

Economic development: inter-relating with the Environment

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INTRODUCTION

The environment is now squarely on various political and policy agendas. In fact, it is nearly impossible to avoid it. At one level, exogenous influences ensure those outside or top down environmental priorities influence national debates and policy formulation. At present, for example, the EU Sixth Environmental Action Programme is in the process of being prepared. It acknowledges that there have been some positive results of EU environmental policy, including a reduction of acidification and air pollution; the phasing out production of ozone depleting substances; and, the increased integration of policies. In contrast, however, it identifies a number of outstanding problems, including the proliferation of waste; summer smog; chemical dispersion; bio-diversity losses and climate change. These perceived and stated EU priorities will continue to influence the setting of national environmental policies for some time to come. The adoption of sustainable development as an operational tool means also that environmental issues are considered alongside other pressing social and economic affairs. Again, external influences mean that sustainable development is a constant in national policy formulation. It is enshrined in the Treaty of Amsterdam (1997) as an objective for the wider European community. Specifically, Articles 2 and 6 set out obligations for member countries in terms of ensuring environmental values are at the core of national policy agendas at large.

This paper considers the context to the inter-relationship between economic development and the environment. Its central argument is simple. That inter-relationship is essentially doomed because of the dominating majesty of economic restructuring which is leading to such deep social, economic and political fissures in society that environmental agendas are always likely to be of secondary importance. This raises the age-old question of trade-offs, say as between economic development and job creation and the potential erosion of accepted environmental standards. The political priorities of social and economic gain may be difficult to resist in the context of protecting (let alone enhancing) the quality of life. The multi-layering of society into different groups and localities (and the contemporary emphasis on place) makes the resolution of that conflict even harder. There are also deep tensions and contradictions inherent in the politically constructed notion of sustainable development which suggest that it is possible to achieve a communal balance in social, economic and environmental priorities both within generations and between generations. Finally, the inter-relationship between economic development and the environment is essentially doomed because of the different ways in which individual agencies and sectorally based policies are seeking to implement the elusive notion of sustainable development.

My starting point is therefore deeply pessimistic. Let us set the tone with this quote, taken from the opening lines of Dante's *Inferno*: "In the middle of the journey of our life, I found myself within a dark wood, in which the straight path was Lost". This paper considers the dark wood of political tensions and the absence of an appropriate institutional sponsor for the environment in the context of economic development. The processes of restructuring creates the backdrop to these arguments.

Tensions and Contradictions in Political Agendas

The simplest way to present the nature of the prevailing political tensions and contradictions is in the following three schemas. This is based on the work of Giddens (1998) in terms of the evolving form of social and political organisation in economically advanced nations towards a synthesis of ideas and practice relating to the state - market link. My apologies for presenting such a simplified framework.

Classical Social Democracy (The Old Left)

Pervasive state involvement in social and economic life

State dominates over civil society
Collectivism
Keyensian demand management plus corporatism
Confined role for markets - the mixed of social economy
Full employment
Strong egalitarianism
Comprehensive welfare state
Linear modernisation
Low ecological consciousness
Internationalism
Belongs to bipolar world

Neo-Liberalism (The New Right)

Minimal government
Autonomous civil society
Market fundamentalism
Moral authoritarianism
Strong economic individualism
Labour market clears like any other
Acceptance of inequality
Traditional nationalism
Welfare state is safety net
Linear modernisation
Low ecological consciousness
Realist theory of international order
Belongs to bipolar world

The Third Way Programme

The radical centre
The new democratic state
Active civil society
The democratic family
The new mixed economy
Equality as inclusion
Positive welfare
The social investment state
The cosmopolitan nation
Cosmopolitan Democracy

These three phases may be seen in terms of a linear chronological agenda of change. Roughly speaking, the classical social democratic phase spanned the period from 1945 to 1979. Clearly within that it took a number of different variations. The post war history of economic policy at national and regional levels illustrates that. It would suggest that the social democratic phase was sufficiently flexible to attract a political consensus of some complexity. The neo-liberalism took place over the period 1979 to 1996. The third way agenda is with us today. I would like to make three points which are probably self-evident

Firstly, the three simplified representations may be considered in terms of a thesis, antithesis and synthesis. This intervention, non-intervention and a mix of both summarise this political context. An idea of how these ideas collide unhappily in the current phase is shown by the current synthesised tension in urban governance. This involves two opposing directions in local governance. On the one hand, there is the technical regulation drawn from the neo-liberal agenda and seeks to address dependency culture. This involves a shift from the articulation of a strategic policy framework to definition of policy criteria, standards, indicators, output measures and benchmarks for different areas of policy concern. It involves also a shift from interpretative and discretionary regulation to precise regulatory rules and reduced threshold of regulation and a shift from direct development by public sector to provision of subsidies (managed by output and outcome evaluation measures) in order to encourage efficiency and effectiveness in resource use. The concept of best value sums up these parameters to local government. On the other

hand, there is an emphasis on collaborative consensus building which may be seen as drawing its intellectual origins from the social democracy of the earlier post war period. This involves deliberative attempts to involve key players in articulating and implementing public policy, recognition of a legitimate interests of a wide range of stakeholders, each with its own distinctive power base and strategic orientation, recognition of important of dialogue to build consensus rather than exaggerate conflict, an emphasis on role of strategic organising ideas and co-ordination among different players, an appreciation of the value of building up institutional capacity to make strategy. How can such ideas be secured within a single ideological framework for implementation?

