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Beyond the Brundtland Report: Founding Principles for International Business and Global Economics in the 21st Century and Beyond

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ABSTRACT

The paper is concerned with addressing the Recommendations made in the report of the United Nation's World Commission on Environment and Development (WCED) '*Our Common Future*' (commonly known as the 'Brundtland Report') published in 1987. The paper identifies the areas of particular relevance to 21st century business and economics strategy together with the university curriculum in those subjects.

KEY WORDS: Brundtland, Our Common Future, United Nations, sustainable development, WCED

INTRODUCTION

The creation of the United Nations in 1945 at the close of the Second World War represents a new stage in humanity's desire to work collaboratively in order to resolve problems and to reduce the frequency of violence and conflict. The publication in 1948 of the United Nations Declaration of Human Rights sets out the basis for a common understanding between nations and peoples.

In the years since its establishment, the history of the United Nations has been marked by many events including the UN's involvement in the Korean War and by the establishment of bodies such as the World Health Organization (WHO) which has done so much to alleviate disease.

The 1972 UN Conference on the Human Environment preceded the oil crisis of 1973 when oil shortages and price rises made people especially in the industrialised world realise their dependence on oil and its derivatives.

The United Nations Commission chaired by West German Chancellor Willy Brandt (the 'Brandt Report') of 1980 made explicit the disparity between the rich Northern countries and the poor Southern ones in a North-South divide.

The Palme Commission discussed security and disarmament during a period of nuclear confrontation by the 'Superpowers' of the USA and the USSR with their policies of Mutually Assured Destruction (MAD).

In order to address the *"widespread feeling of frustration and inadequacy in the international community about our ability to address the vital global issues and deal effectively with them"*, the United Nations convened in 1983 a World Commission on Environment and Development (WCED) upon the instructions of the General Assembly as Resolution 38/161 (United Nations, 1983). Section 8 of the Resolution made clear the terms of reference for the work of the Commission:

“(a) To propose long-term environmental strategies for achieving sustainable development to the year 2000 and beyond;

(b) To recommend ways in which concern for the environment may be translated into greater co-operation among developing countries and between countries at different stages of economic and social development and lead to the achievement of common and mutually supportive objectives which take account of the interrelationships between people, resources, environment and development;

(c) To consider ways and means by which the international community can deal more effectively with environmental concerns, in the light of the other recommendations in its report;

(d) To help to define shared perceptions of long-term environmental issues and of the appropriate efforts needed to deal successfully with the problems of protecting and enhancing the environment, a long-term agenda for action during the coming decades, and aspirational goals for the world community, taking into account the relevant resolutions of the session of a special character of the Governing Council in 1982;”

(Source: United Nations. 1983. *“Process of preparation of the Environmental Perspective to the Year 2000 and Beyond.”* General Assembly Resolution 38/161, 19 December 1983.)

The Commission took the name of its Chairman, the former Norwegian Prime Minister, Gro Harlem Brundtland. Gro had been Norway’s Minister for Environmental Affairs between 1974 and 1979 and was therefore well-suited to the task in hand. Her medical qualifications, humanist background and leadership of the Labour Party were also evidence of her position on a number of issues.

The Commission was established in order to examine: *"the accelerating deterioration of the human environment and natural resources and the consequences of that deterioration for economic and social development."* (ibid).

This deterioration of the human environment was concerned with damage to the environment through pollution of land, sea (including the dumping of waste) and air (the ozone hole and global warming), as well as desertification, and the destruction of the rain forest for use as agricultural land. Similarly, the depletion of natural resources included the use of native timber through deforestation, and the depletion of both oil reserves and fish stocks, which meant that the natural resources upon which economic development was based could no longer be assumed to be available in the quantities and at the price previously thought necessary: *"Environmental degradation, first seen as mainly a problem of the rich nations and a side effect of industrial wealth, has become a survival issue for developing nations."* (United Nations, 1987). [Note: all subsequent references are to this document unless otherwise stated].

