

Ethical economics and sustainable development

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Article abstract

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Abstract: The law of the jungle – is this all the future holds for us? Unfortunately, reading some opinion articles we might believe that this is inevitably the case. In 1984, the year in which Gérard Debreu was awarded the Nobel Prize in Economics, he said in *le Figaro Magazine* that the superiority of liberalism had been proven mathematically, bearing in mind, that just as a few decades earlier, the brilliant minds of the time had also given “scientific” socialism the stamp of approval. Closer to our time, in 2003, the then [French] Finance Minister, Francis Mer, argued on a television programme that a person’s salary was proportional to his value in society. Taken literally, his statement implies that a Managing Director with a salary of 38.8 million euros is by far more useful to society than either, a carer, teacher or judge. The facts show that, two decades down the line, the economist and ex-business leader’s comments mirror the current situation to the point that we might believe that market law can harmonize economic efficiency and social justice perfectly.

Résumé: La loi de la jungle serait-elle devenue l’indépassable horizon de notre époque ? On pourrait malheureusement le croire à la lecture de certaines affirmations. Ainsi, en 1984, année où il fut couronné par le prix Nobel d’économie, Gérard Debreu déclara dans le *Figaro Magazine* que la supériorité du libéralisme est mathématiquement démontrée... sans doute comme l’était — assuraient d’autres brillants esprits quelques décennies plus tôt — celle du socialisme « scientifique »... Plus près de nous, en 2003, alors qu’il était encore ministre de l’Économie et des Finances, Francis Mer asséna lors d’une émission de télévision que les revenus d’une personne sont proportionnels à son utilité sociale. Prise au sérieux, une telle affirmation signifie qu’un PDG évincé avec une enveloppe de 38,8 millions d’euros est incomparablement plus utile à la collectivité qu’une aide-soignante, qu’un professeur ou qu’un magistrat. En fait, à deux décennies de distance, le discours de l’économiste et celui de l’ex grand patron s’emboîtent à merveille pour nous convaincre que la loi du marché combine à la perfection efficience économique et justice sociale.

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"One must imagine Sisyphus happy"

Albert Camus

The law of the jungle – is this all the future holds for us? Unfortunately, reading some opinion articles we might believe that this is inevitably the case. In 1984, the year in which Gérard Debreu was awarded the Nobel Prize in Economics, he said in *le Figaro Magazine* that the superiority of liberalism had been proven mathematically, bearing in mind, that just as a few decades earlier, the brilliant minds of the time had also given "scientific" socialism the stamp of approval. Closer to our time, in 2003, the then [French] Finance Minister, Francis Mer, argued on a television programme that a person's salary was proportional to his value in society¹. Taken literally, his statement implies that a Managing Director with a salary of 38.8 million euros² is by far more useful to society than either, a carer, teacher or judge. The facts show that, two decades down the line, the economist and ex-business leader's comments mirror the current situation to the point that we might believe that market law can harmonize economic efficiency and social justice perfectly.

Unfortunately, we cannot escape the fact that after 25 years of neo-liberalism, the social and environmental situation is hardly encouraging. Much like a fractal³, where one pattern is repeated over and over again and the smallest section becomes a mirror image of the shape as a whole, worsening inequalities that are being experienced at the smallest scale within a given profession, are spreading across professions, across social groups, until its affects are being felt countrywide. We just need to consider one set of figures to illustrate this: the salary difference in 1960 between

¹ During the French television programme *Mots croisés* on France 2, Francis Mer said: "Those who pay a lot of tax do so because they earn a lot of money" and "between us, the reason they earn a lot of money is because they deserve it. [...] Which means what they bring to society is of higher value than those that earn less money." *Libération* newspaper, 17 September 2003

² This is the sum awarded to Daniel Bernard at his departure from [the French hypermarket chain] Carrefour's management. By way of comparison, the sum is 2514 times greater than the French minimum wage. In 1999, when Philippe Jaffré left as CEO of [French oil company] Elf, he was given a parting sum of roughly 38 billion euros. See *Libération* newspaper, 22 April 2005, p. 1-3

³ This metaphor has been borrowed from Paul Krugman. See Paul Krugman, *Peddling Prosperity*, New York, Norton, 1994, p. 148

every 1:5 persons living in rich countries and every 1:5 persons living in poor countries was 30:1, in 1990 this figure had increased to 60:1 and, there is no reason to believe that the rise will stop - figures had reached 74:1 in 1997⁴. Similarly, the environment is under threat as never before. Just think of the deteriorating situation caused by the greenhouse effect, the quantity of toxic waste being produced, the extinction of many species, the overuse of water resources, and countless other assaults on our planet, and it becomes more and more clear that the impact of economic-led activity on the earth significantly overstretches its regenerative capacities.

