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In Pursuit of Sustainable Development: Political Planning versus the Free Market

by Richard M. Ebeling

From August 26 to September 4, 2002, the United Nations sponsored a World Summit on Sustainable Development in Johannesburg, South Africa. More than 100 heads of state and 60,000 delegates worked on an agenda for improving the health and well-being of tens of millions of people living in poverty around the world, while at the same time preserving the environmental quality of the planet.

After 10 days the conference set out a large number of specific targets and goals that are to be pursued by the UN's permanent Commission on Sustainable Development. Among these targets and goals are:

- A 50 percent reduction in the number of people around the world whose income is less than one dollar a day, by 2015.
- A "significant improvement" in the living conditions of at least 100 million "slum dwellers," by 2020.
- A 66 percent reduction in the mortality rate of infants and children under five years and a 75 percent reduction in maternal mortality rates, by 2015.
- A 25 percent reduction in HIV prevalence among young men and women aged 15–24, by 2010.
- The establishment of a "world solidarity fund" to eliminate poverty and promote social and human development in developing countries.
- A 50 percent reduction in the number of people without access to safe drinking water and who do not have access to basic sanitation, by 2015.
- To ensure that all children, regardless of sex, will be able to complete a full course of primary schooling, by 2015.
- A diversification of energy supplies with an increased share of "renewable" energy sources, along with greater, more efficient and less expensive access to energy supplies for the poor.
- Increased international oversight and conservation of oceans, fisheries, forests, biodiversity, and the atmosphere over the next 10 years.

In addition, the conference called for specific strategies for "sustainable development" in "small island developing states" and in Africa.

To fund the achievement of these goals, developed nations and various international organizations committed or were asked to commit large sums of money. The United States promised \$970 million over the next three years for water and sanitation projects, \$2.3 billion for health programs through 2003, \$90 million for “sustainable agricultural” programs, and \$53 million for forestry conservation projects over the next three years.

The European Union (EU) announced a \$700 million “partnership initiative” on energy, along with \$43 million from the United States. The United Kingdom promised more than \$150 million in aid assistance to Africa, and the EU said it would increase its development assistance with more than •22 billion (i.e., 22 billion Euros) between 2002 and 2006. Germany said it would contribute •500 million over the next five years for renewable energy projects, and Japan promised 250 billion yen to fund education projects over a five-year period as well as \$30 million in famine relief for African children.

In working out this extended agenda, in establishing a permanent Commission on Sustainable Development, and in calling upon the wealthier nations of the world to fund these projects, the UN’s presumption is that without this coordinated and financed joint effort, the planet and a large proportion of its population are threatened with destruction and misery. Clearly in the eyes of the UN and the other political organ-izers from around the world, planet Earth and its people continue to need government control, regulation, and planning if they are to both survive and improve.

In fact, neither the world nor its people would be threatened with disaster if these international and governmental actions were not to be undertaken. And, indeed, the achievement of these and related desirable goals actually may be undermined by such intergovernmental efforts.

Standards of living

First, the good news. World hunger and poverty have been dramatically reduced around the world during the last half-century. Since 1950, world population has increased by 90 percent. But because of increased production and productivity in global agriculture, average daily food supplies per person have increased 24 percent, worldwide, during this same period; and the increase has been even larger in developing countries, being about 38 percent on average per person.

Life expectancy also significantly improved during the last 50 years. In 1950 life expectancy in the developed countries was 66.5 years, while in the developing world it was 40.9 years. In 1998, life expectancy had risen to 74.5 years in the developed countries (a 12 percent increase) and to 63.6 years in the developing nations (a 55.5 percent increase).

In Africa life expectancy between 1950 and 1998 increased by 42.3 percent, from 37.8 years to 53.8 years; while in India, life expectancy rose by 62.5 percent, from 38.7 years to 62.9 years.

Infant mortality has also shown the same positive trend over the past 50 years. Worldwide, 156 children out of 1,000 births died under the age of one in 1950; that fell to 58 out of every 1,000 births by 1998, or a decline of 63 percent. Fifty years ago the infant mortality rate was 58 out of every 1,000 births in the developed countries, and 179 out of every 1,000 in the developing nations. These fell, respectively, to 9 and 64 out of every 1,000 births, percentage declines of 85 percent and 65 percent, respectively. The decline was 64 percent in India during this

period, from 190 to 69, and a decrease of 50 percent in Africa during this half-century, from 185 to 91 per 1,000 births.

Literacy has also been on the rise in recent decades. Between 1970 and 1997, illiteracy worldwide dropped from 45.8 percent of the global population to 25.6 percent. And child labor during this period has also declined. Among children between the ages of 10 and 14 around the world, child labor has decreased from 24 percent to 12.6 percent.

In Brazil, 68 percent of the urban and rural population have access to modern sanitation facilities — the number rises to almost 85 percent in the urban areas. Safe water supplies are available to 55 percent of the urban and about 45 percent of the rural Brazilian population, according to the World Resources Institute. In the availability of safe water, Brazil lags behind Argentina, Mexico, Indonesia, and even Nigeria.

In our understanding of the natural environment, dramatic improvements have been occurring as well. The world is not running out of essential resources and raw materials. Indeed, the known reserves of the most important ones for industrial and commercial uses have been increasing. Proven reserves of oil and gas increased between 1950 and 1990 by 733 percent; during that period the proven reserves have increased by 500 percent for chromium, 250 percent for copper, 663 percent for iron ore, 75 percent for lead, 96 percent for manganese, 247 percent for nickel, 107 percent for zinc, and 1,436 percent for bauxite.

