

## **ENVIRONMENT AND DEVELOPMENT - OVERALL RECOMMENDATIONS AND CONCLUSIONS**

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### **Summary**

In this concluding article, the history, current situation, and prospects of the ecological environment and sustainable development from theory to practice have been reviewed. Based on these conclusions, some recommendations are suggested: enhance international coordination; prevent war and natural disasters; follow a new road of development; change consumption, production and living modes; and provide useful and meaningful assistance to developing countries in the fields of science and technology, as well as finance.

### **1. Introduction**

Since the early 1970s and much academic research and deliberation at major international conferences, the theory of sustainable development seems have been accepted by the public and the governments of the countries throughout the world. The Brundtland Committee's definition of sustainable development has been incorporated into United Nations (U.N.) documents and has been adopted by many countries as a classic formulation. However, understanding of the theory and definition of sustainable development varies. Especially between the developed countries and the developing countries, there exists wide divergence on the emphases and priorities in this regard. And the enterprises and various groups whose vested interests are adversely affected by sustainable development and environment protection have demonstrated resistance against it. Some economists defending laissez-faire market are suspicious about it and in some denial. All this is concentrated in the relationship between government intervention and market regulation in seeking sustainable development and environment

protection. Therefore, before drawing any conclusions, further elaboration on this problem needs to be made (see *Criteria for Estimating Ecological Risk and Environmental Protection and Risk Management: Principles and Policy*).

In fact, discussions on government intervention and market orientation began in the embryonic stage of capitalism when the idea of prioritizing commerce emerged. The development and expansion of commercial capital demanded that the newly emerging countries unite their domestic markets, tap overseas markets, stress central power, and establish market order so as to promote foreign trade. Along with the wide application of machines, markets expanded very rapidly, and the development of industrialization demanded the transition from state intervention to a free market. This change was marked by the publication of Adam Smith's *Inquiry into the Nature and Causes of the Wealth of Nations* in which, on the basis of the three elements of the free economic system—"selfish motives, private enterprises and competitive market"—the role of government was defined as having three aspects: to protect society from being infringed upon; to protect every individual from being infringed upon; and to establish and maintain some public institutions and facilities. Although Smith was described as the initiator of the laissez-faire economic policy, he never denied the role of government.

On the contrary, his *Inquiry into the Nature and Causes of the Wealth of Nations* discussed the realization of economic development through good government. Unlike some fundamentalists of the laissez-faire economy, Smith was sensible. The "natural" economic order could not satisfy all the material demands of society. Society needs human support as well as containment in producing and distributing wealth. Smith stated: "If a government can not conduct justified and standard management, the commercial and manufacturing industries probably can not maintain long-term prosperity, people can not feel safe about their properties, and contracts can not be guaranteed by the law." Smith emphasized three kinds of public things: a basic legal system, property rights, and a contract system. That is to say, a free and competitive market *per se* is a public thing that Smith deemed to be the foundation of capitalist transactions. Smith pointed out that a highly efficient and capable government was the key to building up a modern market. This was completely different from the hostile response of the new liberalists to government intervention.

Practical demands of the industrial bourgeoisie and the theory of laissez-faire policy gave an impetus to the development of a capitalist economy. Yet the global economic crisis of the 1930s brought a major change to Western economics. Thereafter, the dominant laissez-faire economics began to give place to Keynes's economic interventionism. Keynes admitted the defects of the market itself. Therefore, only by expanding the government function could the defects of the market *per se* be corrected so as to ensure the normal operation of the market economy. Keynes held that absence of government intervention was tantamount to allowing the existence of the inevitable consequences of market development such as unemployment and insufficiency of effective demand and allowing the existence and development of economic crises. From the perspective of objective economic analysis, Keynes's theory of state intervention proved the existence of market defects and constituted a theoretical core of orthodox economics in Europe and the U.S., giving a boost to post-World War II economic prosperity.

During the world economic crisis of the 1970s, there appeared an unprecedented economic phenomenon: stagflation. That Keynesian theory failed to give any explanation of this phenomenon aroused some European and U.S. scholars' suspicions about Keynes's government intervention policy and caused a "return" to the laissez-faire market system. The new liberalism theories including monetarism represented by Milton Friedman and the school of property rights represented by Coase became active. Corresponding with "market dysfunction," they suggested the theory of "government dysfunction" or "public dysfunction," explicitly pointing out that state intervention in economic life was doomed to be a bad thing rather than a good thing.

## **2. The World Today**

However, the speedy growth of the world economy has led to the deterioration of the global biological environment. The endless expansion of social demand in pursuit of economic prosperity has led to gradual depletion of natural resources and increasingly fierce competition. Under the guidance of that "invisible hand," social and economic contradictions have become increasingly intense. The control and counter-control struggles between the resources producing countries and the advanced industrialized countries and between the developing and developed countries have continued triggering wars and plunder. The subject of sustainable development and environment protection raised against such a background has caused serious suspicion of and a challenge to the laissez-faire economic theory.