This was the basis for Joseph Stiglitz's (winner of the Nobel Prize in Economics in 2002 and former Chief Economist at the World Bank) damning diagnosis: "Globalisation is not working for many of the world's poor. It is not working for much of the environment. It is not working for the stability of the global economy⁵". Such a situation is even more unacceptable considering that as a whole we have never been so rich, and therefore never had so much leeway. During the last half-century, gross world product has increased from 5,336 to 33,725 billion dollars, a growth of 2,113 to 5,708 dollars per head⁶.

However, whilst our economic and technological assets increase, everything seems to lead to the conclusion that we are stuck in an intangible economic system that does not allow for any ethical principles for fear that performance generally might be penalised. The aim of this article is first of all to highlight the undeniable relationship that exists between economic analysis and ethical analysis, and then use this as the basis on which to show that sustainable development could be one vehicle used to return ethical thinking to the heart of economic thinking.

1. Economic analysis and ethical concern

A. The two sources of economic analysis

Contrary to what the vast majority of economics textbooks claim, or at least imply, ethics is tightly linked to the history of economic analysis. Amartya Sen emphasised that economics has two origins, both of which are linked to politics, albeit in different ways: one is based on "engineering" (meant in the mathematical sense of rational engineering) and mainly deals with logistical problems, whilst the second, based on ethics, is linked to "politics from a moral point of view" and deals with ultimate goals and human "well-being"⁷.

⁴ See UNDP, *Global Human Development Report 1999*, p. 3, 38, 39

⁵ See Joseph Stiglitz, *Globalisation and its discontents*, Penguin Books, 2002, p. 214

⁶ See Angus Maddison, *The World Economy: a Millennial Perspective*, OECD. It contains an evaluation from the year 1990 in international dollars.

⁷ See Amartya Sen, *On Ethics and Economics*, Blackwell Publishing, p. 4-7

Elements of “engineering” approaches are, of course, found in 4th century Indian texts such as “*A Treatise on Politics*” by Kautilya⁸; however, it is not until the 17th century with the arrival of William Petty and predominantly in the 19th century, with Léon Walras and the establishment of the neo-classic school, that these were fully developed.

The origins of ethical foundation reach back to Ancient Greek, Jewish and Christian philosophers.

Take for example, in his work *The Politics*, where Aristotle established a partly moral distinction between the domestic economy and the chrematistic. Domestic administration or economy, a Greek word derived from *oikos*: home and *nomos*: the rule refers to practical wisdom applied in domestic management whilst chrematistic, means the pursuit of the greatest gain possible, via the “non natural art of acquiring”. Whilst the “domestic form” of acquiring, based on the value of the use of assets, is laudable, the commercial form is not as it leads the person who adopts this form of acquisition to *hybris*⁹. In *Nicomachean Ethics*, the Lyceum’s founder subordinates economic science (as is the case for military science or rhetoric) whose objective, he explains is wealth, to political science which is defined as “the most authoritative science, the highest master science”¹⁰, whose objective is the achieving of good.

In the Bible, economic questions are always considered from a moral viewpoint recalling human needs and particularly, those of the poorest in society¹¹. For example, in *Genesis* (Chap. 41), in the light of the period of low-productivity, represented by “thin cows” which had been revealed to Pharaoh in a vision, Joseph advised stock-piling a fifth of the harvest whilst there was still time, so that it could be redistributed when the famine arrived. The care taken to guarantee human subsistence is reiterated in a moral condemnation of wealth, but not the wealthy. *Ecclesiasticus* (31: 3-7) explains: “Passion for gold can never be right; the pursuit of money leads a man astray”. Deuteronomy (15: 9) condemns the person who refuses to lend to his “poor brother” when a sabbatical year is drawing near, a 7 year cyclical year in which all debts are cancelled. It is well-known, that questions over the distribution of wealth figure widely in the *New Testament*. Usually these are in the form of warnings against developing a weakened, or even perverted, moral sense as a consequence of possessing material wealth. As such, the Gospels teach that no human can serve both God and money (Matt 6:24, Luke 16:13) and that it is

⁸ See Kautilya, *The Arthashastra*. L.N. Rangarajan (Ed., Rearranger & Translator), 1992, Penguin Classics, India.

