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Sustainable Development: Common Sense or Nonsense on Stilts?

Society Has Long Sustained Development Without the Guidance of Green State Planners

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The mantra of “sustainable development” is constantly on the lips of the international agencies and nongovernmental organizations helping lesser-developed countries. The concept seems innocuous enough; after all, who would favor “unsustainable development”? But the fundamental premise of the idea—that economic growth, if left unconstrained and unmanaged by the state, threatens unnecessary harm to the environment and may prove economically ephemeral—is dubious. Indeed, the policy prescriptions that are generally endorsed by those concerned about sustainable development are inimical to our best environmental and economic interests. This is so for three reasons:

- If economic growth were to be slowed or stopped, it would be impossible to improve environmental conditions.
- The bias for command-and-control regulations on the part of those endorsing the concept of sustainable development will only serve to make environmental protection more expensive; hence, we have to “purchase” less of it.
- Strict pursuit of sustainable development, as many environmentalists mean it, would only do violence to the welfare of future generations.

The debate surrounding sustainable development is important because it advertises itself as a comprehensive governing philosophy for the 21st century. Indeed, Vice President Al Gore has called the need for environmental protection the best “central organizing principle” of the modern state. This is heavy stuff. It puts sustainable development in the pantheon of other “central organizing principles” proposed for the state over the years—such as rule by class or race and absolute rule by majority. While environmental protection is certainly important, making it the government’s chief principle would concentrate tremendous power in the hands of those who believe only they can best direct human affairs. The results of such experiments have been less than spectacular and usually counterproductive, to say the least.

What Is Sustainable Development?

Despite its institutionalization, sustainable development is rather difficult to define coherently. The United Nations Commission on Economic Development (UNCED), in its landmark 1987 report, *Our Common Future*, defines it as that which “meets the needs of the present without compromising the ability of future generations to meet their own needs.”^[1] But that definition is hopelessly problematic. How can we be reasonably expected to know, for instance, what the needs of people in 2100 might be? Moreover, one way people typically “meet their own needs” is by spending money on food, shelter, education, and whatever else they deem necessary or important. Is sustainable development, then, simply a euphemism for the creation of wealth (which, after all, is handed down to our children for their subsequent use)? True, there are human needs—such as peace, freedom, and individual contentment—that cannot be met simply by material means, but sustainable-development advocates seldom dwell on the importance of those nonmaterial, non-“resource-based” psychological needs when discussing the concept.

Thus, sophisticated proponents of sustainable development are forced to discard as functionally meaningless the UNCED definition. Otherwise, the UNCED definition can be read as a call for society to maximize human welfare over time. An entire profession has grown up around that proposition. It is known as economics, and maximizing human welfare is known not as “sustainable development” but as “optimality.” Can it really be that Adam Smith’s *The Wealth of Nations* was the world’s first call for sustainable development?

Economists David Pearce and Jeremy Warford, two of the world’s more serious thinkers about sustainable development, disclose that by sustainable development, many advocates mean “a process in which the natural-resource base is not allowed to deteriorate.”^[2] This is generally known as the “strong” definition of sustainability. The “weak” definition allows the natural-resource base to deteriorate as long as biological resources are maintained at a minimum critical level and the wealth generated by the exploitation of natural resources is preserved for future generations, which is otherwise “robbed” of their rightful inheritance. Weak sustainability, then, can be thought of as “the amount of consumption that can be sustained indefinitely without degrading capital stocks.”^[3]

Unfortunately, both “strong” and “weak” definitions of sustainable development pose problems as well. As Robert Hahn of the American Enterprise Institute points out, the narrower the definition, the easier it is to pin down, but the less satisfactory the concept.^[4] That does not, however, reduce the concept’s utility as (in the description of the Competitive Enterprise Institute’s James Sheehan) “an overarching political philosophy merging the twin goals of conservation and controlled economic development.”^[5]

The Pitfalls of “Strong” Sustainability

What is “the natural-resource base” we are directed not to draw down? Resources are simply those assets that can be used profitably for human benefit. “Natural” resources, then, are a subset of the organic and inorganic material we think of as constituting the biological “environment,” since not all of that material can be used profitably.

