government officials began applying the terms ‘sustainability’ and ‘sustainable development’ when discussing environmental policy. **Thus, numerous measures aimed at conservation and pollution prevention have been justified on the grounds that they are necessary to promote sustainable development.”**

“...Increasingly, environmentalists and government officials have applied the terms ‘sustainability’ and ‘sustainable development’ when discussing environmental policy. **The argument is made (mostly by European governments and the EU institutions themselves) that centralized control over the use of resources is necessary in order to prevent humans from depleting the stock of resources below a level that would enable people in the future from living in as pleasant manner as the current generation.”**

“One popular interpretation of the term ‘sustainable development’ presumes that poverty, environmental degradation, disease and other problems afflicting the world are predominantly caused by, and therefore are the responsibility of, wealthy countries. This view...claims that people in the rich world consume too great a proportion of the world’s resources and emit too great a proportion of the world’s pollution; they exploit people in the poor world by paying too little for coffee and bananas and by making them pay too much for pharmaceuticals. **The solution typically offered by those who follow this interpretation... is to impose [broad] restrictions on the use of resources, wide-ranging interventions in the governance and behavior of multinational companies, and restrictions on international trade.”**

“But an alternative view holds that most of the problems of the poor world result not from the actions of those in the rich world but from the adoption of unsustainable policies by third world governments...Lack of adequately defined and readily enforceable property rights – often the result of well-meaning but utterly misguided government intervention – holds back economic development in many countries, while red tape stifles entrepreneurial activity and perpetuates poverty. Foreign aid and development assistance have ensured that people in poor countries remain poor, and their leaders remain unaccountable.”

*“Sustainable policies and institutions are those which do not prescribe an outcome for society, but allow individuals in society to improve their own lot without harming that of their neighbor. These institutions – property rights, the rule of law, free markets, limited government, and free speech – have largely been adopted by the wealthy world. **Truly sustainable policies and institutions will ensure that people can improve their own wellbeing, and that people can improve our world, by creating, innovating and developing.”***

“Institutions for Sustainable Development

Institutions are the framework within which people act and interact - they are the rules, customs, norms, and laws that bind us to one another and act as boundaries to our behaviour. Institutions reduce the number of decisions that we need to take; they remove the responsibility to calculate the effect of each of our actions on the rest of humanity and replace it with a responsibility to abide by simple rules. In a system in which rules emerge spontaneously and rule selection occurs evolutionarily, good rules will tend to crowd out bad rules. That is to say, over time, rules that result in better outcomes will be preferred to rules that result in worse outcomes.

Institutions encourage adaptation and innovation by giving people an incentive to create, because the innovators can reap the rewards of that creation - they are compatible with human nature. Institutions are more likely to result in appropriate levels of environmental protection and conservation of natural resources. **When private property rights are combined with the rule of law, which enables people to enforce and transfer what they own, private property encourages individuals to care for their property.**

Whilst informal mechanisms - customs and norms, for example - work well for groups that are relatively homogenous and where there is little trade with outsiders, they impose significant constraints on the ability for groups to improve their lot. Societies that have adopted formal institutions - such as property rights, markets, contract law, tort law, trademarks, patents, copyright, and so on - have tended to do much better economically and socially than societies that relied primarily on informal institutions.”

“Property rights

The institution of private property has - more than any other policy or action in the history of the world - enabled people to escape from the mire of poverty. Property rights are capital; they give people incentives to invest in their land and the give people an asset against which to borrow, so that they might become entrepreneurs.

The 500-600 million rural poor in India are oppressed by tenure rules which make it difficult for them to rent, buy or sell property formally. Land transactions typically involve paying large bribes to local officials, who have a vested interest in maintaining the status quo.

In addition, the institution of private property gives people an incentive to invent new technologies, because individuals know that they will be the principal beneficiaries of any investments they make in research and development. Technological innovation not only enables peasants to improve their lot, it also benefits those with whom they trade by lowering the cost of purchasing food and other goods and reducing the risk of famine. But agrodiversity will be stifled if those who might innovate new technologies are not allowed to benefit from the investments they make through the ownership of property. The individual's incentive to invest in his land and innovate new methods of production will be greater when he can own and exchange property.”

“Intellectual property rights

Intellectual property rights stimulate innovation - and in particular, they are important for products and processes that require large investments in research, development and marketing but for which the costs of copying are relatively low, for instance, chemicals, pharmaceuticals, and biotechnology, which each rely heavily on patents. The music, film, book, art and software industries each rely heavily on copyright. Meanwhile, all manufacturers and sellers of brand goods (which is most manufacturers and most sellers) rely on trademarks and servicemarks to guarantee the identity (and hence brand-associated characteristics) of products.