⁹ See Aristotle (Translator T.A. Sinclair), *The Politics*, Penguin Classics, 1992, Book 1, Chapters 8-12

¹⁰ Aristotle, *Nicomachean Ethics*, Cambridge University Press, 2000, Book 1, Chap. 2, p. 4

¹¹ For a more indepth discussion of this question, see Jean-Paul Maréchal, “Aux origines bibliques de l’éthique économique”, *Économie et Politique*, no. 29, 2004, p. 215-226

"easier, in fact, for a camel to get through the eye of a sewing needle than for a rich man to get into the Kingdom of God." (Luke 18:25)

Overtime, many economists have taken from these two sources – and of course benefited from their rich and numerous secondary themes – intertwining ethical and engineering approaches. Adam Smith is an example of this. He was founder of the classical English School, who charged political economics with the responsibility of enriching both the people and the state¹². However, if we are to believe neo-liberal doctrines and the linear version of the history of economic ideas, all of this was achieved in the 1870's at the foundation of the neo-classic school. Like a butterfly emerging from its cocoon, Economics transformed itself from social philosophy into social science, a kind of *wertfrei* knowledge for all right-thinking understanding, of course.

It doesn't seem to matter then, that one of the greatest liberal economist of the late 19th century, Alfred Marshall, wrote in the opening of his main work, that the issue of knowing whether all men can come into the world with the a reasonable chance of leading a life free from poverty is that "which gives economic studies their chief and their highest interest".¹³ Neither does it seem to matter that Kenneth Arrow, an important general equilibrium theorist, highlighted about 80 years later that "non market controls, whether internalized as moral principles or externally imposed, are to the same extent essential for efficiency"¹⁴ ; sermon over. Economics has largely become what François Perroux denounced as a "narrow and stilted"¹⁵ science. On the threshold of the 1930's, Lionel Robbins suggested a solid definition, which now serves as a reference: "Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses" and which proof of its fantastical drift towards its status as a pure science, is declared "entirely neutral between ends" whether "they may be noble or they may be base".¹⁶

Nevertheless, despite the scientific positions adopted by some of its proponents, there is nothing about the neoclassical approach that is purely "positive".

¹² See, Adam Smith, *An enquiry into the nature and causes of the Wealth of Nations*, Everyman's Library, Random House, 1991, p. 374

¹³ Alfred Marshall, *Principles of Economics*, London, Macmillan, 1966, p. 3, (8th edition, the first of which appeared in 1890)

¹⁴ Kenneth, J. Arrow, "The Economic of Moral Hazard: Further Comment", *American Economic Review*, 1968, vol. 58, p. 537-539

¹⁵ See Francois Perroux, *L'économie du XXe siècle*, Grenoble, Presses Universitaires de Grenoble, 1991, p. 708 (1st edition 1961) (This is not the official English translation of this quotation.)

¹⁶ Lionel Robbins, *An Essay on the nature and significance of economic science*, Macmillan, 2nd edition, 1935, p. 16, 24 & 25

B. The false axiological neutrality of neoclassical thought

Even when it is not explicitly “political” – as public interventions by Milton Friedman, Friedrich von Hayek or Gray Becker have often shown to be true – neoclassical literature promotes a collection of value judgements directly springing from utilitarianism and Paretian thinking (from Vilfredo Pareto, Léon Walras’ successor at the University of Lausanne). These judgements take the form of recommendations and affirmations, such as: “the sum of individual utilities must be maximised”, “social well-being depends entirely on individual well-being”, “the individual alone can judge his own level of well-being”, “social well-being increases when the well-being of at least one individual increases without another’s decreasing”.

Currently, there is a convention called welfare economics that holds that the terms of neoclassical thought, or at least part of it, are strictly positive. Welfare economics refers to a normative current found in the heart of neoclassical thinking whose aim is to identify conditions and ways that will create the greatest satisfaction for economic agents in a given space, such as in a nation. There are two theorems that are enunciated under the terms of this approach and both are classed as “theorem of welfare economics”. According to the first, “all competitive equilibrium is Pareto optimal”. This theorem is intuitively easy to grasp. Since at equilibrium, all mutually beneficial exchanges have taken place, it is no longer possible to improve an agent’s situation without decreasing the benefit to another. The second theorem is a sort of compliment to the first, because it holds that “every Pareto optimum can be associated with any kind of pricing system to its price, a competitive equilibrium”.

As we can see, these two theorems play an important normative role. On the one hand, as long as, Pareto optima are desirable for the whole, and on the other hand, a link exists between them perfect competition, it is better to create conditions for perfect competition. This is why it is considered as a model for general equilibrium. The word model is not meant in the sense of a simplified version of reality but as a model to be copied, as is the case in making the employment market more flexible...

Generally speaking, the term “well-being” and all that is related to it, such as “optimum” amounts to making a recommendation. In other words, enumerating within a text the conditions under which well-being is supposed to increase or for reaching optimum, is the same as recommending the implementation of said conditions, whether we like them or not.

