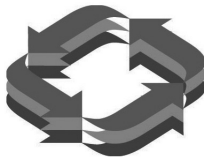


Cents and Sustainability

Securing Our Common Future by Decoupling Economic Growth from Environmental Pressures

Michael H. Smith, Karlson 'Charlie' Hargroves and Cheryl Desha



The Natural Edge
P R O J E C T

earthscan

publishing for a sustainable future

London • Washington, DC

Forewords

I

Dr Gro Brundtland

Former Prime Minister of Norway, Chair of the World Commission on Environment and Development, Director General of the World Health Organization, Special Envoy on Climate Change for the United Nations Secretary-General Ban Ki-moon

When we published *Our Common Future* in 1987 it was intended as an urgent message to the world. We warned that if action were not taken rapidly then the current unsustainable form of development would lead to significant environmental degradation and greatly exacerbate current levels of poverty. Now, some 20 years on it is clear that this warning has not been heeded to the extent to which it was intended and as a result we have some significant challenges to face in the coming decade. *Our Common Future* sought to bring about recognition that the many crises facing the planet are interlocking elements of a single problem relating to the lack of sustainability in our development. As the world today faces rapidly rising food and oil prices, climate change, lack of water and sanitation, the importance of what we discussed 20 years ago is finally being understood.

I think there is more of an understanding today about sustainability issues, especially because of increased awareness and understanding on the climate issue. Climate change is the most dramatic part of the broader sustainable development picture. The climate issue itself has led to an increased understanding of the main messages we were seeking to communicate in *Our Common Future*, namely that:

- the problems we face are in fact shared by all;
- there is no way to avoid them or for someone else to solve the problem;
- it is going to hit all of us in our lifetimes (not in our grandchildren's);
- there is a need for greater global cooperation to successfully address these issues in time.

You can see the changes already. Global warming is accelerating. Leading climate scientists are warning that humanity may already have passed the

thresholds for dangerous climate change. Sir John Holmes, the UN relief coordinator, warned that 12 of the 13 major relief operations in 2007 were climate related, and that this combination of disasters effectively amounted to a climate change ‘mega disaster’.

This issue of climate change has entered the minds of many more people. It has helped to widen the perspectives we tried our best to communicate some 20 years ago. When you consider climate change and how to mitigate and adapt to it you get into many aspects of sustainable development. For instance, investments in avoided deforestation have significant biodiversity benefits, investing in hybrid cars and higher car fuel efficiency standards reduces urban pollution, and greater investment in public transport and cycling infrastructure provides significant public health benefits and reduced obesity. The climate change issue is also motivating countries, businesses and people everywhere to find ways to reduce the burning of non-renewable fossil fuels in their homes and in transport. Climate change has helped us widen our perspective and understand more about the seriousness of the lack of sustainability as well as inspiring a new momentum for change globally.

This new book, which rigorously seeks to build on from *Our Common Future*, will greatly help to ensure that this new momentum for change is well informed and supported to achieve the changes needed for genuine sustainable development. Twenty years ago, *Our Common Future* was widely endorsed by the World Bank, the Organisation for Economic Co-operation and Development (OECD), and many governments around the world. But despite this overwhelming endorsement, by the early 1990s, with many countries in economic recession, some government leaders and vested interests reduced momentum for change by playing on citizens’ fears that sustainable development would significantly harm economic growth and cause job losses. Hence the central message of this new book – ‘that economic growth, profitability, social justice and environmental protection can all be achieved simultaneously and are reinforcing’ – is of vital importance.

In this new book the team from The Natural Edge Project has summed up the key message from *Our Common Future* simply and elegantly, and I quote:

If business, governments and citizens continue with development that is not sustainable, we will indeed become economically richer for a time but significantly poorer environmentally and socially long term. However, if we choose to truly embrace and commit to achieving sustainable development, it is not too late to help all people and future generations become better off and improve their quality of life in every way – economically, socially, and environmentally. It is not too late if business, government and the citizens of the world make the commitment to leave a positive legacy of sustainable prosperity, environmental sustainability and opportunity for future generations.