What can be used productively by man changes with time, technology, and material demand. Waves, for example, are not harnessed for human benefit today and thus cannot really be thought

of as a “natural resource.” But the technology to harness the movement of waves to generate energy certainly exists, and the day when the cost of doing so is lower than the cost of alternative energy sources is the day when waves become a “natural resource.” Uranium, to cite another example, would not have been considered a resource a century ago, but is most certainly thought of as such today. Petroleum was not an important resource 100 years ago, but today is thought of as perhaps the most important one to modern society.

Thus, what is and is not part of any society’s “natural-resource base” changes. Conserving today’s base does not ensure that tomorrow’s is secure, and drawing down today’s does not necessarily mean that tomorrow’s is in jeopardy.

Moreover, the relative abundance of a society’s natural resources can change dramatically with technological advance. For example, there are 6,784 trillion fewer barrels of oil in the ground today than there were in 1981, the year in which relative oil scarcity was greatest.^[6] At first glance, then, one might think that the natural-resource base has deteriorated. Yet oil is more abundant today than it was 17 years ago. After adjusting for inflation, the price of a barrel of Saudi crude has declined by 62 percent and U.S. crude by 64 percent since 1980.^[7] The reasons for this increased oil abundance are several-fold. First, new technologies have emerged that make oil discovery and production far more efficient and thus less costly. Second, greater efficiency in using resources (a reaction to previous run-ups in petroleum prices as well as ongoing technological advances) has helped reduce the amount of oil necessary to produce a unit of goods or services and, hence, the relative abundance of the energy-resource base. Indeed, according to the U.S. Energy Department’s Energy Information Administration, the amount of petroleum and natural gas necessary to produce a dollar’s worth of GDP has declined by 29 percent since 1980. The story is not unique to petroleum; all resources have become far more abundant—not more scarce—throughout the twentieth century (and indeed, throughout recorded history).^[8]

If sustainable development, then, is understood as an admonition that the aggregate size of the natural-resource base (absent any consideration of demand) should “not be allowed to deteriorate,” then it is not particularly helpful. It posits wrongly that absolute (as opposed to relative) scarcity is the primary threat to the economy and human society at large. And the theory is oblivious to the ongoing process of resource creation. As economists Harold Barnett and Chandler Morse explained in their classic work, *Scarcity and Growth*, as resources become more scarce, people will anticipate future scarcities, prices will be bid up, incentives will be created for developing new technologies and substitutes, and the resource base will be renewed.^[9]

Wild-Eyed Optimism?

Is Barnett and Morse’s optimism regarding “just in time” delivery of new technologies and resource subsidies justified? Well, historical experience would certainly seem to justify their optimism. Those who find the theory counterintuitive betray a fundamental misunderstanding of the genesis of resources. Natural resources do not exist independent of man and are not materials we simply find and then exploit like buried treasure. On the contrary, they are created by mankind. As resource economist Thomas De Gregori points out, “humans are the active agent, having ideas that they use to transform the environment for human purposes. . . . Resources are

not fixed and finite because they are not natural. They are a product of human ingenuity resulting from the creation of technology and science.”^[10]

The late David Osterfeld thus concluded that “since resources are a function of human knowledge and our stock of knowledge has increased over time, it should come as no surprise that the stock of physical resources has also been expanding.”^[11] Obsessing on conserving present resources is akin to a farmer obsessing over conserving eggs rather than the chickens that lay them.

The sustainable-development imperative betrays an ill-considered bias for natural as opposed to man-made capital. In truth, the wealth created by exploiting resources is often more beneficial than the wealth preserved by “banking” those resources for future use. Daniel Boggs has criticized the “rhetoric [that] says we didn’t inherit from our parents, we are borrowing from our children.”

Argues Boggs: “This is usually designed to make us ashamed to use anything. Logically, it should also make us hate our parents for using up some of ‘our’ oil, or iron, or whatever. Yet, our parents did build this world for us.” He went on to point out that previous generations “created the resources that far more than replaced, in truth, what they used. And I am confident that we can do the same for our children. I would certainly rather have medicines and satellites and other technology than a few more billion tons of some rock or another.”