Social sciences do not have such a clear paradigmatic split as does physics, for example; utilitarianism is always present and is the basis for some contemporary theories. Although utilitarianism does make value judgements, it also has a characteristic which its defenders do not talk about: namely of not taking into account rights (of the minority). Utilitarianism, first made popular by Jeremy Bentham and then developed with substantial modifications by John Stuart Mill

during the 18th and 19th century, is a philosophy which holds that the objective of an action, whether individual or collective, should be the pursuit of maximum pleasure and minimum pain. Utility must be the only valid and fully objective criterion for deciding on what should be done (or not done) in the sphere of human behaviour and the law. The famous formula, "the greatest good for the greatest number of men", is the *modus operandi* for utilitarians.

Who would not freely subscribe to such a seemingly desirable and reasonable goal? Nobody, except that when examined more closely, the doctrine can lead to frightening and perverse consequences. This is what John Rawls underlined in his book *The Theory of Justice*, where he emphasises that one "of the striking features of the utilitarian view of justice is that it does not matter, except indirectly, how this sum of satisfaction is distributed among individuals¹⁷". Put another way, "the violation of the liberty of a few might not be put right by the greater good shared by many¹⁸". It is precisely this utilitarian characteristic which is found in the "sacrificial" aspect of ultra-liberal policies that we have seen over the last 20 years; an aspect which is evidenced by popular catch-phrases such as, "good intentions do not make good politics". Joan Robinson's aphorism perfectly describes modern economics: "the hidden hand will always do its work, but it may work by strangulation".¹⁹

Thus, by pretending to perform axiologically neutral works, neoclassical economists use this well known strategy – used from Marxism to socio-biology – of trying to pass off metaphysical, if not basically political, beliefs as scientific. Therefore, by using often obtruse formalisms, and by looking at everything from a purely quantitative angle, and refusing to consider issues about quality and meaning as also being rational, economic liberal philosophers have contributed to the crisis in sciences identified by Edmund Husserl as early as the 1930s. The father of phenomenology accused positivism of having "dropped" metaphysical questions. He emphasised that "examined closely, these and all the excluded questions, have their inseparable unity in the fact that they contain, whether expressly or as implied in their meaning, the problems of reason – reason in all its particular forms. Reason is the explicit theme in the disciplines concerning knowledge (ie. of true and genuine, rational knowledge) of true and genuine valuation (genuine values as values of reason), of ethical action (truly good acting, acting from practical reason)".²⁰

¹⁷ John Rawls, *Theory of Justice*, Revised edition, 1999, Oxford University Press, p. 23

¹⁸ John Rawls, *Theory of Justice*, Revised edition, 1999, Oxford University Press, p. 23

¹⁹ Joan Robinson, "The Pure Theory of International Trade" (1946-47) in Joan Robinson – Collected Economic Papers, Blackwell, Oxford, 1951, p. 189

²⁰ Edmund Husserl, *The crisis of European Sciences and Transcendental Phenomenology*, Translated by D. Carr, Northwestern University Press, 1970, p. 9

Nevertheless, neither the history of economic thinking nor the false positivity of the liberal doctrine provides definitive proof of an undeniable link between economics and ethics. It is necessary to consider the issue logically.

C. The logical link between economics and ethics

Logic can be found, with David Hume, for example, who established the need for rules on fairness because of the simultaneous scarcity of natural resources and altruism, or put another way, the combined greed seen in nature and humans. In his third volume of his *Treatise of human nature* dedicated to morality published in 1740, he wrote that "tis only from the selfishness and confin'd generosity of man, along with the scanty provision nature has made for his wants, that justice derives its origin".²¹

Therefore, according to Hume, the limited amount of available resources is one of the phenomena which impose the need for wide-ranging rules of fairness, via rules for distribution. If the resources which the famous philosopher refers to are natural ones (he wrote before the industrial revolution), the logic he uses can be applied to manufactured goods. Despite technological advances and increased output experienced in many industries, the volume produced remains finite. Further, even if nowadays manufactured goods and services provided in ever greater quantities reduce some scarcity, the likelihood of scarcity increasing in other areas remains just as great, and in some cases creates it. I am not referring to the thesis which holds that an increase in what is offered, thus creating needs, does not diminish scarcity but redirects it²², as it merits specific analysis. Rather, I am referring to the changes that are caused by the economy to natural reserves. As is clearly evident, every single day the environment is being damaged by economic activity which greedily consume space, energy, living natural resources and the list goes on. The ensemble of environments, soil, water and air, are affected and all activities, manufacturing and consumption, contribute to the destruction of the earth. Just a few decades ago, the components that make up the earth were considered free; now they have been become scarce. We must fully recognise now, the finite nature of the earth's assets and the need not to endanger the great cycles that ensure their continuation.