Brundtland admitted her early concerns in her Chairman's Foreword to the Report, that *"What the General Assembly asked for also seemed to be unrealistic and much too ambitious. At the same time, it was a clear demonstration of the widespread feeling of frustration and inadequacy in the international community about our own ability to address the vital global issues and deal effectively with them. The fact is a compelling reality, and should not easily be dismissed. Since the answers to fundamental and serious concerns are not at hand, there is no alternative but to keep on trying to find them."*

This then was the context out of which the Report arose and the challenge is still one that means: *“Responsibly meeting humanity’s goals and aspirations will require the active support of us all.”* The post-war consensus for reconstruction had been realised at Bretton Woods in 1944 and had led to the formation of the international economic system with the creation of the World Bank and the International Monetary Fund. The world was now faced with the need *“for a renewed search for multilateral solutions and a restructured international economic system of co-operation. These challenges cut across the divides of national sovereignty, of limited strategies for economic gain, and of separated disciplines of science.”*

During the period the Commission met from October 1984 until the publication of the Report 900 days later in April 1987, globally reported events included famines in Africa; the Union Carbide leak of toxic gas in Bhopal India which led to the death of thousands and permanent disability of hundreds of thousands more; the explosion of liquid gas tanks in Mexico City killing 1,000; the Chernobyl nuclear reactor underwent meltdown; a warehouse fire in Switzerland contaminated the River Rhine and the water supply of Germany, and the Netherlands; and *“an estimated 60 million people died of diarrhoeal diseases related to unsafe drinking water and malnutrition; most of the victims were children.”* (ibid).

The General Assembly recognised that such problems may have had a local origin but had global consequences and that there was a need for common cause in establishing policies of ‘sustainable development’. Ideas around this were present in the work of such authors as E.F. Schumacher in his 1973 book ‘Small is Beautiful – A Study of Economics as if People Mattered’ and Herman Daly in his 1977 book ‘Steady State Economics’.

The Commission's findings were published as 'Our Common Future' (also known as the 'The Brundtland Report') (United Nations, 1987) and made a number of recommendations for future action as described below.

DEFINING SUSTAINABLE DEVELOPMENT

The Report provided a definition that has become widely-cited "*Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*"

Brundtland made clear that narrow interpretations of 'environment' ("*as a sphere separate from human actions, ambitions, and needs*" (ibid)) and 'development; ("*what poor nations should do to become richer*" (ibid)) were mistaken: "*But the 'environment' is where we all live; and 'development' is what we all do in attempting to improve our lot within that abode.*"

"10. Through our deliberations and the testimony of people at the public hearings we held on five continents, all the commissioners came to focus on one central theme; many present development trends leave increasing numbers of people poor and vulnerable, while at the same time degrading the environment. How can such development serve next century's world of twice as many people relying on the same environment? This realization broadened our view of development. We came to see it not in its restricted context of economic growth in developing countries. We came to see that a new development path was required, one that sustained human progress not just in a few places for a few

years, but for the entire planet into the distant future. Thus 'sustainable development' becomes a goal not just for the 'developing' nations but for industrial ones as well."

The reason for this is that the previous distinctions between sectors (e.g. energy, agriculture) and areas of concern (e.g. social, economic, environmental) have begun to dissolve as the interrelationships between them make continued 'silo-thinking' untenable, with the link between the global economy and global ecology inseparable:

"15. ...We have in the more recent past been forced to face up to a sharp increase in economic interdependence among nations. We are now forced to accustom ourselves to an accelerating ecological interdependence among nations. Ecology and economy are becoming ever more interwoven locally, regionally, nationally, and globally into a seamless net of causes and effects."

However, this interdependence is not undertaken on an equal footing by all: *"17. ... at the same time these developing countries must operate in a world in which the resources gap between most developing and industrial nations is widening, in which the industrial world dominates in the rule-making of some key international bodies and in which the industrial world has already used much of the planet's ecological capital. This inequality is the planet's main 'environmental' problem; it is also its main 'development' problem."*

This structural inequality between the rich and poor world is seen also in the mechanisms of Third World debt: *“...a global economic system that takes more out of a poor continent than it puts in. Debts that they cannot pay force African nations relying on commodity sales to overuse their fragile soils, thus turning good land to desert. Trade barriers in the wealthy nations – and in many developing nations – make it hard for African nations to sell their goods for reasonable returns, putting yet more pressure on ecological systems.”*

“Further, development issues must be seen as crucial by the political leaders who feel that their countries have reached a plateau towards which other nations must strive. Many of the development paths of the industrialized nations are clearly unsustainable. And the development decisions of these countries, because of their great economic and political power, will have a profound effect upon the ability of all peoples to sustain human progress for generations to come.” (ibid).

Brundtland states clearly what is required: *“What is needed now is a major new era of economic growth – growth that is forceful and at the same time socially and environmentally sustainable.”* Such an approach directly challenges current business and economic models as taught within the universities of the world today. Indeed Brundtland goes on to say that although the Report is for the member countries of the United Nations: *“The Commission is also addressing private enterprise, from the one-person business to the great multinational company with a total economic turnover greater than that of many nations, and with possibilities for bringing about far-reaching changes and improvements.”* Brundtland then immediately turns to the role of educators *“But first and foremost our message is directed towards people, whose well being is the ultimate goal of all environment and development*

policies. In particular, the Commission is addressing the young. The world's teachers will have a crucial role to play in bringing this report to them."

