

Recovering Sustainable Development

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Summary: Sustainable development -- the notion that boosting economic growth, protecting natural resources, and ensuring social justice can be complementary goals -- has lost much appeal over the past two decades, the victim of woolly thinking and interest-group politics. The concept can be relevant again, but only if its original purpose -- helping the poor live healthier lives on their own terms -- is restored.

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A FASHIONABLE NOTION

The concept of sustainable development first emerged from academic seminar rooms two decades ago, thanks to a best-selling report called *Our Common Future*. Put together by the World Commission on Environment and Development, the report argued that boosting the economy, protecting natural resources, and ensuring social justice are not conflicting but interwoven and complementary goals.

A healthful environment, the theory goes, provides the economy with essential natural resources. A thriving economy, in turn, allows society to invest in environmental protection and avoid injustices such as extreme poverty. And maintaining justice, by promoting freedom of opportunity and political participation, for example, ensures that natural resources are well managed and economic gains allocated fairly. Civilizations that have ignored these connections have suffered: consider the Easter Islanders, who by denuding their forests triggered a spiral of economic difficulties and strife that eventually led to their civilization's collapse.

Yet even as sustainable development has become conventional wisdom over the past two decades, something has gone horribly wrong. Because the concept stresses the interconnection of everything, it has been vulnerable to distortion by woolly thinking and has become a magnet for special interest groups. Human rights watchdogs, large chemical companies, small island nations, green architects, and nuclear power plant operators have attached themselves to the fashionable notion only to subvert it for their own ends. Instead of bringing together nature, the economy, and social justice, sustainable development has spawned overspecialized and largely meaningless checklists and targets. Particularly harmful has been a series of consensus-driven UN summits that have yielded broad and incoherent documents and policies. Sustainable development, the compass that was designed to show the way to just and viable economics, now swings in all directions.

This deterioration was probably unavoidable. But the slide matters, and not only because sustainable development has become a cover for inaction and a black hole for resources; it is also a wasted opportunity. The concept has gained such a powerful following over the past two decades that if it recovered its original meaning, it could become a guiding force for governments, firms, and nongovernmental organizations (NGOs). Fixing this mess requires understanding how it came to be and recalibrating the compass so that it can reliably point in a single direction again.

THE PRICE OF FAME

One way to trace the slide of sustainable development is to follow the idea's degradation through the UN. After all, its earliest high-profile proponent, the World Commission on Environment and Development, headed by then Norwegian Prime Minister Gro Brundtland, operated under a UN mandate. The UN General Assembly and the UN Secretariat were always at the forefront in championing Brundtland's vision. And today, the conferences, commissions, and task forces that constitute the sustainable development apparatus all find their focus within the UN system. What happens there is worth observing -- not because the UN is solely responsible for what has gone

wrong, but because the organization reflects the aspirations and flaws of the players that are.

The trouble began at the 1992 Earth Summit in Rio de Janeiro, which involved more than 100 heads of state, 170 governments, 2,400 representatives from NGOs, and nearly 10,000 journalists. The attention generated by the meeting kindled demand for more conferences. The result was a decade of summits, with one held almost every year, that covered a range of topics, including demographics (in 1994), the rights and roles of women (in 1995), social development (in 1995), and the expansion of urban habitats (in 1996). Most of these gatherings, the culminations of arduous negotiations, produced two documents: a detailed action plan for insiders and a crisper statement of principles for outsiders. At Rio, these were called, respectively, Agenda 21 and the Rio Declaration.

Action plans tend to be sprawling documents that offer something for everyone. They are crafted through a consensus process in which the easiest way for special interests to get what they want is to agree with everyone else. The result is often an incoherent and costly wish list. The secretariat of the Rio summit estimated that implementing Agenda 21 might cost \$600 billion a year in new spending, of which \$125 billion would have to come as foreign assistance from the industrialized countries. Since then, summit negotiators have not even bothered to tally the costs of their plans. And in the meantime, the international community has continued to behave like a child crafting his dream order of Christmas presents out of the Bible-size FAO Schwarz catalog.