Further, as David Hume underlined, lack of resources is compounded by a lack of altruism. Even though the "moral dimension" of human beings is an incontestable reality, for example in Nazi concentration camps where there was an absolute lack of resources, humans behaved altruistically. However, it would be completely naïve to expect to build a fair and viable social

²¹ David Hume, *A Treatise of Human Nature*, Oxford Philosophical Texts, p. 318

²² See Paul Dumouchel and Jean-Pierre Dupuy, *L'enfer des choses, René Girard et la logique de l'économie*, Paris, Seuil, 1979

order solely on the generosity, on the moral sense, of humans. Max Weber, referring to Fichte, warned of this when he said that politicians do “not even have the right to presuppose their goodness and perfection”.²³

Any society can not afford to formulate principles of justice unless at least one of the following conditions exists: an almost infinite quantity of goods is available and a general and pervasive altruism is present in the population. Looking at the world as it is now, we are no where near that situation. The reality is that a lack of resources combined with a lack of altruism makes it necessary to establish rules for justice specifically designed to set principles for the distribution of available goods.

Closer to our time, John Rawls highlighted the need for social justice based on the very definition of society. According to the author of *Theory of Justice*, a society is defined as “a more or less self-sufficient association of persons who in their relations to one another must recognise certain rules of conduct as binding and who for the most part act in accordance with them²⁴”. It goes without saying that these rules are set for the general good of the society in question. As a cooperative structure for mutual benefit, all societies are marked by an identity of interests but equally by conflicts of interests. A unique identity of interests as far as social interaction provides everyone a certain level of satisfaction for the individual which alone, without any help from other members of society, would not have been possible. But equally, a conflict of interests, as human beings brought together in a society are interested in how wealth that has been collectively generated is distributed between them, each one of course, trying to appropriate for himself a large a share as possible.

This is where the need for a collection of principles which provide choice between different social organisations – and therefore, differing distribution of benefits – for “underwriting an agreement on the proper distributive shares”.²⁵ Principles include those of “social justice” whose objective is to “provide a way of assigning rights and duties in the basic institutions of society” – namely, the constitution, main economic structures, and so on – and to define “the appropriate distribution of the benefits and burdens of social cooperation”.²⁶

The unshakeable link between economics and ethics perfectly highlights that the scientific aspect of economics does not lie where it claims to. To illustrate, think of a model: a simplified model is only valid as long as it includes a secondary aspect of the object on which the pattern is to be established and not an essential trait. Consequently, results obtained from the “simplified”

²³ Max Weber, *Politics as a vocation*, (last viewed 19/11/07)

²⁴ John Rawls, *Theory of Justice*, Revised edition, 1999, Oxford University Press, p.4

²⁵ John Rawls, *Theory of Justice*, Revised edition, 1999, Oxford University Press, p.4

²⁶ John Rawls, *Theory of Justice*, Revised edition, 1999, Oxford University Press, p.4

pattern will more or less correspond with those obtained from a more “complete” pattern. However, this is not the case for models for perfect competition. Often presented as a pedagogical outline of reality, this model is completely incompatible with anything real. According to basic liberal doctrine, the market is a self-regulating mechanism that leads to the optimal granting of resources. Unfortunately, when elements such as asymmetrical information, exogenous shocks, an absence of synchronisation between the supply and demand, and a lack of basic income allowing people to live without working...(all these are daily realities of any economy)... are introduced to such a model, a radically different result is obtained from that which would be predicted by a simplified model. And it becomes clear that, far from being that well-oiled machine described by some, the market is an extremely unstable system whose activities often lead to less than optimal situations²⁷. Further, neo-liberals are working towards the removal of the representations, and by extension the concepts of fair and unfair, of good and bad, with which economic agents are endowed, thereby negating the purpose of economic analysis constituting a fundamental error of methodology.

Sustainable development seems to be the most interesting idea likely to return ethics to the heart of economic analysis.

II. Development as categorical imperative

A. From growth to development

For a long time, the concepts of growth and development were confused and not differentiated analytically until the 1950's, when underdevelopment and threats to the earth by production, both capitalist and socialist, were beginning to be recognised.