It comes down to free choice, Boggs said. “We each can set our own economic time horizons. If we really think our grandchildren will be better off with shut-in oil wells than shares of IBM, we can buy them up and shut them in. But others should be free to make their own decisions.”^[12]

Doubt from Within

There is growing doubt within the ecological community about whether stocks of natural capital are naturally constant at all. “Strong” sustainability assumes that ecosystems naturally evolve towards some equilibrium and eventually stabilize. But within the academic community, the lack of empirical evidence supporting that assumption has led to a wholesale questioning of the equilibrium paradigm.^[13] The consequences are significant.

- If ecosystems do not tend toward stabilization, then policies intended to promote “sustainable” capital are unnatural and without ecological merit.
- If resource stocks are not functionally and structurally complete, then “sustainable management” of those stocks will prove suboptimal, and
- If ecosystems do not tend toward stability, then calculations about the economic or ecological value of natural capital are impossible on a macro level.

Uncertainties surrounding the nature of ecosystem evolution and the means by which resource stocks can best be maintained have two main implications for policy analysts. First, conclusions about whether or not certain economic activities are “sustainable” is more problematic than some would like to think. As sustainable-development theorists Robert Costanza and Bernard Patten concede, “A system can only be known to be sustainable after there has been time to observe if

the prediction holds true. Usually there is so much uncertainty in estimating natural rates of renewal, and observing and regulating harvest rates, that a simple prediction . . . is always highly suspect, especially if it is erroneously thought of as a definition.”^[14]

A second implication is that preserving indefinitely certain ecological states is less a matter of ecological necessity than social preference. Geographer M.J. Harte of the University of Waikato, New Zealand, notes that the issue of natural capital necessarily involves people’s preferences. Without that dimension, Harte says, “economists cannot claim that any one ecological state is superior to another because their recommendations are not clearly supported by ecological theory and practice.”^[15] For Harte that means the “contribution to human well-being” should be given weight at least equal to environmental considerations in decisions about development.

The “strong” variant of sustainable development is thus built on an erroneous theoretical foundation that cripples its usefulness to policy analysts.

And finally, while sustainability can be an important consideration for certain economic or social arrangements, it does not necessarily follow, as economist Wilfred Beckerman notes, that sustainability should be the overriding criterion for public policy. After all, there are innumerable human undertakings that are highly desirable—even necessary—but unfortunately not indefinitely sustainable. We must distinguish between sustainability as a purely technical concept and optimality, which is a normative concept. Many economic activities that are unsustainable may be perfectly optimal and many that are sustainable may not be desirable, let alone optimal.^[16] I.M.D. Little and J.A. Mirrlees observed rightly that “Whether a project is sustainable (forever?—or just a long time?) has nothing to do with whether it is desirable. If unsustainability were really regarded as a reason for rejecting a project, there would be no mining, and no industry. The world would be a very primitive place.”^[17]

Nobel-prize-winning economist F.A. Hayek concurred, pointing out that we have only sustained development as a society by refusing to embrace the policy prescriptions of “sustainable development” advocates. “Industrial development would have been greatly retarded,” Hayek wrote, “if sixty or eighty years ago the warning of the conservationists about the threatened exhaustion of the supply of coal had been heeded; and the internal combustion engine would never have revolutionized transport if its use had been limited to the known supplies of oil.”^[18]

The Incoherence of Intergenerational Equity

It is fashionable in certain intellectual circles to argue, as does Edith Weiss, professor of international law at Georgetown University, that future generations have as much right to today’s environmental resources as we do, and that we have no right to decide whether or not they should inherit their share of those rights.^[19]

Yet the idea that those not yet even conceived have tangible rights to resources is dubious to say the least. First, it is philosophically inconsistent. Those disembodied beings are said to have rights, yet the moment they are conceived, they are legally held to have no rights whatsoever. Leaving aside the ethics of abortion, to be consistent, those who defend the rights of future generations must by the same logic oppose abortion (a position few environmentalist activists

hold, given their allegiance to population control). Once individuals are conceived, we do not maintain that they have a right to all the resources of their parents. If, for example, a retired couple spends \$50,000 on a trip around the world, we do not argue that the couple has violated the resource rights of their children. Thus, individuals are said to have absolute resource rights before conception, no resource rights (indeed, not even the right to life) from conception to birth, and then only limited resource rights until death. If the theory of intergenerational equity is to be taken seriously, this obvious lurching arbitrariness will need to be expunged.