This new book and its online companion is a key resource for decision-makers and those wanting to find ways to constructively address long-standing challenges to achieving sustainable development. Over my career, in many positions of responsibility, an unspoken rule has often applied, that is if you wish to achieve change, help people to understand that the economic costs of action are far less than those of inaction. In other words, demonstrate, where possible, that cost-effective practical solutions exist based on a rigorous economic cost–benefit analysis. This book brings together such studies, which do just this across the major aspects of sustainable development. This new book, in showing how effective and proven strategies of achieving social and environmental sustainability are already helping economic growth, has the potential to be truly world changing.

This new publication is informed by a range of significant studies that have appeared since *Our Common Future* was published, including the Intergovernmental Panel on Climate Change (IPCC) assessment reports, the UK *Stern Review* and the UN Environment Programme (UNEP) *GEO-4* report. It includes projects with which I have been involved, like the Commission on Macroeconomics and Health: Investing in Health for Economic Development, chaired by Professor Jeffrey Sachs, which I initiated while Director General of the World Health Organization (WHO). The Commission’s report showed that the economic benefits of scaling up investment in health in Africa from US\$6 billion per year to US\$27 billion would lead to: ‘eight million lives saved from infectious diseases and nutritional deficiencies [which] would translate into a far larger number of years of life saved for those affected, as well as a higher quality of life’. The economic benefits of this were shown to be significant, leading to at least US\$66 billion in direct benefits, as the report outlines:

the actual benefits could be much larger than this if the benefits of improved health help to spur economic growth (and help nations to escape the poverty trap), as we would expect. The improvements in life expectancy and reduced disease burden would tend to stimulate growth through: faster demographic transition (to lower fertility rates), higher investments in human capital, increased household saving, increased foreign investment, and greater social and macroeconomic stability.

Such investments would significantly help poor countries break out of the poverty trap and be able to shift from negative to positive economic growth. At the same time, the cost of such an investment to the wealthy countries is minimal, estimated at one thousandth of their annual wealth. In other words, the cost of such an investment to the relatively wealthy countries would barely be noticed in a nation’s annual GDP figures. Throughout this book you will find the latest economic studies, such as this study on health, that are building

momentum to embolden efforts globally for action to rapidly achieve sustainable development. This work addresses the central concerns of those hesitant about making a commitment to sustainable development and communicates clearly that we already know how to achieve sustainable development cost effectively.

This book also shows that we do not have much more time to wait. Drawing on evidence from the latest IPCC and Millennium Ecosystem Assessment reports, this publication shows that such commitment and actions to achieve sustainable development are needed now. I commend the team from The Natural Edge Project and their partners for undertaking to develop a response to *Our Common Future* to mark its 20th anniversary. This book, *Cents and Sustainability*, brings together significant evidence from the last 20 years to demonstrate that environmental and social sustainability and economic growth need not be incompatible but rather can reinforce each other.

II

Dr Rajendra Pachauri

Director General of the Energy and Research Institute, Delhi, Chief of the Intergovernmental Panel on Climate Change, Co-recipient of the Nobel Peace Prize

It gives me great pleasure to contribute this foreword to *Cents and Sustainability* and to support a response by our next generation to the seminal publication *Our Common Future*, following its recent 20th anniversary. The book, *Our Common Future* (also known as the Brundtland report), will forever be remembered for its early enunciation and popularization of the concept of ‘sustainable development’. This leading work has paved the way for numerous efforts, such as the 1992 Earth Summit in Rio de Janeiro where the UN Framework Convention on Climate Change (UNFCCC) was first launched. However, the importance of considering sustainability in development policies and practice has not been widely realized till recently. As is often the case it is only the occurrence or the threat of a crisis that spurs human society to unusual actions and changes in pathways.

In the case of sustainable development, I think the wake-up call has really come from the sudden growth in awareness and understanding of the scientific concerns regarding human-induced climate change. Along with a comprehensive assessment of a range of issues set to challenge mankind, *Our Common Future* took an overview of a range of findings related to climate change in 1987 and clearly outlined the growing scientific consensus at the time that:

After reviewing the latest evidence of the greenhouse effect in October 1985, the World Meteorological Organisation (WMO), the UN Environment Programme (UNEP) and the International Council of Scientific Unions (ICSU), (which three years later formed the IPCC) scientists from 19 industrialised and develop-