

# **SUSTAINABLE DEVELOPMENT: THE SOUTHERN VIEW**

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I would like today to offer you a view of the concept of sustainable development from the less-industrialised, less-developed part of the globe. This area is often called the "Third World", but the phrase shall doubtless disappear now that the industrialised nations are no longer split between-to uses the old shorthand – capitalist and communist . How can there be a Third World, when there are no longer First and Second Worlds? The Third World is also a more heterogenous place than ever before; indeed, some countries in Asia and Latin America are more "developed", in terms of most indicators of human progress, than many newly emerged nations in Central and Eastern Europe.

Let us instead use, again as shorthand, the benign terms of North and South, even though most of the more populous developing countries lie north of the Equator.

The North has developed, and continues to thrive, through easy access to affordable resources. In Europe's case, a great deal of resource-based wealth came from the colonies. Societies aspiring to a similar prosperity see resource utilisation as their first priority. Yet the South already contains some four-fifths of the world's population, and is expected to be the scene of over 90 per cent of future population growth. Obviously, if the south were simply to extrapolate past levels of resource use to meet present reasonable ambitions and future population growth, this would be extremely unsustainable. Increased fossil fuel use is one of the most obvious and oft-discussed dangers. It is hard to imagine a stable and predicatable global climate if the populations of China, India, Bangladesh and Indonesia begin burning fossil fuels at the same rates as North Americans.

In the past, the North used resources for economic development whilst degrading its environment locally through air and water pollution - hence Blake's famous image of "dark satanic mills". But with economic development came the economic power to clean up. Also, there came a progression from dirty, old manufacturing industries to both cleaner factories and cleaner forms of economic development, such as services and information industries.

Yet the North has now moved from local pollution to global pollution, and has been responsible for the greatest releases of greenhouse gases and ozone-depleting gases. Occasionally, although less and less of late, the North has actually tried to get rid of its rubbish, both nuclear and toxic, by shipping it South.

The South must avoid the old northern development pattern for two different reasons. Firstly, it cannot afford to go through a period of intense local pollution. During the Victorian era, the English were willing to put up with rivers that stank, air that killed, and pollution that turned whole regions black. But 21<sup>st</sup> century Thais will not accept such “progress”. Secondly, we cannot-for the globe’s sake-become a producer of global pollution on a scale in proportion to our numbers.

Yet, given the importance of resource utilisation for development, it is inevitable that the South will have to increase its level of resource use. The challenge for the South, therefore, will be to moderate the rate of this increase. For example, Thailand is doing its utmost to conserve energy resources through a major Demand Side Management program. By improving energy efficiency, Thailand’s industrial and commercial sectors are being provided with much-needed energy at a fraction of the cost of adding new generating capacity.

So, when we speak of “growing constraints on resource use”, we must be clear that we are not talking about the South’s cutting right back. We are talking instead about creating a new balance between North and South in the quantity and quality of natural resources each uses. The North will have to cut back to offset inescapable increases in the South, whilst the South will have to find ways and means of containing these increases within reasonable bounds.

But, for both, resource use must be more respecting of environmental criteria at all stages – extraction, processing, use and disposal. Only if these criteria are met throughout the cycle can such resource use really be made sustainable over the long term.

Advances in techniques of exploration and exploitation are continually increasing the resources available for our use. But using these techniques indiscriminately can lead to ruin – both environmental and economic. The recent collapse of some major fisheries and the near-collapse of others offer good examples of how the desire for economic increase can overcome both scientific knowledge and common sense. Fisheries scientists warned repeatedly that too many boats using the most modern fish-finding gear, and catching smaller and smaller fish, would lead to virtually no boats catching no fish. Neither fishermen nor governments listened.

In theory, the “free market” should prevent such resource collapses. Scarcity is supposed to lead to price rises that decrease the number of consumers until a sort of “supply-and-demand sustainability” is reached. In practice, there are several reasons why this may not work. The resource is depleted more quickly than the market can react. There is not enough, or there is the wrong sort of information driving the markets. For example, governments of both North and South often subsidise the use of precious or potentially harmful resources, thus encouraging their over-use or misuse. I am thinking of the subsidies in various nations on the uses of petrol, coal, water, fertiliser and electricity.