The concept of intergenerational equity, moreover, is hopelessly incoherent. If the choice to draw down resources is held exclusively by future generations, then are we not some previous generation's "future" generation? Why is the present generation bereft of that right? If the answer is that no generation has the right to deplete resources as long as another generation is on the horizon, then the logical implication is that no generation (save for the very last generation before the extinction of the species) will ever have a right to deplete any resource, no matter how urgent present needs may be. If only *one* generation (out of hundreds or even thousands) has the right to deplete resources, how is that "intergenerational equity"?

Furthermore, the notion of resource rights for future generations is premised on the argument that one has a "right" to forcibly take property from someone else in order to satisfy a personal need. Although that is an argument best left unexplored here, suffice it to say that such a claim is so expansive and fraught with peril that few philosophers have taken it seriously.^[20]

The Meaninglessness of "Weak" Sustainability

What if we embrace the "weak" definition of sustainable development—allowing natural resources to be depleted as long as they are maintained at a "minimum critical level" and that the proceeds of their use be preserved for future generations? Weak sustainability is certainly a more reasonable proposition, but that's largely because it is functionally indistinguishable from the economists' concern with maximizing human welfare. As economist David Pearce—a strong proponent of "weak" sustainability—concedes, sustainable development "implies something about maintaining the level of human well being so that it might improve but at least never declines (or, not more than temporarily, anyway)."^[21]

The two apparent qualifications of "weak" sustainability are really no qualifications at all. If we understand "minimum critical level" as the natural-resource base necessary to sustain human life, then one certainly does not maximize human welfare by consuming resources beyond that point. If, on the other hand, it means that each and every natural resource—regardless of its utility to mankind—be preserved at some "minimal critical level," then, without reference to costs and benefits, the concept is simply anti-human and inimical to the interests of future generations.

As a thought experiment, assume that the only way we could have preserved the American bison at a "minimum critical level" was to leave the Great Plains largely untouched by agriculture. Would the sacrifice of what was to become the world's most productive cropland in order to protect the great buffalo herds have been in either the economic or social interest of future generations? A policy paradigm that refuses to consider the costs or benefits of such decisions is incapable of making a moral argument about the interests of future (human) generations. But to

include cost and benefit calculations in such decisions brings us right back to the economic concept of “maximizing welfare.”

The admonition that the proceeds of such tradeoffs be preserved for our children is redundant. Since all wealth is eventually inherited by future generations, there would appear to be no rationale for a special state-supervised “account” to be established for their benefit.

Sustainable Development: An Intellectual Rorschach Test?

In sum, it is hard to overemphasize the wrong-headedness of sustainable development as a useful policy construct. As two distinguished scholars of the economic development—Partha Dasgupta and Karl-Goran Maler—point out, “most writings on sustainable development start from scratch and some proceed to get things hopelessly wrong. It would be difficult to find another field of research endeavor in the social sciences that displays such intellectual regress.”^[22]

If sustainable development is the answer, what is the question? Society has managed to “sustain” development now for approximately 3,000 years without the guidance of green state planners. The result is not only a society that is both healthier and wealthier than any other in history, but a society with more natural resources at its disposal than ever before. One could reasonably argue that the best way to sustain development—or to maximize human welfare—is to protect economic liberty and confine state authority to protecting life, liberty, and property.^[23] That is, the best way of sustaining development is to reject “sustainable development.”

