

Environmental Crisis-international Justice

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The following paper was delivered by Dr. Charles Elliott at the April, 1972 ITEST Conference on Environmental Crisis - International Justice. Dr. Elliott received his degrees at Oxford. He taught economics at Oxford, the University of Nottingham and is founder Professor of Economics at the University of Zambia. While there he was Government Advisor on Agency Planning to the government of Zambia. Dr. Elliott was Assistant Secretary of the Commission on Society, Development and Peace (SODEPAX) of the World Council of Churches in Geneva, with special responsibility for economics and theological research. He is now working with the Overseas Development Group in the United Kingdom, based at the University of East Anglia.



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Thank you all for your welcome to St. Louis. I was telling someone on the aircraft that I was coming to St. Louis to a meeting concerned with the environment. He looked at me askance and said "Oh yeah, St. Louis - the one place in the midwest where you can throw open the window in the morning and hear the birds cough." However I find that to be untrue. I listened this morning and I heard no coughing.

I was asked to speak about the relationship between development and environment. I feel at this point like the man who was to speak for a half hour on God, man and the world. It is a huge theme. I don't pretend for one moment to be able to see all its ramifications myself or to expound them to you this morning. I say it's a huge theme. It's effectively two huge themes, and the mishandling of either could literally destroy the world before the end of the century.

Many of you will already be familiar with the MIT-Club of Rome study on the limits of growth. However much one may differ with the precise formulation of the model, however many reservations one may have about the data Meadows and Forrester used in that model, the basic contention that there are finite limits to the earth's carrying-capacity seems to me to be almost self-evident. To that extent the whole environmental issue is concerned with ultimates in a very demanding way - just as many of us would say that the development issue is involved in ultimates. Much recent conflict research, particularly that done at the University of Hawaii and in Japan has pointed up the fact that you cannot separate development and conflict. For if patterns of underdevelopment continue, then the sort of conflict we have seen in Ceylon, in Bangladesh and increasingly in Latin America cannot but become more frequent, nastier and more lethal. Therefore one is faced with the problem of bringing together two concerns that approach ultimate significance. The issue before us, as I understand it, is the extent to which these two concerns are mutually consistent or mutually exclusive.

What I want to do is to try to suggest ways of looking at the development issue and the environment issue, to try to analyze, or suggest ways of analyzing, their divergences and their consistencies. As a prologue, I would like to start by a statement of faith which many people in this room would have no difficulty in sharing: that is to say, the analysis that we are to begin is probably the biggest single intellectual challenge of the 20th century. And that leads on to the observation that the biggest moral, ethical, and therefore ultimately political, challenge of the 20th century seems to me to be to ensure justice and ultimately the avoidance of conflict at the interface between development and environment.

Now my aim in what I want to do is much more modest than to try to accept that challenge. I would like to divide what I have to say into three separate parts of very different lengths: First, I want to distinguish some areas of conflict and consistency at the interface between development and environment. Secondly - perhaps the main part of what I have to say - I want to suggest some of the economic effects on the poor countries of specific parts of the environmental concern. Finally, in very brief conclusion I want to consider what those economic dimensions imply for the regulation of international relationships in environment and to a lesser extent in development.

I must confess immediately to gross over-simplification. This is inevitable. I shall be talking about the Third World, not because I approve or accept the title, because, to lump together countries as different as India, Paraguay, Columbia and Lesotho is absurd, but it is a very convenient shorthand and one can tease out some of the implications of the differences of the Third World at a later stage. Also I am going grossly to over-simplify the environmental issue. Although I want to distinguish between three different aspects of it, I shan't lay much emphasis upon the relationships between them. The three elements I would like to separate for the moment are: (1) resources, the whole question of the supply of resources, the concerns that Meadows and Forrester built into the MIT Model, for instance, that resources are finite, that one cannot go on using up non-renewable resources forever and that this by definition implies limits. This raises the whole question of re-cycling and the use of non-renewable resources and this level of concern is usually associated with a relatively pessimistic view of the potentialities of technology. If you assume that there cannot be developed a technology that makes

something out of nothing then you obviously are committed to a pessimistic view of the finite limitations of the whole ecological system. (2) The second element is pollution in all its forms. This is the result of use, misuse, abuse, of resources. I don't think it is necessary at this point to say more than that. (3) The third element of the environmental concern that I want to highlight is much more the way in which the Third World would define its environmental concerns.