Instead of subsidising, we should be using various economic instruments – such as pollution taxes and charges – to ensure that prices reflect total costs,

including environmental costs. This is known as “internalising costs; for example, putting into the cost of driving a car the cost of treating the childhood asthma apparently caused by the exhaust fumes.

You can easily see that “internalising costs” almost always means rising prices. This is hard enough to do in the wealthier North. How much harder then would it be to charge the “real price” for water, timber and energy in the South where the economic development of a nation is often a life-or-death issue for individuals.

Thus in the South, the transition away from resource-intensive economic development – the Northern approach – must take place before market forces indicate resource scarcity by price signals. Transition to a more sustainable, less resource-intensive pattern of development must thus involve more use of government policy than in the North.

This will be difficult for governments, because sustainable development appears over the short term – the term over which all governments operate – to be the most expensive option. Governments think from election to election, while sustainable development makes sense only from generation to generation. This explains why governments have so much difficulty with the whole concept. It gives them the impossible choice between choice between being publicly in favour of unsustainable development, or of following policies that may keep them from being re-elected next time around.

To follow sustainable pathways, the South is going to need help from the North. Amongst that help should be some good examples to show that the North itself is serious about sustainable development. We shall not be impressed by sermons on sustainability unless the North adopts the religion it preaches.

How often have you heard someone in the North argue that we must protect the rainforests of the South because they and the species they harbour are “the common heritage of mankind”? But how often have you heard of a northern government offering a realistic sum of money to help pay the people of a rainforest country the opportunity costs of not developing those forest areas? This has rarely, if ever, happened. The real message to be: “it is our common heritage, you pay the costs of protection”.

It is appropriate that the consumption patterns of the North are now becoming and international issue. But this issue provides logical difficulties for the South. On the one hand, we do not want to discourage the North from buying a lot of the sugar, leather, timber, oil and other resources that we produce. On the other hand, a small planet cannot long survive a system in which a fifth of the population consume four-fifths of the resources. Northerners still tend to seek convenience, comfort and wealth over living within planetary means. Frugality in resource use is not yet viewed as a virtue.

Furthermore, technology is coming to be seen as a panacea, something that will save us from our spendthrift ways – rather than as a set of tools which will save us only if used with the greatest skill and foresight.

So the North must realise that whilst it may be “developed” in terms of industry and infrastructure, it is not necessarily sustainable in terms of global pollution or over-use of resources such as water and topsoil. To be fair, however, the North is making progress. The European Union has adopted sustainability as a criterion for policy at the highest level. In response, many Northern governments are now consciously moving towards a strategy relying on the application of information and information-based tools, plant and equipment, to enhance the efficient use of resources, or even to substitute for resource use altogether. But this progress makes it all the more evident that only the richer, more technologically-advanced countries have a capabilities to follow such a course through. These are the countries of OECD, plus the Newly-Industrialised Economies of Southeast Asia. For the rest, the advent of an information-based society must await substantial conventional development.

Thus, another sort of help we shall require is cooperation on those technologies described above that will allow our businesses to become more “Eco-efficient”. This is a term the Business Council for Sustainable Development coined for the Earth Summit in Rio de Janeiro in 1992. Eco-efficiency refers to a type of efficiency whereby companies add ever more value, using ever less resources and releasing decreasing amounts of pollutants. We do not want gifts or old-fashioned “foreign-aid”. We do want innovative investment thinking that brings together companies, government agencies and perhaps the World Bank and regional development banks to encourage the introduction and dissemination of new, resource-efficient technologies. One mechanism which may facilitate this process is Joint Implementation, which represents a way in which countries can fulfill their commitments under the UN Framework Convention on Climate Change. By promoting technology and information transfers to reduce greenhouse gas emissions, Joint Implementation appears to hold real promise for disseminating Eco-efficient technologies.

In one sense, the spread of resource-efficient technologies is happening automatically. As markets become more global, competition becomes more global. To compete successfully, Southern companies must modernise, and more modern production equipment is almost always more Eco-efficient. But we need to speed up this process.