Notes

1. World Commission on Environment and Development, *Our Common Future* (Oxford: Oxford University Press, 1987), p. 8.
2. David Pearce and Jeremy Warford, *World Without End: Economics, Environment, and Sustainable Development* (New York: Oxford University Press, 1993), p. 8.
3. Robert Costanza, “Ecological Economics: A Research Agenda,” in *Structural Change Economics*, vol. 2, pp. 335–42; cited in M.J. Harte, “Ecology, Sustainability, and Environment as Capital,” *Ecological Economics*, vol. 15, 1995, p. 158.
4. Robert Hahn, “Toward a New Environmental Paradigm,” *Yale Law Journal*, May 1993, p. 1750.
5. James Sheehan, “Sustainable Development: The Green Road to Serfdom?” Competitive Enterprise Institute, manuscript, March 1996, p. 1.
6. *Annual Energy Review*, U.S. Department of Energy, Energy Information Administration, <http://tonto.cia.doe.gov/aer>.
7. Energy Information Administration.
8. Julian Simon, ed., *The State of Humanity* (Cambridge: Blackwell Publishers, 1995), pp. 279–442.
9. Harold Barnett and Chandler Morse, *Scarcity and Growth: The Economics of Natural Resource Availability* (Baltimore: Johns Hopkins Press, 1963).

10. Thomas De Gregori, "Resources Are Not; They Become: An Institutional Theory," *Journal of Economic Issues*, September 1987, pp. 1243, 1247.
11. David Osterfeld, *Prosperity versus Planning* (New York: Oxford University Press, 1992), p. 99.
12. Daniel Boggs, Presentation at Global Issues Seminar, Harvard University Center for International Affairs, October 7, 1986, p. 14.
13. See for example, J.J. Kay, "The Concept of Ecological Integrity, Alternative Theories of Ecology and Implications for Decision-Support Indicators," in *Economic, Ecological, and Decision Theories: Indicators of Ecological Sustainable Development*, ed. P.A. Victor, J.J. Kay, and H.J. Ruitenback (Ottawa: Canadian Environmental Advisory Council, 1991), pp. 23–58.
14. Robert Costanza and Bernard Patten, "Defining and Predicting Sustainability," *Ecological Economics*, vol. 15, 1995, p. 194.
15. Harte, p. 162.
16. Wilfred Beckerman, *Through Green-Colored Glasses: Environmentalism Reconsidered* (Washington, D.C.: Cato Institute, 1996), p. 145.
17. I.M.D. Little and J.A. Mirrlees, "Project Appraisal and Planning 20 Years On," *Proceedings of the World Bank Annual Conference on Development Economics* (World Bank, 1990) p. 365, cited in Beckerman, p. 146.
18. F.A. Hayek, *The Constitution of Liberty* (Chicago: University of Chicago Press, 1960), pp. 369–370.
19. Edith Weiss, *In Fairness to Future Generations* (Dobbs Ferry, N.Y.: Transnational Publishers, 1989). For a summary and sympathetic critique of Weiss, see Paul Barresi, "Beyond Fairness to Future Generations: An Intragenerational Alternative to Intergenerational Equity in the International Environmental Arena," *Tulane Environmental Law Journal*, Winter 1997, pp. 59–88.
20. See Gerald MacCallum, Jr., "Negative and Positive Freedom," *Philosophical Review*, July 1967, pp. 312–34; Roger Pilon, "Ordering Rights Consistently: Or What We Do And Do Not Have Rights To," *Georgia Law Review*, vol. 13, 1979, pp. 1171–96; and David Kelley, *A Life of One's Own: Individual Rights and the Welfare State* (Washington, D.C.: Cato Institute, 1998), forthcoming.
21. David Pearce, *Economic Values and the Natural World* (London: Earthscan Press, 1993), p. 48; cited in Beckerman, p. 147.
22. Partha Dasgupta and Karl-Goran Maler, "Poverty, Institutions, and the Environmental-Resource Base," World Bank Paper no. 9 (Washington, D.C., 1994); cited in Beckerman, p. 143.
23. See generally Osterfeld as well as David Landes, *The Wealth and Poverty of Nations: Why Some Are So Rich and Some Are So Poor* (New York: W.W. Norton, 1998); Nathan Rosenberg and L.E. Birdzell, Jr., *How the West Grew Rich: The Transformation of the Industrial World* (New York: Basic Books, 1986); and James A. Dorn, Steve H. Hanke, and Alan A. Walters, eds., *The Revolution in Development Economics* (Washington, D.C.: Cato Institute, 1998).