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Sustainable Development: Linking economy and environment In the Era of Globalization

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ABSTRACT:

Our current economic models need to allow us to achieve the multiple goals the international community has set. Nearly twenty seven years after Rio, we have come to realize that a more sophisticated development model linking economy and environment and a more evolved economic model are needed if we are collectively to enjoy the fruits of globalization effects. Environment and development, global trends in relation to environment and socio-economic development, the challenges society faces today and provides signposts towards sustainable development... Major causes of environmental problems are population growth, wasteful and unsustainable resource use, poverty, exclusion of environmental costs of resource use from the market prices of goods and services, and attempts to manage nature with insufficient knowledge.

The beginning, the phenomenon of globalization has captured world attention in various ways in development. The tremendous change in the countries caused erosion of environmental quality to a large extent. Hence the concept of sustainable development has gained importance since Rio Declaration. The ultimate goal is an **environmentally sustainable society**—one that meets the current and future basic resource needs of its people in a just and equitable manner without compromising the ability of future generations to meet their basic needs. This paper focuses on how Sustainable Development linking economy and environment in the era of Globalization, and the need for sustainable environment with the economic growth.

Key words: Sustainable Development, Economic Development, Environment

JEL- O11, 044.

1. INTRODUCTION

The ‘environment’ is where we live; and development is what we all do in attempting to improve our lot within that abode. The two are inseparable. Environmental crises not only involve social, political & economic aspects but also pose a philosophical problem. It is 32 years since the report of the World Commission on Environment and Development (WCED), emphasized the need for a sustainable way of life which not only addresses current environmental challenges but also ensures a secure society well into the future.

The idea of ‘sustainable development’ has dominated thinking on environmental and development issues since it was highlighted by the 1987 Brundtland Report. The Brundtland Report’s highly influential definition of the term is: ‘Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains two key concepts: (1) the concept of need, in particular the essential needs of the world’s poor, to which overriding priority should be given, and (2) the concept of limitations imposed by the state of technology and social organization on the environment’s ability to meet present and future needs.’

1.1 Background: The environment as a global issue

During the 1970s, environmental politics focused particularly on resource issues. This reflected a growing awareness that humankind lives in a world of ‘global finiteness’. A particularly influential metaphor for the environmental movement was the idea of ‘spaceship Earth’, because this emphasized the notion of limited and exhaustible wealth.

Kenneth Boulding (1966) argued that human beings had traditionally acted as though they lived in a ‘cowboy economy’, an economy with unlimited opportunities. Similar concerns about global finiteness were also highlighted by the unofficial UN report *Only One Earth* (Ward and Dubois 1972) and the report of the Club of Rome, *The Limits to Growth* (Meadows *et al.* 1972). The latter work had a stunning impact, in that it appeared to predict by extrapolating five variables – world population, industrialization, pollution, food production and resource depletion – that the world’s oil supplies would run out by 1992. Although such predictions were subsequently revealed to be gross exaggerations, and despite widespread criticism of the methodology used, the idea of limits to growth dominated

thinking about the environment for a decade or more. Environmental issues also became an increasingly major focus of international concern. This reflected a growing awareness that environmental problems have an intrinsically transnational character: The first major international conference to be held on environmental issues was the 1972 UN Conference on the Human Environment (UNCHE) at Stockholm. The Stockholm conference also led to the establishment of the United Nations Environment Programme (UNEP), which is responsible for coordinating the environmental activities of states and international organizations to promote better regional and global environmental protection.

The 1987 Brundtland Commission Report, *Our Common Future*, exemplified this through its emphasis on ‘sustainable development’, which subsequently provided the dominant mainstream framework for understanding and addressing environmental issues.