The Third World would surely lay much greater emphasis on the whole physical milieu in which people live and in which people ultimately die. And therefore this third element of the environmental concern comes much nearer to social welfare, not in its administrative sense as used in the United States, but in its wider sense of the conditions under which people live, including their access to water, the quality of housing, the quality of education, the quality of nutrition, and that whole set of problems which certainly are discussed in the First World environmental concern but which have a much greater significance if you come from Recife, Lagos or Calcutta.

Now, the state of play, I think, between the Third World and First World at this point is for the Third World to dismiss often with contempt the First World's concern with the first two components which I mention, namely resources and pollution. They say these are the rich man issues and that to define environment without laying almost exclusive emphasis on the third component - the social welfare component - is absurd. So we have immediately a conflict raised in definitional form. To the Third World, the environmental issue as it is often defined in the First World looks like fat cats worrying about the disappearance of the 14th sub-species of the Arctic grebe, while the majority of the population in the Third World is ill-fed, ill-housed, ill-nutritious and ill-used. And for the First World in contrast, the Third World's refusal to define the issues of environment in their own terms, that is in the First World's terms, is further evidence of a combination of ignorance and the refusal to take reality seriously.

One has often heard, certainly in Europe, environmental scientists insisting that the developing countries must take the environmental reality seriously. To that the Third World replies: whose reality? And this seems to me to be in some ways the central fulcrum around which the debate is bound to be conducted. Whose reality are we talking about? Are we talking about the reality as it is lived, suffered and died by the vast majority of the world's population, or are we talking about the reality as it is enjoyed and polluted by the minority of the world's population. Now that it is putting it in deliberately emotive terms because the issue very soon becomes emotive. And to suggest that it can be discussed as though the emotional overtones did not exist is quite false. This is a fact of life, and for us to sit cooly here pretending that there is no ideological conflict and therefore no emotional conflict, is to distort the quality of the debate.

The central issue that I want to raise is "whose reality?" That reality looks immensely different to the First World and the Third World. The conflict that is therefore engendered results exactly from this difference of reality. I would add as a footnote to this, that the usual fulsome praise for the Founex Statement needs to be tempered by the recognition that it doesn't adequately reflect the lack of consensus that certainly exists. I think that if you take that as in any sense typical of the Third World-First World reaction or interaction on these issues you are likely to be very badly misled, because this is a consensus statement. It is in some sense - I don't say this in disparagement - it is in some sense a deliberate fudging of issues. What I want to do in the next few minutes is to tease out some of the conflicts that the Founex Statement smudges over.

Well, let's start with a very simple one. Whose reality are we talking about on the whole question of the flow of resources, resources in the economic sense, i.e., cash and real resources, real resource flows between the rich countries and the poor countries? As you will all be well aware, this has been a major issue - some people on the extreme left would say a far too major issue - in the whole development debate over the last 15 years. And the international strategy for the second development decade, as I'm sure you're aware, has established a norm of 0.7% of GNP to be transferred from the rich countries to the poor. Now, that issue becomes somewhat

sharpened by the revelation that most developed countries, having resisted the United States more strongly than any other - the suggestion that they should give 3/4 of 1% of their GNP to the Third World, most countries are now planning to spend between 2 and 5% of their GNP on improving their own environmental status. These figures are extremely rough and vary very much from one country to another. Five percent would, perhaps be the maximum a country like Holland with very high concentrations of population, very serious environmental problems, would certainly be expecting to spend 5% of its GNP to reach already declared targets of environmental improvement, whereas other countries, the United States for instance, might spend between 1-2% of its GNP, on already declared targets of improvement.

Now, the point of conflict is precisely this. Developing countries say they have, on their definition, enormous environmental problems in terms of housing, in terms of health, in terms of nutrition, in terms of agricultural development, and are asking the rich countries to give 0.7% of GNP. Many of them are giving less than 0.5% of GNP to help solve those problems. Yet those countries that are niggardly in terms of aid are proposing to spend 5% of GNP on improving their own environmental status. You cannot be surprised if many developing countries see that set of facts in a somewhat sombre light. And it seems to them that this implies an extraordinary misorientation of priorities whereby the rich countries spend a high proportion of their resources on improving their own environmental problems while fighting tooth and nail to resist paying a much smaller proportion of their resources to help the poor countries improve their acknowledged environmental conditions.

