

## **“Sustainable Development: Constraints, Austerity and the Role of the State”**

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I have come to the conclusion over the years that far too much of the debate at leading global forums on the issues of sustainable development (SD) have been driven by a particular Western view of the challenges. These are typically built around a fear about the rest of the world developing too rapidly (and all the associated geo-politics), the rest using up resources too quickly and with the associated pollution, not acknowledging the unwillingness of the West to take the tough political/policy decisions at home to adapt to a new reality, viewing Asia primarily as a massive market and threat at the same time, an almost religious belief that business has the solutions to society's sustainable development woes, and conventional wisdom about liberal democracy, free markets, technology and finance, all of which I believe need to be challenged intelligently. New thinking is desperately needed but vested interests have broadly hijacked the debate and brought it to where it is today - a superficial analysis.

Herewith are a few thoughts I will share:

- The concept of sustainable development (SD) is one that ultimately concerns protecting public good and the common wealth. This logically can only be delivered ultimately through the role of the institutions of the state irrespective of political ideologies. As such we need to accept the role of governments in defining the goals, policies and laws. Multilateralism is critical but let us also be very clear that the foundations for SD is in the actions of the state at the local level and far too often multilateralism on SD issues has been used for geo-political grand standing and an excuse not to take the hard decisions at home – blame someone else. The opportunity costs have been very high and climate change has been the best example, fisheries another. In this regard it is important not to overstate what other stake holders like corporations can do as it allows governments to abdicate responsibility which often plays into the hands of vested interests.
- It is important in my view to appreciate that SD is not something that corporations can or will voluntarily deliver on as it is not their role and they are not driven by these objectives (no matter how much some of them may align themselves with the issues), although like NGOs they are critical actors. Very crudely put SD has at its core the notion of "less" and corporations seek to do "more" not "less". Examples to make this point abound, in businesses ranging from fast foods, agriculture, chemicals, automotive to garments and even banks. I am very aware that this is not how SD is seen in the many parts of the world such as the US (it is perhaps better appreciated in Europe) but I would suggest that these views reflect particular

politics/business interfaces and we should be wary of using it as a framework for our work around the globe.

- The often held view in many business forums that governments are a hindrance (too many regulations etc) and the private sector is the key to the answers, is a narrative that has emanated mainly from the US and less so from Europe, as the free market mantra has held sway for the last 30 years at least. This has morphed into a global belief system though the financial crisis has got many thinking again. I believe that at Salzburg and the work of the GAC should actively stay away from any such positions as these views on sustainability are not uniformly shared across the world. We should be careful not to assume that the battle lines about the role of the government and that of the private sector as set out in the developed economies are relevant to the rest of the world and then unwittingly extend it, as we discuss the issues of Governance and SD, from what should be a global perspective.
- SD is not all about energy though it arguably is at the center, but it is much, much more and especially in the developing world. Hopefully we will also cover the critical governance issues surrounding such vital areas as food, water, resource depletion and more fundamentally, excessive consumption, pricing, the issue of constraints to growth and therefore rights. So a key question is how do we frame a new narrative given the reality that we cannot take on all issues and the traditional treatment of SD issues has been covered by numerous other forums over the years?
- I believe we should stay clear of the ideological battles on many SD issues which are being fought out in the developed world (eg shale gas debate in relation to energy independence and climate change in the US) and be careful about endorsing technologies as such. On shale gas for example much of the energy industry's interest in promoting shale etc is driven less by SD concerns than the need to open a new frontier of energy - which is understandable but in my view not one for this forum to take a position on at this stage.
- Having said that I also think we should be very clear to avoid confusing pollution control with SD. At the public policy level they are very distinct issues even if there are strong inter-relationships. Let us also be careful about making China the terms of reference/scapegoat as it's pollution is the world's (all of us) - global supply chains and the global consumer has been only too happy to pay low prices for Chinese goods manufactured to exploit externalities and keep prices down. For those who are interested, India's pollution levels are perhaps even worse and India is not yet the world's factory.
- leading on from that I can only assume that at this stage that we are all agreed that the growing focus on SD worldwide is borne out of the appreciation that in a very crowded 21st century (human population likely to peak for the first time) where

resource constraints are only too obvious there is a need to redefine what we mean by progress, development (economic growth?) and how we achieve that. It is perhaps less about how we perpetuate economic activity and the associated lifestyles of the minority of the global population (spread across the world) that are predicated on resource intensive growth. Inextricably linked is whether current economic models sit comfortably with these challenges of our times. The evidence to date is that they do not and the economic troubles both in Europe and the US should give us all reason to pause and question fundamentals. I will point out that sadly Asia in particular is seeking to ape the West and thereby sowing the seeds for some very bleak global outcomes. This requires frank conversations which begin to deconstruct much of what the SD discussion in global forums have become.

- I do not think that any discussion on Governance for SD (be it food, water, energy or even transport) can be intellectually honest without talking about the elephant in the room - the promotion of relentless consumption to spur growth through the under pricing of resources and the externalization of true costs - all resulting in pollution too. Carbon emissions are just one example of the externalities we are now trying to come to terms with. Can the world afford 2-3 more America's? So what are the governance challenges for restraining underpriced consumption, much of which thrives on a free ride on resources?
- Here again simply put it is not possible or even desirable for 5-6 billion people in Asia in 2050 to aspire to live like populations in the West do today. So what will Asian governments need to do? The science is clear and if one lives in Asia one does not need reminding of this dilemma. It is unlikely that even the Western world will be able to maintain current lifestyles that many have taken for granted. It is this painful readjustment that is now taking place in Europe (politically difficult but unavoidable) and therein is to be found many questions about Governance for SD which should not be ignored in the interest of being politically correct.
- It is in this context that this forum and the GAC has a unique opportunity to put a marker down and start to create a new narrative that even if unpalatable, truly begins to address the Governance for SD challenge. This will require many bold and fresh ideas which might challenge the conventional wisdom that a mixture of technology, free markets and liberal democracy will find solutions to these issues. I believe our work is an opportunity to raise the thorny issue that Governance for Sustainability in the 21st century may require some very different set of rules and conditions that fly in the face of much that is taken for granted in the developed world.