The Brundtland Report prepared the way for the 1992 Rio ‘Earth Summit’. From the 1990s onwards, environmental debate increasingly focused on the issue of ‘climate change’ brought about through global warming. Initial concerns about climate change had focused on CFC emissions, but this shifted over time to the impact of so-called ‘greenhouse gases’. One of the consequences of the Earth Summit was the establishment of the UN Framework Convention on Climate Change (FCCC), the first attempt to stabilize greenhouse gas concentrations at a level that would prevent dangerous anthropogenic (human-induced) climate change.¹ Green politics has had an impact on international theory since issues such as ‘limits to growth’ and the ‘population time bomb’ came on the political agenda in the 1970s. However, interest in it has increased substantially since the 1990s as a result of growing concern about climate change, often viewed as the archetypal global issue. The central theme of green politics is the notion of an intrinsic link between humankind and nature.

1.2 Objectives of Sustainable Development

Since the Brundtland Commission published its landmark report in 1987, we have come a long way in our reflections on sustainable development. Few would dispute its fundamental principles: that our actions must take into account effects on the environment, economy and society, and that what we do today should not compromise the well-being of future

¹ Heywood, Andrew ;Global Politics 2011,Page 384-385

generations. The Brundtland Report's highly influential definition of the term is: 'Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains two key concepts: (1) the concept of need, in particular the essential needs of the world's poor, to which overriding priority should be given, and (2) the concept of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs.' In the last 30 years, significant progress has been made. Most national governments have begun to incorporate sustainable development into their planning and policy. Pro-active businesses across the globe have brought sustainability to their products and processes. Local initiatives have had success in informing citizens of the importance of participating in reducing waste, renewing urban spaces and other programs. In spite of these efforts, though, putting the principles of sustainable development into practice has proven to be anything but simple or straightforward. After all, both people and institutions have their habits, and changing them, even when the need is obvious, can be daunting. A key question remains whether we have made enough progress, or taken the warnings seriously enough to allow us to grasp and confront our biggest, most pressing problems.²

A critical component of sustainability is **natural capital**—the natural resources and natural services that keep us and other forms of life alive and support our economies. A second component of sustainability is to recognize that many human activities can *degrade natural capital* by using normally renewable resources faster than nature can renew them. This leads us to a third component of sustainability. Environmental scientists search for *solutions* to problems such as the degradation of natural capital. However, their work is limited to finding the scientific solutions; therefore growth must be limited to ensure that ecological costs do not threaten its long-term sustainability.

Sustainability is the ability of the earth's various natural systems and human cultural systems and economies to survive and adapt to changing environmental conditions indefinitely. The ultimate goal is an environmentally sustainable society—one that meets the current and future basic resource needs of its people in a just and equitable manner without compromising the ability of future generations to meet their basic needs.

² OECD Sustainable Development

2. EFFECTS OF GLOBALISATION ON ECONOMY AND ENVIRONMENT

The last decades of the twentieth century are characterized by increasing globalization, in the rapid growth of world trade, foreign direct investment, and cross-border financial flows (Lee, 1996). The tools that facilitated this growth were international transportation, technology, and telecommunications that became cheaper, quicker, and of higher quality (Wood, 1995) and now the Internet. However, the movement among nation-states to liberalize their trade policies--removing trade barriers and focusing on exports--also contributed to globalization, a prime example of how government matters in the business sector. Globalization was also influenced by international organizations like the World Bank, the IMF, and the WTO, devoted to increasing trade and development.

Nationalism has, arguably, been the most powerful force in world politics for over 200 years. It has contributed to the outbreak of wars and revolutions. It has been closely linked to the birth of new states, the disintegration of empires and the redrawing of borders; and it has been used to reshape existing regimes as well as to bolster them. The greatest achievement of nationalism has been to establish the nation as the key unit for political rule, meaning that the so-called nation-state has come to be accepted as the most basic – and, nationalists argue, the only legitimate – form of political organization.³

The integration of national economies into the international economy through trade, direct foreign investment, short-term capital flows, international flows of workers and humanity generally, and flows of technology' (Bhagwati 2004).

The liberal model of globalization is based on the following key assumptions:

- Human beings are rational and moral creatures.
- History is a progressive process, characterized by a growing prospect of international cooperation and peace.
- Mixed-actor models of global politics are more realistic than state-centric ones.
- Trade and economic interdependence make war less likely.
- International law helps to promote order and fosters rule-governed behaviour among states.