Now take another example. Whose reality are we talking about when, in the context of the development debate, we talk about justice in world trade? There certainly is a very serious fear in the developing countries that the environmental concerns of the rich countries will lend to a more hostile environment for the trade expansion of the poor countries. They have some evidence for this fear. If you look at what has happened in the whole area of non-tariff barriers to trade, the prognosis is not good. I would not seek to judge the United States' stance on this. Certainly the British stance has been one of consistently using environmental and health concerns as a way of excluding competitive products, particularly agricultural products from the developing countries. Let me give you a concrete example. As you know, Britain is a relatively inefficient producer of beef and therefore the domestic price of beef is high by world standards. Kenya has a comparative advantage in the production of beef and could export beef to Britain. The Board of Trade imposed, perhaps properly in the first case, health controls on the importation of Kenyan beef which excluded practically Kenyan beef from Britain. When Kenya spent a large sum of money meeting the new standards that Britain had laid down, the regulations were then changed and made more stringent so that Kenyan beef was still excluded. That is the position today. That is one small example of the way in which the environmental concern, or one small part of the environmental concern, is used deliberately to protect domestic markets. There are many other examples. The current concern about mercury, the current concern about DDT, have been used in precisely the same way, as a convenient way of excluding competitive products from the domestic markets of the rich countries. The fear of the developing countries is that the heightened consciousness of environment - some would say the heightened neurosis about environmental standards - will be used in this way to oppress, exploit (use whatever vocabulary you find most sympathetic) the poor countries.

The other major worry on the trade front is that the concern of the rich countries for the protection of their own environment will result in a fall in the demand for some primary products. As you are, of course, well aware, many developing countries depend on the export of primary products for a very large proportion of their export earnings and, in some cases, a very large proportion of their national income. It isn't only the oil countries, though they may be hit first and hardest. Some of the other mineral and agricultural product countries depend to a very large extent on the export of primary products. The fear is that the concern for both the husbandry of non-renewable resources and the desire to limit pollution will result in a fall in the demand for these primary products. This is a real fear. There seems to me to be little evidence for it at the moment and you could well argue that there is evidence the other way (the current increase in the demand for lead, for instance, which is a product exported by a very few developing countries, is a direct result among other things, of pollution control).

It seems to me for too early to say whether this particular anxiety on behalf of the developing countries will have any foundation in fact. But it is there and one has got to take cognizance of it.

The other part of this is the natural desire for the developing countries to cash in on the environmental concern by promoting natural products like cotton in the place of the synthetics. I think many of us were not entirely convinced that Mr. Farvar's vision of American housewives gladly buying Guatemalan cotton shirts for their husbands would come about. There is - who knows, it's for too early to say - but there is a chance that some natural products like cotton and perhaps wool, perhaps leather, will increase in demand by a very small amount as a result of the environmental issue. As in the physical sciences, I think there are very few economists at this point in time who would want to be dogmatic about the likely effects. My own "guesstimate" at this point would be that any effects on the pattern of trade in that sense are likely to be very small. Perhaps this quantification is irrelevant. What is more immediately real is not what is likely to happen, but the *fear* of the developing countries that *the worst* will happen. That is why I insist on the distinction between the emotive reaction, the gut reaction, of a number of developing countries to this issue and the likely realities that might result in the foreseeable future. The likely realities are likely to be quite small in this particular aspect but the fear is very real and one has got to find ways of assuring the developing countries that they will not be oppressed or exploited as a result of the environmental concerns.

Let's move on to technical progress. Again, the question that has to be asked is whose reality we are talking about. If we're talking about the reality of the First World, then obviously the emphasis will be on finding technological ways of dealing with pollution and the substitution of renewable resources for non-renewable resources. If you're looking at it from the Third World point of view technical progress is a much more ambiguous possibility, particularly technical progress in the area of environmental improvement, because I think everyone is convinced that environmental technological progress is likely to be cost-raising. Leontief and Ford have produced some estimates of the likely increase in the costs of different industries to meet different environmental standards. For instance, - I'll just pull out some fairly dramatic examples to give you an idea of what we're talking about - for the primary non-ferrous metals, mainly copper, to comply with the Clean Air Act of 1967, would raise costs of that industry by about 17%. Now that is certainly the highest figure in the Ford-Leontief list. But take the next highest, electrical utilities. Compliance with the same act will raise costs by about 7.5%. To substitute low-sulphur fuel for high-sulphur fuels, another much discussed environmental measure, would raise costs in heavy industrial chemicals by over 10%, and in the plastics and synthetics industries by over 6%. I must repeat, I am deliberately quoting the highest figures. Some are less than 1%.

The fact is that environmental technology raises costs, and for the Third World this is a problem. It's a problem in two areas. It's a problem insofar as poor countries import the products of these industries. If costs are raised, prices will almost certainly be raised and, therefore, the environmental concerns of the rich countries are likely to result in a deterioration of the terms of trade, of perhaps a significant magnitude, of the poor countries. In other words, to put it at its most rhetorical, it could well happen that some of the poor countries will be required to contribute to the reduction of pollution in the United States. There are some of us who would question whether that was an entirely just situation.

