Environmental Sustainability —A Consumption Approach

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Surely one of the greatest achievements of the current phase of globalization has been the spurt of economic growth in countries that were desperately poor just a few decades ago and some of which, even now, carry huge burdens of poverty. This spurt in economic growth and the consumption growth that accompanied it have lifted hundreds of millions out of poverty and, concurrently, provided a glimpse of possibilities to those countries large proportions of whose populations live in abject poverty. For poverty reduction it is imperative that this spurt in economic growth be sustained.

The prospects for such growth are, however, subject to some risks. An overbearing one at the present time is the failure of the Geneva-based talks to rescue the Doha Round of WTO negotiations. A continuing risk is the pressure being applied on the fast developing countries to curtail environmental pollution by putting brakes on their rapid economic expansion.

The intellectual foundation for this argument lies in the "Environmental Kuznets Curve (EKC)". It is argued that for low levels of per capita income and development environmental pollution is low and as a country starts to industrialize rapidly its contribution to pollution rises. After a threshold level of per-capita income the environment begins to be valued and the contribution of this country to global pollution declines. By this logic, then, the rich countries are reducing environmental pollution whereas the fast growing developing countries are adding to it. Given the anticipated precarious state of the global environment, developing countries should try to lower economic growth whereas the high consumption standards in the developed countries pose little or no threat to the global environment. It is widely believed that poor countries (especially the rapidly growing ones) are responsible for global environmental degeneration (GED), on account of their huge populations and their inability to evolve and invest in environmentally-friendly technologies. If the EKC argument is taken at its face value the prospects for developing countries are indeed grim.

However, an analysis of the spatial variation of various measures of environmental degradation reveals its heavily skewed nature with the bulk of such degradation coming from rich countries. The trends in such disparity are the crux of the problem of environmental sustainability. In a recently published book, *Environmental Sustainability — A Consumption Approach* (Routledge; London and New York, 2006), Raghbendra Jha and K.V. Bhanu Murthy advance a comprehensive notion of environmental sustainability. This new approach to Environmental Sustainability consists of the following elements: (i) the notion of sustainability, (ii) the fundamentals, (iii) measurement, and (iv) the solution.

This book argues that the notion of sustainability has ultimately got to be universal and refer to the indefinite future and provides for the first time a conception of GED

encompassing a variety of environmental factors such as deforestation, CO_2 emission, paper consumption and so on. This composite index of environmental degradation is then related to its economic determinants consisting of factors such as openness, high energy consumption and urbanization. These variables which take much higher values in the developed countries in comparison to the developing countries, are indicative of a certain type of economic development, associated with high levels of consumption and, ultimately, higher environmental degradation. Any uncritical aspiration for such consumption standards by the current developing countries can only be detrimental to the global environment.

The book relates a composite index of GED to a more comprehensive index of human welfare — the UNDP's Human Development Index — for 174 countries across the globe and discovers that the EKC is untenable and finds extreme inequalities in the contribution of low, medium and high human development country groups to GED with the low group effectively ameliorating GED and just 22 of the high human development group accounting for more than half of it.

The book argues that the construction of the global Environmental Sustainability Index (ESI) formulated by World Economic Forum, Columbia University and Yale University has serious methodological problems. The authors propose an alternative methodology to construct an alternative measure of sustainability and demonstrate that ranks of environmental sustainability of poor countries go up and that of rich countries go down.

The authors argue that the UNDP's HDI conceals the environmental damage that developed countries cause and propose an alternative Environmental Degradation Index (EDI). This revised construction based on real consumption reveals that environmental degradation reaches the highest levels in the case of the highly developed countries. Further, there is an unfortunate convergence of patterns of consumption across the globe.

The authors emphasis that addressing the global environmental problems needs new Global Environmental Management (GEM), not in the form of tradable permits for trans-boundary pollution but in the form of re-distribution of consumption across the globe. Consumption is a double-edged weapon. Given the global distribution of EDI the consumption of the rich countries is hurting the environment whereas that of the poor countries is, at worst, having only a minimal effect. A switch of consumption from the rich to the poor countries would raise net global welfare since consumption gets optimized and environmental degradation is minimized.