Statements of principles have not had much effect either. The documents are usually drafted in lawyers' false poetry: they are meant to inspire without offending any specific interest group. Principle 2 of the Rio Declaration, for example, purported to offer a fresh interpretation of the conflict between a nation's sovereignty and its international responsibilities: "States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental and developmental policies, and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction." Nobody really knows what the sentence means. Advocates for sovereignty (especially in developing countries) claim that it endorses sovereign freedom of action, whereas advocates for environmental responsibility (notably NGOs from rich industrialized nations) claim that it establishes international duties.

The Rio process, moreover, bred a set of new institutions. Two new secretariats were created to oversee the implementation of two new treaties, one on climate change, the other on biological diversity. Summit participants also set up the Commission on Sustainable Development (CSD), which holds an elaborately prepared meeting every year and is charged with the impossible task of monitoring the implementation of the Agenda 21 commitments. The CSD, in particular, has accomplished very little.

DELUSIONS OF GRANDEUR

Governments and the UN system have also marginalized sustainable development by failing to articulate serious objectives and coherent strategies for its implementation. Agenda 21 embraced every goal offered up in anticipation of the Rio summit, but it set no specific priorities or targets, making it impossible to mobilize support for any strategy or to measure progress. At the 2002 World Summit on Sustainable Development, the process reached its lowest point with a sprawling and incoherent plan. Participants endorsed eight broad Millennium Development Goals (MDGs) -- including the eradication of extreme poverty, the provision of universal primary education, and the assurance of equality for women -- that had been crafted at the UN's Millennium Summit two years earlier. Since then, the UN Secretariat has parsed these broad objectives into 18 specific targets and 48 indicators. But the MDGs are already losing traction because governments have limited power to directly affect these outcomes. Most of the world is closer to meeting the MDGs now than it was a decade ago, but that is largely because human welfare has generally been improving. (The most striking exceptions are found in the many African countries that score worse today on most measures of human welfare.)

The MDGs, targets, and indicators do not constitute a strategy that informs the actions of governments, companies, and NGOs. Most of what the MDGs envision is beyond the power of any enterprise to deliver. Consider, for instance, the efforts that would be needed to meet the MDG to "develop a global partnership for development." The indicators designed to measure compliance with this goal include some activities that governments do control, such as the amount of untied official development assistance (ODA) they offer, which, in the right settings, can help alleviate poverty. But they also include special targets for ODA to small island nations and landlocked states that serve no strategic purpose -- reflecting these nations' special ability to manipulate UN commitments to their narrow advantage. And regarding the indicators on which progress has been most remarkable -- access to phone services, computers, and the Internet -- advances have been the fortuitous byproduct of technological development and have often reflected the accidental wisdom of governments' decisions to let the market work on its own.

The trouble with sustainable development and the MDGs is that they reflect a diplomatic process that has devoted too much effort to lengthening the international community's wish list and not enough to articulating and ranking the types of practical measures that are the hallmark of serious policymaking. Governments might have wondered whether any given dollar in aid would be best invested in water treatment, poverty alleviation, or structural adjustment, or if it would be better to treat the causes of underdevelopment, such as corruption, or its symptoms, such as inadequate health care. Yet these crucial questions were left unanswered -- and often even unasked.

THE POVERTY PRIORITY

The only way to fix the mess with sustainable development is to return to Brundtland's fundamentals. Sustainable development must be viewed afresh, as a framework for every aspect of governance rather than as a special interest. It can be revived by following four courses of action: making a priority of alleviating poverty, dropping the environmental bias that has hijacked the entire movement, favoring local decisions over global ambitions, and tapping into new technologies to spur sustainable growth.

First, and most fundamental, progress on sustainable development requires more success with economic development, in particular poverty alleviation; the other two prongs of sustainability, environmental protection and social justice, will lack force until basic living standards are improved. Development experts do not know exactly which policies best boost development, and without a well-accepted theory, many have tended to embrace grand schemes, such as the MDGs, that are politically unrealistic and unlikely to deliver results. But these uncertainties should not mask a growing canon of good sense about the policies that offer the best chances for eradicating poverty. One place to start is with some of the careful studies conducted over the last decade, especially those done by the World Bank. They show that a few key institutional factors -- such as fiscal discipline, openness to market competition, strong investment in education, political freedom, and low levels of corruption -- largely explain why some countries flourish while others wither. The breadth of consensus on these points is reflected in the comprehensive 2005 Human Development Report by the UN Development Program (UNDP), which endorses a similar institutional focus for alleviating poverty.