The second element is that, insofar as the developing countries buy the technology of the rich countries, they may find themselves having to buy high-cost technology, because plant manufacturers will simply incorporate these kinds of environmental improvements in the plants they design and supply. This raises some difficult questions. It raises the whole area of the extent to which the developing countries themselves want to incorporate environmental technology in their own industrialization.

It seems to me that there is very little that we can say about that. This is an issue that must be solved by the developing countries themselves. What I think we can say is that the rich countries as a whole have to be extremely careful about the extent to which we oblige the developing countries to develop prematurely our own

standards of environmental control. I am not a scientist, but I would have thought it was true that pollution, for instance, is a result of concentration of industry such that very few poor countries have. If you exclude Latin America and some of the more heavily industrialized pockets of India, very few developing countries have areas of concentration of industry that pose a real environmental problem. If you go to virtually any African country, for instance, the level of industrialization is so low that to impose environmental technology would be quite inappropriate because the local conditions, the atmosphere, the water, etc., can absorb at this stage a much more polluting technology, and therefore a much cheaper technology, than the highly industrialized concentrations of industrial production in the West can do.

So, I think the basic fear the developing countries have is that they find that not only the costs of their imports but also the costs of their own production raised by a series of concerns that are not applicable in their own condition at the moment. Of course there will come a time - in some areas in Latin America, in Sao Paulo, perhaps in Santiago, perhaps in Buenos Aires, it has already come - when the concentration of industry is such as to present a real environmental problem. That time for most countries is not yet, and to that extent there is a real concern that the imposition of environmental standards will be resource-consuming for the poor countries.

Whose reality are we talking about when we talk about the relocation of polluting industries? There is an argument that industrialization in the poor countries will be accelerated by the need of the rich countries to export their environmentally distinctive industries to areas with lower concentrations of industry. Japan is cited as a case in point. Most economists would say that this is improbable. It is a great deal cheaper to reduce the level of pollution, even if you have to pay 17%, rather than to move the whole industry to a developing country. But the fear exists amongst the developing countries that they will be given increased aid, to produce those products with which pollution is usually associated, and leave the rich countries with relatively non-polluted industries.

What I think most of the developing countries, or most of the people I have spoken to in the developing countries, expect to happen, and would welcome in a way, is that they will experience what economists call the J-curve. In other words, environment couched in the terms of pollution may well deteriorate to some critical point, such as you have already reached in Sao Paulo for instance, and then steps will be taken to improve it. And most of the developing countries, as I understand their reaction at the moment, would be very prepared to go through the down stage of the J, if that meant a serious attack on what they consider their real environmental problems, which are the unemployment, the bad housing, the lack of education, the bad nutrition and the rest of it. They would happily trade a rise in the sulphur content of the atmosphere against higher employment, for a time. But, I think most of them now acknowledge that there will come a time when they will have to adopt the environmental technology now under development.

Let me raise two more issues very quickly. Let's think about renewable resources, scarce resources but fundamentally renewable resources. The developing countries find it difficult to take seriously the rich countries' concern in this area, when they observe the rich countries exploiting the renewable resources of the poor countries but doing nothing to renew those resources. Mr. Bassow mentioned yesterday the forests in the Philippines. There are two other examples that have come to my notice very recently. One is the fisheries off Peru and the other is the fisheries off Indonesia. In the first case, the Peruvians are complaining most bitterly of the ingression of American fishing boats into those fisheries with the result that the stock of the fishery seems to be falling. Now here it seems to me that you have the whole issue of international social justice raised in a particularly acute form. Because the United States controls a high level of technology in fishing, it exploits the fishery despite the fact that the protein and the foreign exchange resources represented by that fishery for Peru has a much higher proportionate value to Peru than to the United States. The fisheries south of Indonesia have been practically annihilated firstly by over-fishing by Japan and Russia and secondly by oil pollution.

Now here you see, as I say, a microcosm of this whole part of the problem, the rich countries exploiting a resource for marginal gains while the poor country, near whose shores the resources are found, is unable to do so. As I say, the developing countries note with some mixture of scepticism and bitterness the newfound interest of the rich countries in the whole future of renewable resources when they behave in this way toward the resources of the poor countries themselves.

Lastly, I want to make a very quick remark on population. The Limits to Growth study lays enormous emphasis on population, and, doubtless this is important. But I heard a story of one of the young systems analysts on the MIT program in West Africa two weeks ago. He was expounding to a meeting of some 100 African physical and social scientists the Limits of Growth thesis, and, of course, laid great emphasis on population and the need to control it. It was quite clear that this message was not getting across. At the end of the meeting a somewhat venerable Nigerian got up and said, "Professor, you tell us that we must control our families. I am one of fifteen but I have only five children and I am in disgrace with my mother and father because I've only five children. So don't you tell me to control my family."

