

## The Quest for Sustainability: Some reflections

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### Introduction

As a student in economics, I was intrigued by questions concerning self-sustaining growth. Presently, my main academic and political interest is with sustainable development. Theoretically, this is a world of difference: Development instead of growth and sustainable rather than perpetual. Have priorities changed?

### *Economics*

I had received a broad education in economics, rather classical, with much attention for economic history as well as for the history of economic theory, philosophy of economics, institutional economics and welfare economics. At the university, I studied micro- and macroeconomics, business economics, money and finance, international finance and trade, growth and development theories, economic planning and policymaking. The methods and techniques were broad as well: Philosophical reasoning next to statistics and econometric model building. My teachers brought me in contact with other disciplines: Philosophy, psychology, sociology and anthropology. I learned to make assumptions explicit in order to be aware of the limitations of a theory and its application in practice. I also learned to be precise in defining concepts, to refrain from general statements, to highlight contexts and never to make conclusions absolute.

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Economics is in bad odour, nowadays. The criticism refers both to analyses published by economists and to policy prescriptions. The criticism is more than justified. Unbalanced and inequitable development processes, the disregard of nature, the religious belief in market mechanisms, the emphasis on material consumption and growth, the neglect of social inequalities and poverty, the crisis in money and banking, naive thoughts about so-called rational economic behaviour and the dominance of greed over equity, all these phenomena and tendencies have been put under scrutiny. Rightly so, a new paradigm is required.

However, should the criticism be directed against economics as such or against economists, who have betrayed their discipline? Economics is dealing with scarcity and welfare. Economics does not identify welfare increases with the growth of production of material production. Services, such as more and better information, widening communication, greater knowledge and broader education, more cultural activities – writing and reading books, making music and visiting concerts, enjoying theatre and dance – do constitute welfare, as soon as people wished to enjoy all this and are willing to spend time, energy and money for it.

Therefore, economic welfare does not refer to a larger amount of tangible material goods and immaterial services which have been produced and made available, but to the value attached to these by people in a society. Because people attach different values to different goods and services in different circumstances, in economics a common denominator is used in order to enable people to exchange with each other. Money as a common denominator is no more than a proxy variable, useful in practice and in theory, in order to make comparisons between societies and over time. However, when people identify their welfare with the money value of the goods and services, which they produce and consume, or with the corresponding income, they do not do so because economics tell them this.

People are not naive. They know the shortcomings of a proxy variable. They know welfare is not

an absolute, but a relative concept. If their needs increase, and if only a smaller part of these needs can be met, despite a larger income, the relative scarcity is increasing. Under these conditions their welfare goes down rather than up. That is not only a matter of psychology; it is also standard economic theory.

The same would apply if people have to work longer hours, or harder and in harsher circumstances, in order to meet their needs. And if this goes together with a depletion of scarce resources, such as fertile land, water and fossil fuels, or by polluting the environment, distorting ecological relations, jeopardizing biodiversity and nature, endangering animal welfare and people's health, the welfare of a society goes down again.

It can perhaps be partly compensated or countered with the help of earnings resulting from an increased production, but anyway the net welfare increase gets smaller. The costs concerned – pollution, sicknesses, land degradation, resources depletion – even if these have a counterpart in the income of those involved in economic activities to counter the negative impact, certainly do not reflect a welfare gain for the society. Therefore, they cannot and should not be considered true (net) economic growth. Moreover, speaking about the welfare of the society, there is the question of distribution among the people: A more unequal distribution of income or of access to goods and services will be understood by many people as a loss of welfare, despite an increase of total production.

Therefore, traditional standard economic theory tells us that welfare is not only a matter of income or production, but also of distribution, personal procurement costs, social costs – whether reflected in market prices or not – and social psychology. All this is familiar to students of economics. Anyway, it should be. Economics, in essence dealing with scarcities in life and work of human beings, has always been a discipline with an open eye to philosophy, psychology, biology, ethics and political science. This does not only apply to the theory of welfare economics in particular, dealing with questions concerning concepts of welfare, well-being, utility, optimality, cost-benefit relations, decision procedures and the order or regime within which decisions were made. These issues

are central in institutional economics, and also in microeconomics, dealing for instance with consumption behaviour. They are centerpiece of national income analysis, dealing with questions concerning measurement and comparison. In macroeconomics such are the real questions behind the analysis of conditions of stability, growth and distribution.