There are of course drawbacks to IP, including temporarily higher prices of the protected goods, a reduction in the number of goods directly derived from those that are patented, the legal and administrative costs involved in enforcement, and so on. These drawbacks have led several commentators to conclude that patents and other forms of intellectual property are not desirable. However, the problem with focusing on these drawbacks is that in doing so one often forgets that the inventions and creative works might never have come about but for the existence of IP.

In sum, were we to abandon or significantly diminish our system of intellectual property rights, we might gain in the very short term through lower cost products, but the cost in the medium to long term would be felt in terms of fewer products, as well as higher expenditures on trade secrecy and other means of protecting knowledge, which might well increase the cost of products.”

“Freedom of contract

Another fundamental institution for sustainable development is freedom of contract. This includes both the freedom to contract - the freedom to make whatever agreements one desires, subject to fair and simple procedural rules - and the freedom from contract - the freedom not to be bound by the decisions of others. Freedom of contract is a fundamental part of the freedom to associate with others. It includes the freedom to transact - to buy and sell property - and as such it is an essential adjunct to the right to clearly defined and readily enforceable property rights.

Contracts create greater legal certainty and thereby encourage people to engage in trade and investment. Armed with enforceable property rights and contracts, the peasant can become a merchant, a businessman, an entrepreneur.”

“The rule of law

Private property rights, the freedom to contract, free speech, and the judicial system which upholds these are fundamental to real sustainable development. People must be certain of the rules that govern their behavior, and they should not be subject to arbitrary

law enforcement (characteristic of corrupt governments). They should also have a remedy at law for violations of contracts and property rights.”

“Good governance

Along with the rule of law, governments at all levels and international agencies should be democratic, transparent, and accountable.”

“Free trade

Free trade increases wealth, and wealth leads to improvements in human welfare. Free trade increases the efficiency of resource use: in the absence of market distortions, production will occur in the most appropriate place, taking into consideration the cost of all factors. And free trade can have direct environmental benefits. For example, trade in ivory increases the value of ivory to people living in poor parts of Africa, who then have stronger incentives to protect elephants and the habitat in which they live - if they have sufficiently strong rights in the wildlife. Reducing trade barriers is essential for sustainable development. **The agreement reached at Doha in November 2001 to launch a new round of trade liberalisation through the World Trade Organization (WTO) offers the opportunity of huge benefits to people everywhere.** However, these benefits will be reduced to the extent that trade sanctions are permitted on the basis of environmental concerns.

Whereas environmental protection may be used as a pretext for trade sanctions, but the European Union may impose sanctions in order to protect its industries from lower-cost competition. For example, it might employ the 'precautionary principle' and invoke the Biosafety Protocol to justify restrictions on imports of agricultural goods from developing countries where biotechnology has been employed to improve yields. It might thereby more than wipe out the gains made possible by reduced tariffs on such products - harming in particular poor countries, which would have to face the choice of higher levels of exports to the EU or higher yields. Either way, farmers in poor countries would lose and farmers in the EU get the protected markets they seek.”

The approach preferred by the international community, endorsed by ministers at the 1992 UN Rio Summit on Environment and Development, is to seek international agreement among governments to take common action, negotiate international agreements, and implement the commitments in national law. This approach respects the national sovereignty of each government, so that the merits of individual agreements are subject to the democratic processes in each member state. The Rio Summit...specifically abjured the use of trade sanctions as enforcement mechanisms in MEAs.”

Trade agreements work best when the rules are primarily focused on liberalizing access to markets. If countries want to improve the environment (or any other sphere of activity, such as respect for human rights, or compliance labor standards) through international action, they should do so by negotiating policies and measures to that end, in a purpose-

built international agreement through which each member commits to apply those measures in national law.”

“Decentralised decision making

Decisions to limit human activities should be taken at the most local level possible but must be bound by the other principles that prevent abuses of local power. The merits of existing global environmental agreements should be investigated, with a view to withdrawing from any agreement not shown to have clear net benefits for mankind.”

Sustainable Development Network – Defining Sustainable Development:

at: (http://sdnetwork.net/page.php?instructions=page&page_id=195&nav_id=124)

The Negative Perspective of the Club of Rome:

“Beginning with the infamous Club of Rome’s “The Limits of Growth”, the argument became that even though the world’s population might stabilize, as economic growth in the Third World had parents, as it had in the West, to choose quality over quantity in their desired family size and thence lower fertility, the expected world population with the high standard of living which would have triggered the demographic transition was unsustainable, as the natural resources which were required to provide this higher global income would run out.”

Although “the doomsters” were [not] right and there was no “sustained rise in the prices of these natural resources...this did not stop the Greens from announcing various other doom-laden scenarios. They were thus playing on an ancient human fear of the Apocalypse.”

Deepak Lal, “The New Cultural Imperialism: The Greens and Economic Development”
The Inaugural Julian L. Simon Memorial Lecture, Liberty Institute, New Delhi
(Dec. 9, 2000)