J.E. Stiglitz held that market dysfunction could be exemplified by the externality of public products and monopoly, natural monopoly in particular. The ecological environment (eco-environment) is an important public product and its externality is very obvious. Consolidation of enterprises and monopolies throughout the world, especially over natural resources, by the monopoly capital of transnational firms is increasing. Buffeted by movements of national independence, carving up of colonial territory has been replaced by the carving up of natural resources by monopoly capital. Sustainable development theory and traditional capitalist economic theory inevitably fall into two different ideological and value systems, each having different emphases and priorities between equal distribution (intergenerational equality and intra-generational equality) and economic growth (concentration of wealth and capital inflation). For this reason, to push for sustainable development under the current world economic system will certainly meet with resistance from monopoly capital and various groups with vested interests and opposition and suspicion from the free economic fundamentalist. Moreover, to change the consumption mode and way of life of developed countries and to reverse the inefficient consumption and plunder of natural resources that have been the result of the poverty and backwardness of the developing countries are not simple undertakings. Pushing for eco-environment protection and sustainable social and economic development is doomed to be a prolonged and gradual struggle.

Therefore, the first thing to do is to prove the correctness and historical necessity of sustainable development theory from the theoretical perspective, achieve social consensus, and win public support, thus influencing the policy making of governments and the international community. On this basis, in practice, efforts should be made to internalize such problems as eco-environment protection, which are external to the

market economy, so that they can be handled by economics. At the same time, the limitation of internalization and the dysfunction of the market should also be taken into consideration. Legal and administrative methods should be able to be used to enhance government and public social macro interference in economic development and adopt policies and measures that are in the long-term interests of the world and humankind. For this purpose, we shall clarify some basic theoretical problems from a rational viewpoint, and then propose some concrete recommendations in promotion of global sustainable social and economic development and protection of the eco-environment.

Every individual has an equal right to public products. This is one of the inherent implications of the concept of natural rights. The theory of sustainable development and the Brundtland Committee extended the principle of equal rights to the eco-environment and natural resources to intergenerational equality. Of course, in the absence of intra-generational equality, nothing can be said of intergenerational equality. The inequalities of history will be eliminated rather than being reaffirmed and furthered under the pretext of racist social evolution theory or fascist theory. This generation and future generations are equal in the United States and Europe, and this generation and future generations are also equal in West Asia and Africa. With the rapid globalization of the world economy that demands globally reasonable distribution of production materials, it is not only impossible to maintain a protracted development gap and intra-generational inequality but it is also against logic and human rationality. We need to analyze this further and attempt to establish some consensus on the basis of human rationality.

Fairness and equality are what people have always aspired to. World harmony is an ideal status that humankind has sought to realize from generation to generation, from Confucius to Plato. Since the Renaissance, along with industrialization and modernization, the concept of humans becoming masters of society, the concept of natural rights, the concept of freedom, equality, and universal love, and the traditional democratic concept “of the people, for the people, by the people” (i.e. democracy in essence) have extended to cover all peoples of the world. However, in reality, political and economic development has always gone against this. Dominated by power politics and monopoly capital, most people own nothing whereas a minority owns everything. The people of the developing countries, driven by starvation, are struggling for their existence and development and have to exploit the natural resources on which they depend to make a living. This results in excessive exploitation and depletion of resources, while the capitalists of the developed countries, driven by unplanned demands of economic growth, consume limited natural resources without restrictions. Two destructive world wars erupted as a result of the grab for resources and markets.

To summarize the experience and lessons of the development of human society, people of insight have suggested the new road of sustainable development. Nevertheless, with regard to the theory and practice of sustainable development there has always been a confronting divergence between the vast number of poor people of the developing countries and the capitalists of the advanced countries. How should we address the global eco-environment problem? How can we narrow the gap between rich and poor globally and put an end to this polarization? There are many and varying points of views on these problems, the historical reasons for them, how to solve them, and the prospects for development.

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### **Biographical Sketch**

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Teng Teng studied at the Institute of Technology, Leningrad, from 1957 to 1959 and since then has held the following positions: professor, dean of graduate school, and vice-president of Tsinghua University; vice-minister of the State Science and Technology Commission of China; vice-president of the Chinese Academy of Sciences; president of the University of Science and Technology of China; vice-minister of the State Education Commission; and vice-president of the Chinese Academy of Social Sciences. He has written more than one hundred papers and books in such fields as nuclear energy and the fuel cycle, radioactive waste reprocessing, solution theory and thermodynamics, clean coal combustion, technical-economic systems analysis, the environment, and sustainable development. He served as a member of the Executive Board of UNESCO from 1989 to 1993 and as vice-chairman from 1991 to 1993. Since 1993, he has been vice-president of the Association of Asian Social Sciences Research Councils.