³ Heywood ,Andrew ,Global Politics 2011, The Nation in a Global Age, Page -157-58.

- Democracy is inherently peaceful, particularly in reducing the likelihood of war between democratic states.

The core idea of globalization is that more trade is better for all the parties concerned. Any action that interferes with the free flow of capital, goods and services, would produce sub-optimal results. The term globalization means the opening up of the economy for world market by attaining international competitiveness. Globalization is considered as an important element in the reform package and it has four parameters:

- 1 Permitting free flow of goods by reducing or removing trade barriers between the countries;
- 2 Creation of an environment for free flow of capital between the countries;
- 3 Creation of an environment, permitting free flow of technology between the countries; and
- 4 From the point of view of developing country, creation of an environment in which free movement of labour can take place in different countries of the world.⁴

In response to trade and foreign investment opportunity resulting from globalization, a large and growing number of developing countries including India have embarked on the liberalization of their trade and foreign investment regimes, as well as the adaptation of their domestic economic structures and straightening of their export capacity. Globalisation may also be understood as the widening, deepening and speeding up of worldwide interconnectedness in all aspects of social, cultural, political and economic life – a phenomenon that has accelerated in the past 50 years (Held et al., 1999). All regions have become more globalised by most measures of economic inter-connectedness.

The modern globalized economy came into existence in the second half of the twentieth century. It was a product of two phases. The first phase, which lasted from the end of WWII to the early 1970s, was characterized by new arrangements for the management of the international financial system in the post-war period which became known as the Bretton Woods system. Through a system of fixed exchange rates, regulation and support, Bretton Woods aimed to prevent a return to the ‘beggar-thy-neighbour’ economic policies that had contributed to the Great Depression of the 1930s and, in the process, helped to fuel political extremism and aggression. Together with the Marshall Plan, which provided US financial aid

⁴ Suchinmayee Rachna, “Gender, human rights and Environment”, 2008, Nice Printing Press, Delhi. pp.131-132

to Europe, in particular to support post-war reconstruction, and the wide adoption of Keynesian economic policies aimed at delivering sustained growth, the Bretton Woods system underpinned the so-called ‘long boom’ of the post-1945 period. In substantially expanding productive capacity and helping to fashion a consumerist form of capitalism, it laid the basis for the later ‘accelerated’ economic globalization.

2.2 Environmentally Sustainable Societies and Economic Growth

Societies can become more environmentally sustainable through economic development dedicated to improving the quality of life for everyone without degrading the earth’s life support systems. Economic growth provides us more goods and services, economic development has the goal of using economic growth to improve our living standards. Some economists call for continuing conventional economic growth, which has helped to increase food supplies, allowed people to live longer, and stimulated mass production of an array of useful goods and services for many people. They also see such growth as a cure for poverty, maintaining that some of the resulting increase in wealth trickles down to countries and people near the bottom of the economic ladder. Other economists call for us to put much greater emphasis on environmentally sustainable economic development. This involves using political and economic systems to discourage environmentally harmful and unsustainable forms of economic growth that degrade natural capital, and to encourage environmentally beneficial and sustainable forms of economic development that help sustain natural capital.⁵

Sustainable development will need to be inclusive and take special care of the needs of the poorest and most vulnerable. Strategies need to be ambitious, action-oriented and collaborative, and to adapt to different levels of development. They will need to systemically change consumption and production patterns, and might entail, inter alia, significant price corrections; encourage the preservation of natural endowments; reduce inequality; and strengthen economic governance.⁶

A Green Economy is needed who increased investments in economic sectors that build on and enhance the earth’s natural capital or reduce ecological scarcities and environmental risks. These sectors include renewable energy, low-carbon transport, energy efficient

⁵ Living in the Environment Concepts, Connections, and Solutions, G. Tyler Miller, Jr.