Yet very few of these factors, such as openness to competition or investment in primary education, appear among the MDG indicators. Equally vital levers for development -- including anticorruption measures, the protection of private property, and the containment of civic strife -- do not appear, because the soft-spined corps of believers in sustainable development has been unwilling to advocate policies that some view as intrusions into national sovereignty. Getting serious about sustainable development requires redrawing the lines of sovereignty; if sustainable development is a universal concept, then governments have a universal responsibility to promote it.

In the United States, some of this advice is already being put into practice through the Millennium Challenge Corporation (MCC), a governmental organization whose origins lie in President George W. Bush's promise to provide new development assistance to the countries that can best use the money. The plan was to offer a \$5 billion annual increase in development assistance by FY2006. Unfortunately, as with so many of this administration's bold projects, progress on the idea is being hobbled by halfhearted implementation and perennial underfunding -- the partial result of a budget crunch brought on by unsound tax policies and the ballooning cost of the Iraq war. The MCC has run into trouble implementing its funding strategy. Countries with the best conditions for making effective use of MCC money are those best able to attract private investment on their own. On the other hand, countries with conditions that are least conducive to development -- and thus the least eligible for MCC aid -- are also likely to be the poorest and those in the greatest need of a hand. This Catch-22 most affects Africa, which includes, according to the UNDP's most recent tally, 14 of the 18 countries in the world whose human development has regressed since 1990. The United States has voluntarily increased foreign aid by \$8 billion since 2000 and is the largest single supplier of aid to Africa. Other donors have also redoubled their efforts in Africa. But on most of the continent, governments have no viable plan to ensure economic growth, and sustainable development remains far from reach.

GREEN WITH ENVY

It is also necessary to challenge the environmental bias that has dominated the sustainable development agenda. From the outset of the Brundtland commission's work, developing countries have rightly feared that the developed world's concern about the environment would overshadow their interest in development. They insisted that the Rio summit be called the UN Conference on Environment and Development, but diplomats from the industrialized countries (even the conference's secretary-general, Canadian Maurice Strong) nonetheless referred to it informally as the Earth Summit. The two treaties signed in Rio, the UN Framework Convention on Climate Change and the UN Convention on Biological Diversity, mostly reflected the environmental priorities of the industrialized world. A treaty on protecting the world's forests was also considered. The developing countries, rich in forests and wary of intrusion, organized to kill it, but because nothing really dies in the diplomatic world, the stillborn convention has

been resurrected as a set of new principles and institutions known as the UN Forum on Forests. So far, the forum has had little effect on forests -- except to further deplete them by generating a prodigious number of documents.

The tactical success of environmentalists, especially well-organized multinational NGOs based in industrialized countries, in moving their issues to the top of the sustainable development agenda is unhealthy -- even for environmentalism. Easy pickings in the UN have distracted environmentalists from the more urgent need to articulate ways in which they can contribute to the other pillars of sustainability: development and social justice. And this lapse has alienated them from an important base of potential partners in the developing world. Notably, the 2004 report of the high-level UN panel (which included Brundtland) convened by UN Secretary-General Kofi Annan to articulate new visions for world security was strikingly thin on environmental matters -- evidence that such issues have not sufficiently permeated mainstream policymaking in much of the world.

After being hoodwinked at Rio, the developing countries made sure that the 2002 World Summit on Sustainable Development did not include the word "environment" in its title. Nonetheless, the multinational environmental lobby has continued to score tactical victories in many areas that the industrialized states control, especially funding. The Global Environment Facility (GEF), which was created in 1991 to provide funds for the then nascent sustainable development apparatus, now finances projects in six areas: climate change, biodiversity, pollution in international waters, land degradation, ozone depletion, and persistent organic pollutants. These areas largely match the leading environmental priorities of diplomats from the industrialized nations, not the most pressing concerns of the states that GEF funds were intended to address. Climate change and biodiversity are top priorities for most industrialized countries and also, therefore, for the GEF: the two issues alone consume two-thirds of the GEF's resources. However, these concerns are disconnected from the real developmental priorities of the poorest populations in developing countries. In the area of climate change, for example, the GEF's funding strategy is to push for the development of technologies such as solar and wind-generated energy, which emit no carbon dioxide, a leading cause of climate change. These are darlings of environmentalists in the North, who claim that these exotic technologies, although currently expensive, will become cheaper with time. That argument is of dubious relevance to the 1.6 billion people who lack electricity today. For them, real progress usually comes in the form of less sexy but more cost-effective options, such as diesel generators and grid extensions.