In discussing the Report, I have restricted myself to the initial 'Overview' found at the beginning of the Report for reasons of brevity. I have also used the same headings and numbering found there for ease of reference by the reader.

I. THE GLOBAL CHALLENGE

"1. In the middle of the 20th century, we saw our planet from space for the first time. Historians may eventually find that this vision had a greater impact on thought than did the Copernican revolution of the 16th century, which upset the human self-image by revealing that the Earth is not the centre of the universe. From space, we see a small and fragile ball dominated not by human activity and edifice but by a pattern of clouds, oceans, greenery and soils. Humanity's inability to fit its activities into that pattern is changing planetary systems, fundamentally. Many such changes are accompanied by life-threatening hazards. This new reality, from which there is no escape, must be recognized and managed."

The changes wrought by industrialization and economic growth have brought benefits for some also problems for others, which is why *"3. This Commission believes that people can build a future that is more prosperous, more just, and more secure...[with] the possibility for a new era of economic growth, one that must be based on policies that sustain and expand the environmental resource base. And we*

believe such growth to be absolutely essential to relieve the great poverty that is deepening in much of the developing world.”

The environmental events include desertification of agricultural land; deforestation; acid rain caused principally by coal-fired power stations; carbon dioxide emissions leading to global warming which in turn leads to increased flooding (such as seen recently in New Orleans with Hurricane Katrina); temperatures rising with disastrous effects on agriculture and species survival; the hole in the ozone layer caused by CFCs; and the increasing toxicity especially in the human food chain and water supply caused by industrial chemicals.

In this, “8. *There has been a growing realization in national governments and multilateral institutions that it is impossible to separate economic development issues from environmental issues; many forms of development erode the environmental resources upon which they must be based, and environmental degradation can undermine economic development.*”

“13. *Economic activity has multiplied to create a \$13 trillion world economy, and this could grow five to tenfold in the coming half century. Industrial production has grown more than fiftyfold over the past century, four-fifths of this has growth since 1950.*”

II. THE POLICY DIRECTIONS

“40. The Commission has focused its attention in the areas of population, food security, the loss of species and genetic resources, energy, industry, and human settlements – realizing that all of these are connected and cannot be treated in isolation one from another.”

The ‘population problem’ can be dealt with through programs to eliminate mass poverty as has successfully occurred in Europe following industrialization.

Food supply has outstripped food demand for decades, but the problem of distribution and the agricultural subsidies of the industrial nations had led to a situation where (unsubsidised) Third World farmers cannot compete against the subsidised imports of the First World farmers leading to increased poverty: *“50. ...In short, the ‘terms of trade’ need to be turned in favour of the small farmer. Most industrialised nations, on the other hand, must alter present systems in order to cut surpluses, to reduce unfair competition with nations that may have real comparative advantages, and to promote ecologically sound farming practices.”*

The accelerating loss of species and ecosystems is a loss of incalculably valuable biodiversity. That such loss is occurring because of pollution, urbanisation and increasing demand for agricultural land, means that the causes of species loss must be addressed if the situation is to be halted.

In terms of energy. The Commission freely admits that: *“58. A safe and sustainable energy pathway is crucial to sustainable development; we have not yet found it.”* Increasing demand for energy in the

industrialised world means that: *“Today, the average person in an industrial market economy uses more than 80 times as much energy as someone in sub-Saharan Africa.”*

The need for industry to produce more with less recognises that *“66. The world manufactures seven times more goods today [1980s] than it did as recently as 1950.”* In such a world, *“68. Transnational corporations have a special responsibility to smooth the path of industrialization in the nations in which they operate.”*

“70. Many essential human needs can be met only through goods and services provided by industry, and the shift to sustainable development must be powered by a continuing flow of wealth from industry.”

The final policy direction concerns human settlements and the move to urban settings: *“71. By the turn of the century [the year 2000], almost half of the humanity will live in cities; the world of the 21st century will be a largely urban world.”* The implications for policy are to found sustainable ways of living within urban settings especially as regards infrastructure (such as electricity and water), housing, transportation and waste management.