⁶ World Economic and Social Survey 2013

buildings, clean technologies, improved waste management, improved freshwater provision, sustainable agriculture and forest management, and sustainable fisheries.⁷

2.3 Globalization on environment

Globalization has had far-reaching effects on our lifestyle. It has led to faster access to technology, improved communication and innovation. Apart from playing an important role in bringing people of different cultures together, it has ushered a new era in the economic prosperity and has opened up vast channels of development. However, globalization has also created some areas of concern, and prominent among these is the impact that it has had on the environment. Globalization has featured extensively in the debates on environmentalism, and green activists have highlighted its far-reaching effects. Let us know about the impact of globalization on our environment.

It is important that we put in some efforts to maintain harmony with the environment. The survival of human race on this planet is dependent on the environment to such a large extent that we cannot afford to ignore the consequences of our own actions. While there is a lot of debate and discussion on this issue, the need of the hour is to have effective policies in place, and implementation of those policies. The people that we have chosen to represent us have the responsibility of ensuring that the extent of damage on environment is curtailed, if not totally prevented. We hope this article helped you in understanding globalization and its impact on the environment and the importance of taking concrete actions against it.

The increasing pace of globalization and how it affects the environment has been a major global concern. Although the research has been fraught with contrasting results, there are many who strongly believe that increased globalization has been harmful to the environment. A large number of environmentalists who support this view base their arguments on the premise that globalization leads to an increase in global demand, resulting in increased production. This indirectly contributes to the exploitation of the environment and the depletion of natural resources.

⁷ UNEP Green Economy

WTO and RTAs help protect the environment

Globalization achieved through multilateral negotiations via the World Trade Organization has also demonstrated that although environmental protection is not part of the WTO's core mandate, it has spurred enthusiasm within its member countries for sustainable development and environmentally friendly trade policies. There are several WTO trade-related measures that are compatible with environmental protection and sustainable use of natural resources. For instance, the green provisions of the WTO direct countries to protect human, animal or plant life and conserve their exhaustible natural resources. Apart from the WTO, regional trade agreements, known as RTAs, are another feature of globalization that promote environmentally sustainable policies. As countries seek to join RTAs, they are also made to simultaneously embrace environmental cooperation agreements. Many countries, including Canada and those in the European Union, have developed national policies that stipulate that prior to signing any trade agreement, environmental impact assessments must be carried out. That means that any country that signs trade agreements with those countries must also automatically sign environmental cooperation deals.⁸

PROBLEM OR CHALLENGE

The world is faced with challenges in all three dimensions of sustainable development—economic, social and environmental. More than 1 billion people are still living in extreme poverty and income inequality within and among many countries has been rising; at the same time, unsustainable consumption and production patterns have resulted in huge economic and social costs and may endanger life on the planet. Achieving sustainable development will require global actions to deliver on the legitimate aspiration towards further economic and social progress, requiring growth and employment, and at the same time strengthening environmental protection.

The world is off-track to achieve the Sustainable Development Goals (SDGs). Most governments have failed to turn the transformational vision of the 2030 Agenda into real transformational policies. Even worse, xenophobia and authoritarianism are on the rise in a

⁸ <http://theconversation.com/globalization-may-actually-be-better-for-the-environment-95406>

growing number of countries.” “The implementation of the 2030 Agenda is not just a matter of better policies. It requires more holistic and more sweeping shifts in how power is vested, including through institutional and governance reforms.”

The impact of climate change on our environment, our economies and our society is one of the defining issues of our era. Global climate change threatens to disrupt the well-being of society, deter economic development and alter the natural environment, making it a central policy concern of the 21st century. Governments around the world have reached consensus on the need to achieve large greenhouse gas (GHG) emissions reductions over the coming decades and to co-operate to adapt to the impacts of climate change.⁹