The issue of “Technology transfer” was very controversial at Rio, and remains controversial today. In the South there are far too many unprofitable, unproductive steel mills, aluminium smelters and oil refineries “transferred” by the process of development aid. We argued in Changing Course, the book produced by the Business Council for the Earth Summit, that technology is best moved through a process of “technology cooperation” between businesses, which includes training, communications and technology development. When Business is involved, you can be sure that the technology is wanted and will be used - which is not always the case in “aid” projects. Especially when the aid is tied to the purchase of a certain country’s goods. Tied aid tends to move technology unwanted in the North to those in the South who does not want it either.

Even so, the South remains hampered by the fact that most Eco-efficient technologies which are helping the North attain a more sustainable economic system were developed and designed specifically to meet northern requirements. There is an urgent need for Southern-specific technologies and applications. For this, besides greater effort in technology cooperation and adaptation, human resource development becomes vital. Only when the South has at its disposal a trained cadre of men and women able to integrate the new technologies with the need and potential of the South, and to research new ways of tackling local problems, will a truly sustainable, and truly endogeneous, solution be found.

Why should the North be at all interested in helping the South towards sustainable development? Has not the age of international charity ended and the age of international competition begun?

The most compelling answer the question of “why?” may be that it is in the survival interests of the North to offer such help. Few have noticed it, but there has been a major shift recently in the issue of international security. There was a time when the poorer nations of the world offered absolutely no threat to the security of richer, better-armed nations. The spectres of global warming and ozone depletion change this. If the populous Southern nations follow a carbon-based development path, they will disrupt the climatic systems that drive the agriculture of the United States and Europe. Rising seas may eventually destroy major port cities, for example Venice. Such damage would be as physical and as costly as any military damage.

Another reason for the North to help is that the unsustainable development of the South is primarily a long-term global problem. In the past, the North massively overburdened the Earth’s carrying capacity, and now has prior responsibility for the fragile state of the world. Its continuing role as originator of the technologies and practices which place such pressure on global systems means that it is only equitable if some of these fruits of past and present exploitation were to be shared.

We are not asking for a “redistribution of wealth” – even a massive shift of resources would not provide a long term solution. No, the only real solution must be one based on a redistribution of the ability to create wealth. This involves the creation of new, fairer trade regimes and technology cooperation regimes based on the mutual understanding that the South is entering the game with the odds stacked against it. If there is a price for sustainability, it must be paid principally by the North - for reasons that have to do with both practicality and the fair play.

Important move in this direction has been made by developing ISO 14000 environmental management standards. By standardising international management tools and environmental systems, ISO 14000 is attempting to minimise trade barriers and thus promote technological cooperation.

However, we must be particularly careful not to move in the opposite direction: towards a growing gap between North and South. There were times at the

Earth Summit when it appeared that the old East-West split had simply been rotated 90 degrees to become a North-South split.

Two processes could exacerbate this split. The first might be a selfish technological revolution in the North which bypasses the South. It is often claimed that we are on the brink of a new Information Revolution, surpassing in its effects both the Agricultural and Industrial Revolutions, in which information will replace capital as the driving force in human affairs. If this is the case, then information and the ability to manage that information must be spread Southwards. Otherwise, the two halves of the globe will simply not be able to communicate.

A second North-South splitting process would be any move on the part of the North to "punish" the South for perceived environmental crimes. Such punishment might take the form of trade barriers. Economic development in the South is not about increased GNPs. It is about alleviating hunger and saving the lives of the millions of children now dying each year from contaminated water. We can change our approaches to development, but we cannot forego development because the North thinks we should. As I have noted, we expect the sacrifices to come from the other direction - from the North.

Some of what I have had to say may seem pessimistic, or antagonistic, or both. I am in fact a cautious optimist. We have the technology, both in terms of Eco-efficient production and in terms of the communications we need, to develop the necessary partnerships for sustainable progress. Through partnership, those who benefit from economic growth can also be rendered more responsible for the way that growth is generated. With greater public awareness of the costs and penalties of unsustainable pathways to growth, improvement in the quality of life for the South's citizens need not always be at the expense of the environment.