However, all this tends to be overlooked in policymaking. Partly this is due to politics itself. Economists, however, should be blamed as well. Somewhere in the 1980s, students of economics have made a decisive turn towards business and management studies, and financial risk analysis. Other chapters got neglected, in research and literature as well as in education. Gradually principles and values such as efficiency, rationality, risks and the market mechanism were given a dominant place in the economic discourse, to the detriment of, for instance, effectiveness, equity, communality and public interests. In the search for a new paradigm in economics, we should be wise going back to the roots.

### *Development*

Something similar applies to development theory. From the outset, students of development have tried to analyse the process in terms of 'change plus': Progress through change. Identifying development with growth would be naive. Real progress in a society means 'more and different': More of something that already existed and had been achieved before, less of something else that also existed, but which was considered obsolete, plus something new, in accordance with what people need, desire and demand.

Not all change can be considered development. Only those changes that result in the improvement of life of people within a society would qualify. Development requires structural rather than incidental change: Change in the economic, social and political structure of society, to the benefit of people. In principle this benefit should accrue to all people, without exception, excluding no one. However, because development is a process, and because not all benefits will be equally available to each and everybody at the same moment,

progress can be supposed taking place if more and more people are benefiting, ever more, without denying access to those who did not yet benefit.

Development is a value loaded concept. It is a question of time and also of distribution. It is by definition a holistic process, not only economic, but also social, cultural and political. And whether there is progress can only be decided by the people within the society concerned, not the people studying, supporting, steering or manipulating the process from outside.

Therefore, development is much more than economic growth. It is a world of difference. However, if the concept of economic growth would be understood as an increase of welfare, in the classical way of economic philosophy, rather than in the modern fashion of business management, the difference would be smaller.

However, in the course of the 1980s, just as like with regard to mainstream thinking in economics, a shift occurred in the philosophy behind development policymaking. Stability became a central tenet, a precondition to be met before pursuing change that could last. Developing countries would have to adjust themselves to the realities imposed upon them by the world economy.

### *Politics*

The paradigmatic changes in both economic and development theory in the 1980s were related to each other. Western countries, reforming domestic economic policies, demanded similar reforms in developing countries, when these countries requested outside help: Aid, credits, debt relief and trade expansion. Western countries could do so, because they held majority positions in relevant international institutions. Moreover, it was felt that the advancing globalization required integration of countries in the world economy and increasing conformity of national policies.

It was a question of economic power and dominance. However, the paradigmatic changes did not take place without contestation. During the 1980s, within Western countries pleas in defence of the public sector and the social welfare state

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received much attention, but to little effect. With regard to developing countries, alternatives such as across the board debt cancellation and 'adjustment with a human face' were shoved aside.

As student of economics and, later on, as researcher and lecturer I had become familiar with the debates. Once a politician within my own country, and, later on, as Minister for International Development Cooperation I was in the position to participate in these debates intensely. As international civil servant, within the UN, I got to know a broad spectrum of views of the discussants in many different countries and institutions.

Since the 1950s, the debates had become intense and polarized. The issues changed: Economic reconstruction, the building of a social welfare state and the emancipation of new nations in the 1950s; the Cold War, democratization and development in the 1960s; concluding decolonization, a New International Economic Order and the provision of basic human needs in the 1970s; the primacy of the market, the defrosting of the Cold War and the sharpening of economic dualism within and between countries in the 1980s. All these debates came together in the last decade of the previous century, when the Cold War had come to an end. It was the decade of neo-liberalism in economic as well as development policymaking, the decade during which the phenomenon of economic and technological globalization reached maturity, the decade also of wide escalation of violent conflicts.

The 1990s did not stand for the end of history. While the ideological debate between East and West had seemed to be won by capitalism, new ideological debates sprang up: On peace and conflict; on culture, religion and the state; on nation building, governance and democracy; on minorities and human rights; on environment, climate and natural resources; in short: On development, economics and politics. The debates were heated. The power balance in the world had become more fragile than before and a new generation had entered the stage, using means of communication that opened wide possibilities to raise a voice and express a view.

### *Sustainability*

I remember that my initial reaction to the sustainability concept had been rather tepid. The ideological debates concerning the paradigms in both economic and development theory had concentrated on change and progress. The debates had resulted in political fights regarding the character and direction of change, the beneficiaries of change, distribution issues and questions concerning interests, power, rights and responsibilities. All such questions could help mobilizing people in society. How to mobilize people in a fight for an equitable share in the welfare of their society, with the help of an idea like sustainability, which, I thought, was focusing on the need to keep what you have and to stay where you are, rather than proceeding ahead and improving the world?