The challenge is to manage the process of globalization in such a way that it promotes environmental sustainability and equitable human development. In short, the more integrated environmental and trade policies are, the more sustainable economic growth will be and the more globalization can be harnessed for the benefit of the environment. The rapidly growing demographic structure and globalisation are leading to a number of environmental issues because of the uncontrolled urbanisation, industrialisation, deforestation and loss of useful agriculture land. The global environmental health impact remains profoundly perturbing. Unsafe water, poor sanitation and hygiene conditions, air pollution and global climate change accounts for nearly a tenth of deaths and disease burden worldwide. Due to above-mentioned environmental issues, our planet is facing severe environmental crisis. Current environmental problems lead to disasters and tragedies now, will also be the reason of casualties in future and require urgent attention from the responsible authorities/nations to frame appropriate laws to overcome these issues and also by making people aware to use natural resources in sustainable manner.¹⁰

We have to take the advantage of Environmental Kuznets Curve to graph the idea that as an economy develops, market forces begin to increase and economic inequality decreases. More specifically that as the economy grows, initially the environment suffers but eventually the relationship between the environment and the society improves.

⁹ OECD Works on Sustainable Development, 2011

¹⁰ <https://link.springer.com/book/10.1007/978-981-10-1866-4>

Climate change is a key challenge for more than a decade. We have to commit to making an important contribution to the decarbonisation of the global economy. There are several ways to reach this goal, such as: use energy as efficiently as possible; increase the share of renewable energy and accelerate the switch from the remaining conventional electricity generation to low-carbon fuels; redesign electricity markets to ensure sufficient investment into a sustainable, secure and energy-efficient system; accelerate the uptake of highly flexible technologies to integrate renewable energies and ensure system stability; accelerate the decarbonization of other sectors with sector integration, including Power-to-X technologies. Some major current environmental problems are Pollution, Global Warming, Overpopulation, Natural Resource Depletion, Waste Disposal, Climate Change, Loss of Biodiversity, Deforestation, Ocean Acidification, Ozone Layer Depletion, Water Pollution and Urban Sprawl and Public Health Issues. The needs for change in our daily lives and the movements of our government are growing. Because so many different factors come into play; voting, governmental issues, the desire to stick to routine, many people don't consider that what they do will affect future generations. If humans continue moving forward in such a harmful way towards the future, then there will be no future to consider.

CONCLUSION

Sustainable Development provides an essential introduction to the complex relationships between the economy, society and the environment. As global inequality and climate change become mainstream concerns, it asks the questions our generation needs to ask in terms everyone can understand. Keeping systems in balance is an important idea that reaches beyond environmental concerns. Think of the demographic balances in a given society. Sustainable Development provides guidance for achieving the transition to sustainable development as a means of increasing the well-being of current and future generations in all countries. Sustainable development strategies need to be inclusive and take special care of the needs of the poorest and most vulnerable. Strategies need to be ambitious, action-oriented and collaborative, taking into account different national circumstances. Need to systemically change consumption and production patterns, and might entail, inter alia, significant price corrections; encourage the preservation of natural endowments; reduce inequality; and strengthen economic governance. Technology will certainly play a major role in this

transformation. Changes in consumption patterns can drive the creation of new technologies necessary for sustainability and their adoption and diffusion at the desired pace.

Sustainable development will need to be inclusive and take special care of the needs of the poorest and most vulnerable. Strategies need to be ambitious, action-oriented and collaborative, and to adapt to different levels of development. They will need to systemically change consumption and production patterns, and might entail, inter alia, significant price corrections; encourage the preservation of natural endowments; reduce inequality; and strengthen economic governance.

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Mukesh Kumar Mishra is Secretary General of The Krityanand UNESCO Club, Jamshedpur, India (NGO having Consultative Status with the United Nations ECOSOC). He did his doctoral studies from the Department of Political Science, Kolhan University, Chaibasa. He is interested in theories of International Relations, and Economic and Political Development. His primary research area is at the intersection between Policy and Development Economics. Some of the topics he has investigated or is currently investigating are Emerging Trends in Indian Economy and financial Reforms, Sustainable Development Linking economy and environment In the Era of Globalization, Role of Technology in Smart Governance: 'Smart City, Safe City'. Actively engaged as a Research Guide at Undergraduate and Post-Graduate level Research/Internship program in field of Social, Political and Economic Development. He also serves as Assistant Professor of Management and Social Sciences in Jamshedpur.