It was in this context of relative disillusion about development that François Perroux, in *The Economy of the 20th Century*, established the now accepted distinction between growth and development. In his work, growth is described as “the sustained increase...of a size indicator; for a nation: the gross or net global product, in real terms” – in other words, a purely quantitative improvement – meanwhile, development is described as “the combination of mental and social changes in a population which makes it ready for cumulative and durable growth of its real global product”. Albeit distinct, Perroux continued to explain that these two phenomena are nevertheless linked because “no apparent growth is homothetic; growth takes place in and because of

²⁷ See Jean-Paul Maréchal, *Ethique et économie. Une opposition artificielle*, Rennes, Presses Universitaires de Rennes, coll. « *L'univers des normes* », 2005, p.56-61 (This is not the official English translation of this quotation)

structural changes".²⁸ Via this theoretical innovation, François Perroux made a large contribution to what eventually became called 'development economics': a research programme, which breaks away from liberal orthodoxy and Keynesianism towards analysing "underdeveloped" economies (badly developed or developing) in order to outline "strategies for development" tailored to the countries' specific situations.

However, the definition of development was not set in stone by François Perroux, rather it was the object of much reworking. Qualitative aspects of well-being that had previously been ignored in terms of growth were progressively integrated, and development eventually came to mean an improved situation not just in terms of quality of life, which is what growth engenders, but equality in terms of conditions of life. In 1974 Gunnar Myrdal defined development as "the movement upward of the entire social system, where there is circular causation between conditions and changes with cumulative effects"²⁹. The evolutionary conceptual changes were both the beginning and end of much discussion on how to "bolt" growth on to development and the possibility of having development without growth.

In 1971, the Founex Seminar, Switzerland, launched the concept of eco-development. The theme was taken up again a year later at the United Nations Conference on the Environment and Development (UNCED) better known as the Stockholm Conference, then again in 1974 in the Cocoyoc Declaration at a symposium held in Mexico. Rejecting both hard-line ecology and narrow economism, and its theses of "zero growth" - exposed at the famous Meadows Report³⁰ of the Club of Rome - and the advocates of an anything-goes industrialisation, the eco-development theorists defend the thesis which holds that the conflict between growth and development can be only be resolved by methods other than by halting growth. Ignacy Sachs, whose essential role in this theoretical revival, summarised that "eco-development is for the most part knowing how to get the best from local potential resources, it means being resourceful and ecologically prudent in the adaptation of surrounding resources for the needs of man [...] It means being committed to finding ways which are both useful socially and ecologically prudent in the development of natural resources".³¹

²⁸ François Perroux, *L'économie du XXe siècle*, Grenoble, Presses Universitaires de Grenoble, 1991, p. 191, 763. (1^{ère} édition 1961) (This is not the official English translation of this quotation.)

²⁹ Gunnar Myrdal, "What is development?", *Journal of Economic Issues*, vol. VIII, no.4, December 1974, p.735.

³⁰ Donella H. Meadows *et al*, *The Limits of Growth: a report for the Club of Rome's projects on the predicament of mankind*

³¹ Ignacy Sachs, *Stratégies de l'écodéveloppement*, Paris, Les éditions ouvrières, 1980, p.17&19. (This is not the official English translation of this quotation.)

These concerns, sidelined by the petrol crisis of 1973, resurfaced 15 years later on, thanks to the emergence of the concept of sustainable development.

B. Sustainable development

At the 38th session of the UN Assembly General in 1983, the World Commission for the Environment and Development (WCED) was created to re-examine the planet's big environmental and development problems as well as draft realistic proposals to resolve them. Four years later, under the presidency of Gro Harlem Brundtland, at the time Norway's Prime Minister, it would submit a landmark report, the now famous Brundtland Report whose real title is *Our Common Future*.

According to this document, which claims to formulate "an interdisciplinary, integrated approach to global concerns and our common future"³² with the aim of improving the destiny of humans now and those yet to be born, a development procedure can be called "durable" when it "meets the needs of the present without compromising the ability of future generations to meet their own needs".³³ More precisely, sustainable development is a "process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs".³⁴

Such a programme, with a clear ethical content (and not exploited by certain private or national interests) calls for the application of a solidarity on two levels: "horizontal" towards the most destitute at the time and "vertical" between generations. Solidarity of this kind, is both intra-generational and inter-generational, and implies treatment of a collection of problems, both "social" – a fact that is ignored in too many works that assimilate sustainable development and protection of the earth – and "ecological" which are both national and international issues. Social problems include the fight against poverty, access to healthcare and education and freedom of expression and political activity, for example. Ecological problems are linked either to the use of natural resources or to damage to the earth, the most severe form obviously being that which is harmful to human life. Although, different in many ways – if only in the fact that nature and humans do not analyse and intervene in the same way – these two sets of problems are an intricate mesh of social and environmental concerns, not to mention those hybrid problems such as access to drinking water, food safety or the effects of global warming in terms forcing emigration. And it seems, far from being disjointed as many like to claim, the social and