THINK LOCAL

The third step toward recovering sustainable development is remembering that the theory works only if it is approached as a hardheaded calculation about tradeoffs, rather than as an amalgam of sacrosanct principles. The cocktail-party version of sustainable development gleams with promises of harmony and globalism: economic growth, environmental protection, and social justice can be achieved fully and simultaneously; because the ecosystems and economies of nations are interdependent, the problems they face require global solutions. In fact, however, the concept has practical relevance only if it can accommodate local preferences and capabilities. Cocktail-party visions of sustainability properly laud the benefits of electricity, for example, as a cure for darkness and a substitute for costly candles. Yet the diesel generators that bring electric lighting to the most remote areas are, in some respects, a paragon of unsustainability: diesel, which is derived from oil, is an exhaustible and polluting resource. Poor communities love diesel-generated electricity nonetheless: it has brought them television, high-quality lighting, and refrigeration, which were unavailable before. Similarly, whenever multinational environmentalists have sought to ban DDT worldwide, developing countries have resisted, wisely pointing out that the pesticide is crucial to controlling mosquitoes and other disease carriers in poor regions such as West Africa.

The last decade of UN summits propagated the myth that sustainable development can promote international harmony through "global action plans" and "universal principles." In fact, providing sustainability is a highly political activity governed by interests and resources that vary widely from one place to another. Advocating MDGs that apply equally to Latin America (where reaching them is fortuitously at hand) and Africa (where development is largely stagnant) makes little sense. The only way to craft serious goals is from the bottom up, focusing on responsible systems of government rather than disconnected global processes to do most of the work. But this approach, although pragmatic, is less satisfying ideologically and more demanding -- and therefore ignored by cocktail-party globalists.

The current disconnect between global ambitions and local realities helps explain why efforts to curb climate change, for example, have achieved so little. Although the problem's effects are inherently global, its causes are resolutely local. In most of the world, including many developing countries, domestic authorities choose what energy system to use, and because they decide how much fossil fuel to consume, they effectively control emissions of carbon dioxide. Globalists in industrialized countries are clamoring for "engaging" the governments of developing countries by pressing them to accept caps on emissions. But every major developing country has rejected the demand as an unfair limit on their development, leaving reform at an impasse.

So how can countries be compelled to enforce policies that deviate from their immediate interests in order to pursue the global good? Partly by allowing them to interpret the mandates of international agreements according to their local priorities. Take, for instance, Beijing, Shanghai, and Guangzhou -- three of China's most rapidly growing cities -- which are all struggling with local air pollution. To cut down on noxious emissions, they have (at least) two options. They can either move power plants and heavy industry outside their borders and import the goods and electricity they need, or they can change their primary fuel from coal to natural gas or nuclear energy, both of which are much cleaner. Although either solution would provide China's cities with the energy they need, each one has its drawbacks. Whereas the first would do little to curb China's total effluent of carbon dioxide -- the country as a whole would still burn prodigious amounts of coal -- the second would force Chinese officials to rely more heavily on a less carbon-intensive fuel (gas) that they have little experience using and would have to import in large quantities. To convince Chinese officials to adopt the second strategy even though it seems less favorable to them, the international community could offer a package of measures, including assurances to secure China's gas supplies and agreements to share related technology. In other words, industrialized Western countries could align their objective to slow global warming with China's domestic interests.

The primacy of local interests applies to highly industrialized countries as well. In Europe, governments are implementing the Kyoto Protocol on climate change by customizing it to local and regional needs: they are creating an emissions-trading system that lets individual companies trade credits for their carbon dioxide emissions, thus allowing greater flexibility in meeting the treaty's targets. Meanwhile, governments elsewhere are also developing their own locally tailored trading systems. The authors of the Kyoto Protocol envisioned a single global trading system with a single global price. But such a uniform system is not being implemented because the institutions that allocate credits, monitor compliance, and enforce agreements operate mainly at the local and national levels. Instead, a host of emissions-trading systems are emerging from the bottom up. (The United States, meanwhile, has refused to ratify the agreement for the compelling reason that it cannot satisfy the treaty's core commitment to bring down U.S. emissions of greenhouse gases to an average of seven percent below 1990 levels between 2008 and 2012. Although abandoning the protocol was a wise decision, Washington has not offered any credible plan to manage emissions in the United States.)