Price indices for resources relative to wages all have been declining significantly, meaning resources have all been costing less to acquire and use. Between 1950 and 1990, by this measurement, world food prices declined 74 percent, lumber prices decreased 41 percent, paper prices went down 28 percent, prices of minerals (e.g., aluminum, copper, lead, magnesium, manganese, mercury, nickel, platinum, silver, tin, and zinc) went down on average by 48 percent, and energy prices (i.e., the price of coal, electricity, natural gas, oil) declined 46 percent over this period.

Forestlands have grown by 57 percent in the United States since 1920, and 27 percent since 1952. And European forests have increased between 25 and 30 percent between 1970 and 1990. Land devoted to grain production, worldwide, has decreased by 7 percent since 1980, even though grain production has increased by 20 percent during the last 20 years. During the last 25 years, 90 percent of the increases in food production around the world were due to greater productivity on existing agricultural lands.

The heavy hand of government

Now for the bad news. All of these improvements, especially in developing countries, have had to occur under the burden of government regulation, planning, and control. Wherever government has put its hand, it has almost always made human and environmental situations worse.

For example, the Brazilian Basin remained relatively undeveloped and inaccessible until about 30 years ago, when the Brazilian government offered to subsidize up to 75 percent of the costs of starting cattle ranches in the rain forest areas.

In addition, the government offered to give land titles and recognize homesteads to anyone who could demonstrate that he had cut away forestland for ranching or farming. By the 1970s, the Brazilian government was

subsidizing the destruction of the rain forest through its National Integration Policy, which distributed state funds to build roads across the Amazon, including north-south and east-west superhighways, to artificially stimulate the development of human settlements in areas previously un-populated.

And when the consequences from the government's own policies started to become visible, the deforestation of the Amazon region was then blamed on the private investors and land developers who had responded to the tax and subsidy incentives that the government created. Then the various global environmental groups used the Brazilian case as an example to make their argument that it is private profit that threatens the world's forests!

The fact is, the world would now be far better off, in terms of standards of living and environmental quality, if it had not been burdened with socialist and interventionist experiments throughout the 20th century. Socialism concentrated economic and political power in the hands of small numbers of social engineers in each of the countries in which central planning was implemented. Not only did this invariably open the door to political corruption and abuse of power, including dictatorship, terror, and mass murder, it also limited the society's ability to develop and grow to what the planners and controllers considered good and what they would permit. Hundreds of millions of people in the developing nations of the world were kept in poverty and denied economic and social opportunity because their rulers kept them in a political straitjacket.

Freedom and the decentralization of knowledge

Austrian economist Friedrich A. Hayek long ago emphasized that the knowledge of the world resides and exists in no one human mind or small group of human minds. The knowledge of the world exists in small bits and fragments in the minds of the billions of individual people who make up the human race.

If we are to draw upon all of this knowledge so each of us may benefit from what our global neighbors know and can do, and which we do not know and cannot do, then we must allow each of our fellow human beings the freedom and incentive to apply his knowledge in socially beneficial ways.

The social institution of the free marketplace does this far better than any political system of control and planning. Private property gives individuals a space over which they can have the discretion and authority to use their knowledge and ability as they see fit.

The voluntary nature of the marketplace means that each individual can obtain what his neighbor has only through peaceful mutual agreement, and not through the use of force or deception. In a system of division of labor to get the things my neighbors specialize in, I must in turn specialize in something that I think they would be willing to take in trade.

This means that in my own self-interest I must apply my talents and abilities in ways that serve my fellow men as the means to obtaining from them the things I desire. "Self-love," as Adam Smith called it, is then harnessed to the public good.

Thus, the knowledge of the world, the little pieces of which reside in each of us, is placed at the service of all mankind. And precisely because of this, each individual has an incentive to thoughtfully and judiciously manage the resources, raw materials, and other real property under his ownership and control.

They are the source of his current and future income and wealth. He must think twice before he foolishly squanders and wastes the land and resources that provide him with income in the present and which may have resale value in the future the more wisely he cares for, maintains, and improves them now and tomorrow.

The fallacy of central planning

In 1987, the United Nations Commission on Economic Development defined sustainable development:

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

While this seems reasonable on the surface, it raises a crucial question: Who shall decide what development does not compromise the needs of future generations, and how shall the conclusions that are reached be implemented? The fact is, there is no way of knowing what future generations will need or what means will be available to obtain it. As Jerry Taylor of the Cato Institute pointed out not long ago,

Imagine the economic planner of 1890 attempting to plan for the needs of today. Whale oil for heating, copper for telegram messages, rock salt for refrigeration, and draft horses for transportation and agriculture would all be high on the list of scarce resources he would worry about sustaining 100 years hence.

If government planners concerned with sustainable growth had the power to regulate and control these things starting a hundred years ago, would they have permitted the airplane, the automobile, the jet engine, the radio, the television, the microchip and the home computer, the ballpoint pen, the compact disk?

Think of the multitude of everyday things, great and small, that we take for granted today and that make our lives safer, healthier, wealthier, and more comfortable. What if each and every one of them had had to pass strict government regulation and planning approval on a wide variety of grounds, including their possible environmental impact on future generations before they could come into existence and use? How many might never have been approved and, if approved, in what forms and in what quantities?

Every day new discoveries are made and new ideas are formulated. That knowledge is rapidly incorporated into the plans and actions of multitudes of millions of people in their production and consumption decisions around the world. And that includes new conceptions of how actions in the present may affect the future. These new conceptions influence the value and the prices of all the marketable goods that can have uses in that future. Thus, tomorrow's generations are already incorporated into the thoughts and actions of people today. And this is done in a far more flexible, adaptable, and diverse way than it would be if everything had to pass through the approving eyes of political planning boards and regulatory commissions.

What the world needs for sustainable development is greater market freedom, not a continuation and reinforcement of central planning and political control.

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