In my view, sustainability was a rather boring idea. I had been attracted by a different concept: Self-sustaining development and growth. This idea stood for dynamic processes of growth and change, getting a momentum of their own, with self-financing investment as a flywheel. The process would sustain itself, provided that growth would not result in depletion of natural resources. Otherwise, instead of progress, stagnation and regress would follow. This meant that the political debate could be directed towards questions of allocation, quality, composition and distribution, rather than the question of whether or not to choose in favour of growth. People cannot easily be mobilized for the objective of zero growth, witness for instance the fate of the 'enough is enough' discussion in The Netherlands. But they can be mobilized for objectives such as a green economy, fair trade and making poverty history.

While economic growth could be made self-sustaining with the help of investments in capital and technology, processes of development, in order to keep pace, would require a different flywheel: People's perspectives, their ability to meet aspirations, their capacity to strive for accomplishments and to enjoy the fruits of the endeavours, without getting frustrated. As long as seemingly ongoing development would not result in irreversible inequities and disillusion,

conflicts that would endanger society itself could be avoided. If this condition could be met, the political debate could be directed towards questions of quality and participation, rather than peace and security.

Clearly, self-sustaining growth and development would require innovation: Technological progress, structural economic change, social renewal and institutional reform. We were aware that such innovations, next to the introduction of new structures, would imply debasements: Dismantling of monopolistic or blocking power positions, and breaking through paralyzing customs and traditions. Schumpeterian capitalism is not the only system thriving on creative destruction. Innovation, growth and development in general cannot take place without overcoming and removing obstacles. However, the obvious question is how to distinguish between obstacles and treasures, between hindrances that ought to be removed and values that deserve to be protected. The next question is: Who should be entitled to take such decisions? And, finally, within which system could such decisions be made best, that is, in the interest of all people concerned?

This is why questions of sustainability are far more important than the question how to render growth and development self-sustaining. If left to power groups operating in undemocratic systems, characterized by inequity, discrimination and exclusion, progress for a few will entail loss for many. That may have been the very nature of history, but it does not legitimize an unchecked continuation of historical patterns and trends. Those who think that this would be unavoidable seem to deny that history is man-made. So is the future. Those who declare inequality a prerequisite for progress, refer to their interests only, or the interests of their own group, nation, class or generation.

In the 1990s, we have seen where this can lead us: Violent destruction of the very fabric of our societies. Around the turn of the millennia, we learned how seriously this may distort the precious balance between people and the environment and the thin thread between humankind and the natural sources of life.

### **Regress**

I learned these lessons when, as Minister for Environment, I was given the responsibility for political decisions in this field and when, in those years, I presided over the UN World Climate Negotiations. Sustainability is not a dull concept. It should not bore anybody. The quest for a sustainable society demands struggling. It requires mobilization of people and political fights. It is not a choice between change and the *status quo*, between growth and stagnation or between progress and standstill. It is a choice between headway and regress.

Once people become aware that progress is halting and may turn into regress, their main preoccupation will be how to avoid that this regress will hit them. Being aware of the possibility of general backsliding, they will try to gain time and shift the burden of regress onto others. In the end they will have only one option: Struggling for survival, knowing that only the fittest may succeed.

### **Fighting for sustainability**

Therefore, sustainability is crucial and worth fighting for. At the end of the first decade of the new century, this is even a greater task than 20 years ago, when at the United Nations Conference on Environment and Development the international community adopted Agenda 21, an agenda for global sustainability. The adoption took place in a general spirit of hope, new hope after the end of the Cold War. I was present at that conference and I felt that all participants, world leaders and representatives of the global civil society, were committed to the implementation of this Agenda. However, so far, no true beginning has been made. On the contrary: The priority which at that time had been given to sustainability as a first objective in economic and development policymaking has been overshadowed by a newly felt need for stability and security. These are real needs, due to, for instance, irresponsible behaviour of financial powers and due to the spread of violence across borders. However, instabilities and insecurities can be approached in two different ways: By shifting the consequences onto the

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shoulders of other nations or peoples, or by jointly addressing the root causes.

The first approach seems to be the choice that has been made during the first decade of this new century: Saving banks while cutting social expenditures, breaking up the Kyoto Protocol, grabbing land in order to substitute food grains for biomass, giving support to dictatorial regimes in the name of political stability and pre-emptive strikes in the name of national security.

The other approach would require an integrated view on the sustainability of nations and the world as a whole: Ecological, social, economic, cultural as well as political. It is my conviction that the quest for such an integrated view could benefit from a reassessment of traditional paradigms of economics and development theory, held long before presently dominant views became fashionable.