This again is a microcosm of the problem. But the issue is not simply one of cultural conflict. At the level of arithmetic, population times consumption per head equals total consumption. The developing countries say that, if the rich countries are concerned about total consumption, they should reduce their consumption when they insist that the poor countries reduce their population. "We'll swap zero growth in population for zero growth in consumption." That seems to be a very - you can say it's unreal, you can say it's naive, you can say it's impossible, but it's an entirely understandable reaction when we handle the traditions, the aspirations and the hopes of the Third World so callously and so insensitively.

Now one marginal comment to this before I finish off with one or two remarks on the future. I've been talking about the Third World. I started by putting a mental caveat against this by saying that the Third World is a rag-bag of very disparate elements. I think there's a grave danger that when we talk about the Third World we talk about the elites of the Third World. We talk about the governments of the Third World, forgetting that in many countries of the Third World, the government is in no sense representative of anything, except an elite. For instance who will pay for zero growth in Sao Paulo? The people who will be hurt by a policy of zero growth in Sao Paulo are the really poor, the people who are already in the squats. I think one's got to develop a certain awareness, a certain caution when one's talking about the environmental concern of the Third World. This is in the Third World often a very elitist concept. I remember discussing with the wife of a Minister in Zambia the siting of the new international airport in Lusaka. She told me that she had managed to persuade her husband, a cabinet minister, to insist that the airport be 14 miles out of the city, because her house was in the flight-path of the existing airport. The result of putting the airport 14 miles out of the city was that all the people who worked at the airport, (and this was to be a major employment creator in the first national plan), found it almost impossible to commute between the city and their work. This posed all sorts of problems of absenteeism, of nutritional problems, of family problems for the people working on the job. I mention this because it seems to me that one has to be terribly careful to ensure that the people who are speaking, in this case, for the Third World really have some sort of stance. Very often you find that it is an elite in the Third World, it's the First World in the Third World, who are making themselves heard.

So, what have we got? We have a widely differing set of interests and a widely differing set of criteria resulting from wholly different sets of historical experiences. And these differences result in non-reciprocity between nations. In the development issue we have become a little bit more sensitive, I think, to the fact of non-reciprocity, the fact of the total inability of, let's say, Chile and the United States to bargain as equals. The fact is that the Group of Ten, the industrialized countries, do not have reciprocal relationships, equal relationships, with the Third World. Now, historically, this non-reciprocity within nations has been largely overcome, perhaps I speak over-optimistically, by law. The role of law, as it was developed in Europe, was precisely designed to ensure some reciprocity between unequal partners, and so at its best a peasant could get justice against a lord.

The problem on the international level is that we have not learned a way of making the law an agent of reciprocity between nations, precisely because the nations are so wholly unequal. You can get some sort of reciprocity, some ability to negotiate, between Germany and Holland, between France and Holland, between the United States and Canada, on environmental problems. It's very much more difficult to get that sort of negotiation between Japan and Indonesia or between the United States and Peru. It's for that reason that some of us are more interested in the development of countervailing power among the Third World and why some of us feel that the only way forward in both development and environment is the development of a countervailing power amongst the Third World.

Certainly the Group of 77, the Lima Declaration and so on, don't hold out much hope for the construction of a countervailing power. But until one gets that, it's very difficult to see how the development of reciprocal relationships in law can be achieved. Mr. Bassow was very pessimistic about this issue with respect to the Stockholm Conference. "Sovereignty is simply not on the agenda," No, of course it isn't because the sovereignty of the United States and the sovereignty of Paraguay look so entirely different.

Perhaps when one gets the construction of a genuine reciprocity between the First World and the Third World, then this issue can become discussable and real. For the moment I think most of us would agree that, while some kind of international control in both development and environment is highly desirable, it is also highly improbable. From that stems the observation: it follows, that the outlook in both fields is grim, because unless there is the possibility - more than moral suasion - of enforcement, then it is unlikely that anything more than fairly weak palliative measures will be taken, both in environment and in development. And we have seen palliative measures in development over the last 15 years which leaves us with little optimism.

Here, finally, I see food for theological thought. In both areas we are given possibilities to decide for ourselves whether we go forward in responsibility to some greater freedom or whether we forfeit that freedom in some kind of implosion, explosion or just whimpering end. In that, it seems to me, lies the basic challenge.