III. INTERNATIONAL CO-OPERATION AND INSTITUTIONAL REFORM

In terms of the role of the international economy, it is useful to quote sections 75 and 76 in their entirety: *“75. Two conditions must be satisfied before international economic exchanges can become beneficial to all involved. The sustainability of ecosystems on which the global economy depends must*

be guaranteed. And the economic partners must be satisfied that the basis of exchange is equitable. For many developing countries, neither condition is set.”

“76. Growth in many developing countries is being stifled by depressed commodity prices, protectionism, intolerable debt burdens, and declining flows of development finance. If living standards are to grow so as to alleviate poverty, these trends must be reversed.”

The next issue concerns the ‘global commons’, namely the shared ecosystems of the Antarctic, the oceans, and outer space, all of which have enormous economic value. The Antarctica Treaty of 1959 established a basis for managing the region, with the UN Convention on the Law of the Sea (UNCLOS) came into force in 1994. The question of outer space and in particular the limited space available for geosynchronous satellites as well as space debris has yet to be resolved.

The next section covers an issue which has moved on since the 1980s: *“86. Among the dangers facing the environment, the possibility of nuclear war is undoubtedly the gravest...There are no military resolutions to environmental insecurity”*

“87. Governments and international agencies should assess the cost-effectiveness, in terms of achieving security, of money spent on armaments compared with money spent on reducing poverty or restoring a ravaged environment.”

The next part deals with the institutional and legal changes required to effect change:

“90. Governments must begin now to make the key national, economic and sectoral agencies directly responsible and accountable for ensuring that their policies, programmes, and budgets support development that is economically and ecologically sustainable.”

Brundtland advocates (in paragraph 93) a strengthening of the role of the United Nations Environment Programme (UNEP) in order to monitor, report and act for change. As part of this the UNEP’s Earthwatch *“94. ... should be the centre of leadership in the UN system on risk assessment.”*

In addition, *“95. ... A new international programme for cooperation among largely non-governmental organizations, scientific bodies, and industry groups should therefore be established for this purpose...96. Making the difficult choices involved in achieving sustainable development will depend on the widespread support and involvement of an informed public and of NGOs, the scientific community, and industry. Their rights, roles and participation in development planning, decision-making, and project implementation should be expanded.”*

Part of the problem is the way in which both national and international laws on the environment are being left behind by events with the consequence that degradation continues.

Brundtland then moves on to address the question of the benefit of investments by both government and business: *“98. Over the past decade, the overall cost-effectiveness of investments in halting*

pollution has been demonstrated. The escalating economic and ecological damage costs of not investing in environmental protection and improvements have also been repeatedly demonstrated – often in grim tolls of flood and famine. But there are large financial implications: for renewable energy development, pollution control, and achieving less resource intensive forms of agriculture.”

In the following paragraph, Brundtland includes the World Bank, the Regional Banks and the International Monetary Fund, as well as bilateral aid agencies as having a “crucial role to play” in bringing about change at the institutional level.

IV. A CALL FOR ACTION

The new historical reality is expressed as follows: “101. *Over the course of this century, the relationship between the human world and the planet that sustains it has undergone a profound change.*

102. When the century began, neither humans nor technology had the power radically to alter planetary systems. As the century closes, not only do vastly increased human numbers and their activities have that power, but major, unintended changes are occurring in the atmosphere, in soils, in waters, among plants and animals, and in the relationships among all of these. The rate of change is outstripping the ability of scientific disciplines and our current capabilities to assess and advise.”

It should be noted that Brundtland diplomatically avoids blaming scientific developments on many of the problems they have generated such as increased pollution and toxic waste, but she does make the point that: *“103. The onus lies with no one group of nations. Developing countries face the obvious life-threatening challenges of desertification, deforestation, and pollution, and endure post of the poverty associated with environmental degradation. The entire human family of nations would suffer from the disappearance of rain forests in the tropics, the loss of plant and animal species, and changes in rainfall patterns.”*

Brundtland sees that the solution to this is that: *“103. ... All nations have a role to play in changing trends, and in righting an international economic system that increases rather than decreases inequality, that increases rather than decreases numbers of poor and hungry. 104. The next few decades are crucial. The time has come to break out of past patterns. Attempts to maintain social and ecological stability through old approaches to development and environmental protection will increase instability.”*

The moral imperative is made clear for us: *“105. ... to keep options open for future generations, the present generation must begin now, and begin together.”*

CONCLUSION: AFTER BRUNDTLAND

It is clear that in the twenty years since the publication of the Brundtland Report, that little has changed and much has changed.