³² WCED, *Our Common Future*, Oxford University Press, 1987, p.xii

³³ WCED, *Our Common Future*, Oxford University Press, 1987, p.8

³⁴ WCED, *Our Common Future*, Oxford University Press, 1987, p.9

environmental issues are inter-dependent in at least two ways: On the one hand because exposure to pollution and its related dangers reinforces individual and collective inequalities of wealth; and on the other hand, because poverty stops poor human beings and countries from replacing older equipment that they currently have with less environmentally aggressive technical equipment.³⁵

In trying to meet the needs of persons now living – which are by no means adequately met – and without creating an unsustainable lack for future generations, sustainable development contributes in an important way to the modern change in the meaning of responsibility. As is demonstrated by Paul Ricoeur when he based an analysis of grammatical constructions around the term responsibility, it moved from the negative results of a conscious action (legal responsibility) to “the weak”, “the vulnerable other” and by extension “vulnerability”. Further inflection arises: the “limitless extension of the bearing of responsibility, the future vulnerability of man of his environment becoming the focal point of all responsible concern”.³⁶

But, how is it possible to justify this change? In what ways do we have responsibility for future generations, generations of people that we will never know? The answer to this question is to be found in applying an “indirect” argument based on the transitive nature of obligations that tie generations together. Supposing that we start off with the posit – which will prove to be invalid – which states that a given generation (G1) does not have any obligation towards a fairly distant future generation (G3) which it will never know, however, it does feel concern for the generation that immediately follows it (G2) with whom it will coexist for a time. But that which is true for G1 will not be for G2, which does feel concern for G3. Now, if G1 makes decisions which negatively impact on the conditions of life for G3, these will make it harder for G2 to carry out its responsibilities towards G3. Since this argument can be applied to n generations, “it is our obligations towards the generation with which we exist that also justify our obligations in relation to the outcome of distant generations”.³⁷ The overlap between generations therefore permits a “recovery” which “allows reconstruction of the whole of our obligations to the most distant generations, via the prism of our obligations towards the generations which will immediately succeed us and to which will be, at some point in our life, contemporaries”.³⁸

³⁵ See Jean-Paul Maréchal, “Rapport Bruntland” and “Développement durable » in Yves Dupont (dir), *Dictionnaire des risques*, Paris, Armand Collin, 2003

³⁶ Paul Ricoeur, « Le concept de responsabilité. Essai d'analyse sémantique », *Esprit*, November 1994, p.44. (This is not the official English translation of this quotation.)

³⁷ Axel Gosseries, *Penser la justice entre les générations. De l'affaire Perruche à la réforme des retraites*, Paris, Aubier, coll. « Altro », 2004, p.99-100 (This is not the official English translation of this quotation.)

³⁸ Axel Gosseries, *Penser la justice entre les générations. De l'affaire Perruche à la réforme des retraites*, Paris, Aubier, coll. « Altro », 2004, p.297 (This is not the official English translation of this quotation.)

C. A new economic rationality

Via the two-fold imperative of social justice and awareness of the finiteness of the earth's constituent reserves, the idea of sustainable development therefore forces us to break away from exclusively considering short term concerns, whether this concern is expressed at private level (over use of a vehicle, business lobbying against precautionary measures as provided for in the "Environment Charter"...) or at public level (refusal by the USA to ratify the Kyoto Protocol...)

It is to this end that economists are currently working, subscribing to the goals of what is called "strong sustainability". Their counterparts are calling for "weak sustainability" namely that natural capital and technical capital are largely replaceable – in other words if a portion of the first disappeared it could be easily compensated by an increase in the volume of the second – and therefore it is better to leave it to the market's mechanisms to reach the optimal level or rhythm for the destruction of the planet. However, theoreticians of "strong sustainability" are aware of the unmovable nature of the mechanisms that regulate the earth and believe that natural capital and technical capital are barely, if not (in many cases) at all interchangeable. They conclude that natural assets should be subject to methods of management that are not based on market demand but on how they themselves reproduce. For example, this is where the idea, shared among some advocates of "strong sustainability" comes from of identifying those elements in the natural capital whose destruction would provoke irreversible large-scale damage and for which no known technical remedial methods exist. The "critical natural capital" as it is commonly known, should be considered as a complement to technical capital, in other words is completely irreplaceable, and therefore, removed from market demands.

This concept of critical natural capital could form an extension to human capital and social capital. It is clear that below a certain level of healthcare, education and training that human capital can not reproduce. The same is true for social capital which erodes irreversibly when inequalities reach too high a level,³⁹ for example. In both these cases, it is man as a human and social being as well as society itself that is threatened. In other words, all genuine sustainable development policies demand that natural capital, human capital and social capital be managed according to their individual specificity.