TECH SAVVY

Any serious effort at sustainable development will also need to harness the technologies that most affect economic growth and mediate the consequences of growth for the environment. Unfortunately, the sustainable development apparatus has been strikingly ineffective on technological matters. The only technological area in which governments have set specific goals is "technology transfer," the handing over of hardware to developing countries -- a gesture often espoused in UN talks but rarely witnessed in the field. Such goals are largely pointless anyway because most technologies spread through markets rather than thanks to transfers between governments.

Some efforts to harness technological progress for the benefit of sustainable development are under way. They include a long-overdue attempt to promote innovation in areas that matter to very poor countries -- such as developing a vaccine for malaria -- but that have been overlooked by private firms that normally focus their efforts on creating products to combat the diseases of wealthier consumers.

Governments have found it particularly difficult to set credible policies for the development and application of technologies that have long commercial lives. The problem is especially acute for investors in energy infrastructures who are contemplating new technologies that might help address the problem of climate change. In Europe, where the rules on emissions trading are in flux, utility companies have been wary of building new power plants in the absence of greater fiscal certainty, increasing the risk of severe electricity shortages. And in the United States, where there is no meaningful federal policy on greenhouse gas emissions, investors in long-term energy assets such as power plants (the single greatest emitters of carbon dioxide) must make multibillion-dollar commitments without knowing what regulatory regime may exist in the future. A few years ago, this problem was not particularly serious because nearly all new power plants in the United States were fired with natural gas. But today, natural gas costs five times what it did in the 1990s, there are no new gas plants under construction, existing plants are running at only 30 percent of capacity, and dozens of new coal plants are being designed. Unless the U.S. government soon announces a credible plan for the future regulation of emissions, utilities will invest in conventional coal-fired power plants. Within a few years, the country could be saddled with far more carbon dioxide emissions as a result of these plants than if the government had given investors a reason to fund less carbon-intensive sources of energy.

Governments and companies must find ways to keep sometimes tyrannical public opinions from blocking the development and use of certain essential new technologies. Today, there is latent public discomfort regarding carbon sequestration, a technology that entails injecting deep underground large volumes of carbon dioxide that would otherwise go into the atmosphere. Elements of the technology are already widely used in oil and gas

operations, but carbon dioxide injection projects are under way at only two facilities in the world. This fix holds the promise of an elegant engineering feat, but the technology is not without danger. There are risks of leaks, some potentially catastrophic, and some countries (notably the United States) still lack adequate regulatory regimes for controlling underground disposal. The industry would do well to keep early demonstration projects at remote and especially safe sites in order to quiet public alarmism.

Worries that even ill-advised public resistance could stymie such worthy projects are not far-fetched: other promising technologies have run afoul of misguided opinions and poor regulatory policies. Across Europe, for example, public opposition to genetically engineered foods has prompted regulations to keep some of those foods off the market despite growing evidence that they are good for both consumers and the environment. Some of the key technologies for controlling carbon dioxide pollution may face a similar fate. Nuclear power, for example, is probably favored as a low-carbon means of generating electricity. Yet in many countries, it remains politically untenable.

BACK TO THE FUTURE

Despite its beginnings as a powerful animating concept, over the last two decades sustainable development has become meaningless. It has fallen prey to a collection of special interest groups that have both hollowed out the concept and lost track of what they can best do to implement it. When it has been applied, the theory has often distorted the real priorities of development.

Fixing the concept will require going back to its origins, and especially stressing the integration of economic and ecological systems while leaving it up to competent local institutions to decide how to set and pursue their own priorities. Advocates for sustainable development should not promote false universal goals. Because local needs and interests will necessarily vary, sustainable development must be redefined repeatedly, from the bottom up, wherever it is to be put into practice. Sustainable development can have worldwide relevance and appeal, but only if its original purpose of helping the poor live better, healthier, and fairer lives on their own terms is restored.

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