What has not changed is that economic development continues to be predicated on the need for the rich world to use the poor world as a form of cheap labour and materials; and to continue use of non-renewable (non-sustainable) resources whether they be raw materials such as copper or energy sources such as oil. Even worse than this is that the waste products from nuclear energy will leave a legacy for future generations such that they will carry the cost without receiving any of the benefits. This is grossly immoral and a form of inter-generational theft and slavery: “25. ... *[unsustainable economic activities] may show profit on the balance sheets of our generation, but our children will inherit the losses. We borrow environmental capital from future generations with no intention or prospect of repaying. They may damn us for our spendthrift ways, but they can never collect on our debt to them. We act as we do because we can get away with it; future generations do not vote; they have no political or financial power; they cannot challenge our decisions. 26. But the results of the present profligacy are rapidly closing the options for future generations.*”

This moral position becomes clear in what is the present Faustian pact: “27. *Humanity has the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs...The Commission believes that widespread poverty is no longer inevitable. Poverty is not only an evil of itself, but sustainable development requires meeting the basic needs of all and extending to all the opportunity to fulfil their aspirations for a better life. A world in which poverty is endemic will always be prone to ecological and other catastrophes.*”

“30. Yet in the end, sustainable development is not a fixed state of harmony, but rather 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.”

In such a world, it is clear that both business and economics has failed to provide a theory or model which allows for sustainable development. What is taught in the universities is a world-view equivalent to the flat-earthers, since unquestioning allegiance to a single set of principles based on supply-and-demand and the operation of a free market bears no grounding in the larger reality and relationship between economics and the world in which it operates, for example: *“24. The arms race – in all parts of the world – pre-empt resources that might be used more productively to diminish the security threats created by environmental conflict and the resentments that are fuelled by widespread poverty.”*

What has changed is that global poverty has increased, global environmental degradation has increased, Third World debt has increased especially in Africa and Latin America, ‘natural disasters’ such as flooding and droughts have increased, military expenditure continues to grow and the rise of the multinational corporations has continued relentlessly to the point where of the top 100 economies in the world, over 50 are now corporations. The map of the world should be rewritten not with the names and borders of countries but with corporate logos and their market presence.

The 1992 'Earth Summit' or 'Rio Summit' held in Rio de Janeiro under the auspices of the UNCED occurred five years after the publication of 'Our Common Future' and resulted in 'Agenda 21'.

'Rio +5' in 1997, saw the General Assembly convene a special session to review progress.

The Kyoto Protocol had been agreed on 11th December 1997 and entered into force on 16th February 2005. It was aimed at reducing greenhouse gas emissions as part of the Framework Convention on Climate Change. The refusal of key industrialised nations (principally Australia and the United States) to ratify the Kyoto Protocol of 1997 on the grounds of economic self-interest, is a betrayal of the global common good and lacks even enlightened self-interest.

In 2000, the United Nations launched its Global Compact aimed to bring multinational corporations into a voluntary system of sustainable and socially responsible policies based on nine principles. In 2004, a tenth principle against corruption was added. Critics have argued that the Compact served only to allow corporate influence into the decision-making structures of the UN without making them assume any responsibility for their actions or the damage they have caused and continue to cause (Kell, 2005).

In 2002, the Earth Summit held in Johannesburg returned to the themes of Agenda 21 and established the 'Millenium Goals' which had been signed in September 2000.

The World Summit in 2005 was a further extension of this work and had limited results.

Recent unprecedented weather conditions such as heat-waves, droughts, floods, hurricanes and rainfall are inescapable facts for people everywhere and it is the failure of politicians to deal with such matters and their origins that lays bare the emptiness of the political process and the dangers that it has placed humanity in. This is because the process serves interests who have the most to gain by not changing, indeed the change that is necessary will affect them the most since they are the largest causes of the need for change whether it be in the creation of carbon dioxide and other green-house gases through industrial emissions, or the creation of nuclear waste, or the global use of toxic chemicals in agriculture, food products and animal feeds.

I leave the final words to Brundtland: *“The Commission has completed its work. We call for a common endeavour and for new norms of behaviour at all levels and in the interests of all. The changes in attitudes, in social values, and in aspirations that the report urges will depend on vast campaigns of education, debate and public participation.*

To this end, we appeal to “citizens groups”, to non governmental organizations, to educational institutions, and to the scientific community. They have all played indispensable roles in the creation of public awareness and political change in the past. They will play a crucial part in putting the world onto sustainable development paths, in laying the groundwork for Our Common Future...In the final analysis, this is what it amounts to: furthering the common understanding and common spirit of responsibility so clearly needed in a divided world.”

“109. We are unanimous in our conviction that the security, well-being, and very survival of the planet depend on such changes, now.”

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