Secondly, the environment is perceived and valued in different ways. In the thesis of intervention and the neo liberal antithesis there is an emphasis on attaining high economic growth with low ecological or environmental consciousness. The third way synthesis does not mention environment except to identify it as one of the dilemmas for the millennium. These include globalisation, individualism, the balance between the political Left and right, the nature of political agency and the challenge of ecological agendas. More specifically, how can environmental considerations be integrated into social democratic politics.

Finally, the current political phase associated with the third way is based in certain underlying ideas. These include the advocacy of strategic holistic approaches to policy implementation and conflict resolution, a reliance on partnership and active bottom up involvement of communities and localities, self help and contractual economic relations. The notion of partnership reflects the interest in processes of associational economics which emphasise partnership as the way forward to facilitate innovation between firms and institutions (including the public sector) (Cooke and Morgan, 2000). The reliance on contracts is seen in the emergence of transaction cost politics (or political economy). This approach is based on a synthesis of normative economics (market failure justification for intervention and positive economics (public choice or contractual economies). The new synthesis is based on what is required to offset the transaction costs of modern life (Dixit, 1998). Transaction costs are associated with the definition, allocation and enforcement of property rights and comprise information costs, contracting costs and enforcement costs. What practical guidance is provided in putting these ideas into effect?

An Environmental Dead-end: Sustainable Development

Just as economic activity is not even over time or space (or quality) so the truism applies to the environment. The environment is a complex, multi-layered concept which serves at once as a form of capital and income; production and consumption; good and bad; and, emotion and focus for exploitation. There are four dimensions to a study of the land and the environment.

- the physical characteristics of land, such a topography and fertility, establish the use-capacity of a given land resource unit.
- the economic processes associated with land include the determinants of the supply of land, which of necessity involves a consideration of the tenurial arrangements and ownership characteristics of specific land resources, and the determinants of the demand for land, which is primarily influenced by the location and accessibility of individual sites for specific purposes.
- the processes of effective demand and supply do not operate in a free and unfettered market. Custom and tradition, tenurial reform and the role of government have all contributed over time to establish a complex of institutional arrangements which govern the allocation of land for specific uses and developments.
- the ownership, control and potential of land are highly political issues and, increasingly, the land question has been placed on the political agenda. This creates problems for market economies and involves considerations of intervention. But what form of intervention? The different models of political economy suggest very different interpretations of the environment. The debate between eco-centrists and techno-centrists is critical in this respect. It suggests a spectrum of views embracing the importance of natural laws (the deep environmentalist position) through greater participation by communities in environmental matters to a belief that economic growth can continue and that humans and technology will always find a solution (the cornucopian perspective). How to mediate between such ideas?

In the past sustainable development was erroneously equated with narrow ecological or environmental concerns. Today, that view has been largely modified and there is a recognition that the environment means much, much more. Indeed, sustainable development is described as part of the modern dilemma of a democracy in transition. The Brundtland Report, for example, suggested that such an approach meets the needs of the present without compromising the ability of future generations to meet their own needs. And, presumably, so on *ad infinitum*. But it is now recognised that in practice there are strong links between environment and poverty and indeed as ratified by Agenda 21, there are relations between society and ecological, which also call into question institutional capacity. The Agenda 21 programme set out at Rio in 1992 is an attempt to link environmental justice with social justice. There are different domains of sustainability, representing a palimpsest of influences. These include the technology and economy domain; the cultural and civil society domain; and, the legal and institutional domain. It is in these domains, however, that the tensions and contradictions emerge or become more apparent for practice. Sustainable development is said to devise an approach which includes harmony with nature, the creation of liveable built environments, a place based economy, equity, the polluters pay principle and responsible regionalism.

Sustainable development in this more liberal viewpoint has been described as an endless quest for transforming the present, non-sustainable, patterns of human governance, economy and society into radically different problems of outlook, behaviour, production and consumption. The language of inclusion here is highly impressive but is it asking too much? Can institutions hope to deliver this agenda for action? This paper considers some of these questions in attempting to reconcile the interface between environment and economic development. In the United Kingdom, for example, the objectives for sustainable development have been expressed in terms of social progress that recognises the needs of everyone; the effective protection of the environment; prudent use of natural resources; and, the maintenance of high and stable levels of economic growth and employment. This is an impressive and ambitious catalogue of intentions. It would suggest that we are aiming for some form of nirvana in which all problems have been eradicated.