Viewed this way, political life, healthcare, knowledge and a quality environment become social assets that should be distributed following fair principles. Michael Walzer puts forward an interesting solution to this problem in his book *Spheres of Justice*⁴⁰. According to him, each type of social asset (roles, positions, values...) are part of an order, in the pascalian sense of the word, or

³⁹ See Robert Castel & Claudine Haroche, *Propriété privée, propriété sociale, propriété de soi*, Paris, Fayard, 2001, p.99 (This is not the official English translation of this quotation.)

⁴⁰ Michael Walzer, *Spheres of Justice. A defence of Pluralism and Equality*, The Pitman Press, 1983

a “sphere” as Walzer puts it, adhering to a rule of justice distinct from that adhered to in another order. However, every society risks having one type of order (money, political power) dominating over another type (health, education); for both Michael Walzer and Pascal, the muddle of orders is the root of all tyranny. Nevertheless, such a risk can be avoided by applying “complex equality”, in other words, an institutional setup where each category of asset is subject to a particular rule of distribution, so there will be as many relationships of equality as there will be categories of assets to distribute. Concretely, in such a system, the success of a person in a given domain such as business (sphere of the market) or public life (political sphere) should not translate into the possibility of receiving, for example, better healthcare (health sphere), or of sending one’s children to better schools (sphere of education), or of privatising or destroying the environment (sphere of natural amenities).

Considered from this angle, economic life should, according to what François Perroux said be at the service of “man and of all men”, in other words work for the fulfilment of each individual and his particular needs. Therefore a new definition for economic science is required to substitute that proposed by Lionel Robbins, cited above and constantly quoted elsewhere, a definition we have again borrowed from François Perroux: “The economy”, he wrote in *A new concept of development*, “is the adjustment of human relations for the good of individuals in the common interest, through the use of rare goods that can to some extent be socially quantifiable and accounted for”.⁴¹

A new principle of rationality, a new “economic principle” which still meets the need for efficiency in the use of available resources, is also required and plays an important role in meeting these objectives. No doubt it is Henri Bartoli who best responded to these needs when he wrote that the new thinking which must guide economic life is “full research into all human needs in life, as expressed and found in a community’s history via civilisation and culture, for all, and especially for the most poor, using methods which incur the lowest human, ecological and instrumental costs, which for this last category includes material and financial costs”.⁴²

Conclusion

Therefore, sustainable development is indispensable in helping to create a new analysis and economic practice which truly works for the benefit of all human beings now living and those to

⁴¹ François Perroux, *A new concept of development : basic tenets*, London : Croom Helm, 1983 , p. 19

⁴² Henri Bartoli, *L'économie service de la vie. Crise du capitalisme. Une politique de civilisation*, Grenoble, Presses Universitaires de Grenoble, 1996, p.154 (This is not the official English translation of this quotation.)

come. For those who see the responsibility we face and cannot see the difference between the inherent potential for development and its gratuitousness, will consider this to be a pipedream.

And yet, by way of conclusion for this discussion, which is borne out of alarm at the current state of the world, to highlight a few environmental advances that have taken place since 1987: Who would have predicted 20 years ago that a transatlantic schism would occur over the issue of pollution? Who would have guessed that at the beginning of the 1990's, discussion would take place about including an environment charter in the [French] constitution? Who would have thought, on a more general scale that the environment would be a feature of political agendas of the majority of large nations, or that its notable absence in the political agenda of the greatest power would in fact stigmatise it? Of course, it must be admitted, that decisions and positions on the environment are (probably) politically motivated. There is still much to do of course, and there are too many social inequalities for us to be overly optimistic. Not to mention that the task of trying to alter economic activity generally requires a Sisyphus-like mindset.

However, all progress in this matter is beneficial, because at the very least it highlights discrepancies between theory and practice, between what is actually said and done. Using this comparative technique, of contrasting a unsatisfactory situation with an even more unsatisfactory situation, is particularly necessary as conservatives always have an advantage over reformers as their vision of the ideal society is closer to the actual situation, so their explanations appear more acceptable, more "realistic" than the vision of those that wish to repair and improve the world.⁴³

To the extent that resignation is a self-fulfilling prophecy, where the social and environmental issues which humanity faces are of an unprecedented seriousness and where the "butterfly effect" is similarly valid for positive social changes, the same measure of courage is called for, as the Prophet Amos put it, to risk "labouring the sea".

Translated from French by Laura Keshav.

⁴³ This is what Gunnar Myrdal called the « realism of conservatism ». See Gunnar Myrdal, *Economic Theory and underdeveloped Regions*, University Paperbacks, Methuen & Co., 1963, p.132