How do we achieve this integrated approach to development along sustainable lines? None of the constituent parts are stable or static. Economic activity, for example, is not even over time or space. Indeed, this truism lies at the heart of our concerns with intervention for the purposes of local and regional economic development. Furthermore, economic activity is not homogenous in structure, quality or replenishment. Differential economic performance is therefore the defining characteristic of economically advanced nations. There are related differentials in social and community capacity, opportunity and outcomes. In their own context, the response by society to the uneven economic and social landscape is important. How do we reconcile this with the environment? Environmental resources themselves are a complex of characteristics which prove awkward for market based systems to deal with. Environmental resources may be characterised in terms of their renewability, exhaustability and replenishment. The environment (even in narrow ecological or natural terms) is again not even over time or space. Furthermore, there are differences in how the environment is used - for production or consumption. The embedded uncertainties, market externalities and property rights leads market allocative systems to inefficient (and inequitable) outcomes. Can the environment be best served by such an ideology and its pre-requisites?

Towards an appropriate sponsor?

A problem with the concept of the environment and sustainable development is its complexity. Its constituent domains effectively defeat its practical relevance. The three domains are: the technology and economy domain; the cultural and social domain; and, the legal and institutional domain. Each is torn by tension. There is contradictions or tensions between them as well. This is compounded by the inter-organisation conflicts over the language of sustainability. We need clarification. Here the sociological perspective is of some use. The social construction of the environment requires a number of pre-requisites: scientific authority for and validation of claims; existence of popularises which can help create a proactive claim; media attention in which the problem is framed as novel and important; dramatisation of the problem in symbolic and visual terms; economic incentives for taking action; and, emergence of an institutional sponsor who can ensure both legitimacy and continuity (Hannigan, 1995, 55). What form of sponsor is required? I do not intend to answer that here but to pose the question as to the effectiveness of the existing bodies with defined responsibilities for sustainable development. There are so many such bodies associated with the fragmentation of the governance arenas. Do these provide a collective holistic perspective to sustainability?

Intervention by government to reconcile these matters raises another tranche of questions. What is the basis of such intervention? In the past fifty years, for example, there has been a thesis, antithesis and synthesis of ideas around the nexus of market failure. This has culminated in the popularly acclaimed Third Way political agenda. Sustainable development is the banner of modern day environmental intervention. What does it suggest in terms of practical action? It is important to consider the social construction of the environment and the institutional capacity to put into effect an appropriate response. This demands careful attention. Planning and intervention for sustainable development requires a fundamental shift away from a focus on rigid structures, towards a more comprehensive and organic approach, which reflects the fluidity and complexities of the modern world. Planning needs to work to help all those involved to wrestle with complexity and connectivity: there is no simple end state to be achieved. At the same time, practical priorities need to be established and decisions taken about specific proposals for development, which affect real people and environments. Can such responses deal with the inherent contradictions and tensions inherent in the concept of sustainable development? But sustainable development now embraces everything. In practical terms it becomes very unmanageable as say in the context of creating urban sustainable living. There are two sets of contradictions.

Firstly, there are the private property right contradictions. How to achieve stewardship (the more appropriate term for sustainable development). How can a collective consciousness be achieved with common agendas for conflict resolution in the allocative fiat organised around private property rights? Look at the power of NIMBYs here. It is impossible. Full stop. Here is where the basic tension lies.

Secondly, the absence of a holistic or integrated approach. The experience with new settlements is a sobering one in this context. It reveals how one set of policy aimed at (say) environmental management is contradicted by other embedded policies which have an opposite effect. There is little consistency here. This is at the policy level. If the agencies are factored in the position becomes ever more complex. In the 1980s and early 1990s, for example, new settlements were very much in vogue. Described as freestanding residential developments on greenfield sites or substantial expansions smaller established towns and villages, new settlements reflected the prevailing political ideology of the time. The neo-liberal emphasis on supply side solutions to housing demanded together with a desire to enhance private sector involvement contributed to the political interest in new settlements. The arguments for or against new settlements were generally finely balanced. A major study into alternative development patterns suggested new settlements might be justified in circumstances of acute pressure for housing. Other commentators suggested advantages arising from minimising environmental and landscape intrusion through concentrated physical development and through the leverage of infrastructure provision by the private sector. Indeed support for new settlements is laid out in strategic national planning policy guidance. Concern has been expressed, however, that notwithstanding this policy priority, other aspects of planning policy, such as those concerned with windfall sites may yet result in a development transfer to open countryside (Walton, 2000).

Other influences may yet serve to work against the idea of new settlements. In Scotland, for example, the influence of sustainable development may lead to a re-assessment of new settlements as an appropriate built environmental form.

Conclusion

The pace of change is ever quicker and the interaction between social, physical, economic and cultural more complex (Kunstler, 1998). I have tried to raise concerns about the nature of sustainable development at the interface between economy and environment. The evidence to my mind is not good. Pessimistically, or even more so, I end with another quote:

"The end the century world of the developed societies has, increasingly, no sanctities, no firm holds, all is successive, momentary, two dimensional, with little background in a recognised, a recovered, a usable past; no roots. It can therefore have no future or vision of a future" (Hoggart, 1995, 351).

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