

Greenprinting

Blueprint for a Green Economy by David Pearce, Anil Markandya and Edward Barbier, Earthscan Publications, London, 1989; *Sustainable Development: Challenges for Australia* by Lyuba Zarsky (Occasional paper No. 9, Commission for the Future, 1990). Reviewed by Michael Johnson.

The question of what we mean by sustainable economic development, and whether most of the answers given mean anything for preserving or improving the environmental system in which we live is, perhaps, the most hotly contested issue in the environmental debate.

It would seem to be a simple question of determining what type and level of economic activity would leave no person worse off and the environment better off now and in the future. The problem is, clearly, enormously important since, if it is not solved, the ability of the environment to support human life in a progressive form will eventually disappear and human life may become extinct. It is not easy, of course; as most worldly economists know, there are no real economic problems for which first best solutions exist (the unworldly in a primitive theoretical world believe they do, of course, but these ideals, while informing, are better preserved in a temple than in a policy unit).

For realists, something approaching second best is all that can be aimed for in a world moving in real time: one that will never return to the point at which it was a moment ago, and where no participant in the problem-solving game is interest-free (even if our more conservative brethren have recently proclaimed ideology dead and history at an end). Having said that solutions are difficult, it is to the credit of the two publications under review that they do not deny the difficulties and make important contributions to solving the problem of

creating a sustainable future (with a history to go with it). Pearce et al do this from a more specialised economics point of view, while Zarsky provides a broader summary of most of the issues both economic and social, in an Australian context.

Professor Pearce has received broad acclaim in Britain and elsewhere for his environmental ideas and at one stage was adviser to the Thatcher government. The book is designed, as the authors say, "to investigate some of the economic underpinnings of the idea of sustainable development: to ask, in other words, whether economics knows...the meaning of sustainable development and whether it is a feasible practical concept." It answers its question in the affirmative over seven easily read chapters, only lapsing into formulae in a few places and just supporting them with sufficient descriptions of the action to allow the non-specialist to follow the general argument.

The first chapters outline the problem from, with a few significant exceptions, a market economist's point of view, and there follows an exposition of some of the tools, like cost-benefit analysis, that the authors feel can provide some assistance in evaluating the impact of development projects affecting the environment. It does not dwell much, however, on the reservations that most discerning economists themselves have about cost-benefit analysis, particularly the selection of appropriate discount rates or about what prices to give the environment (to be discussed later).

Blueprint does start from the correct point, however, in recognising that the ever-changing physical and natural environment is at the core of existence. This is a fact that escapes many economists writing in the financial columns, who fail to recognise the nature of the art they practice and the fact that it is a social construction that is only relevant to an analysis of market price, and that this may place limitations on its ability to analyse the physical environment. An environmental focus such as this often deals with real quantities that have no

money value and are not transacted in a market.

Blueprint states that the stock of natural assets that comprises the environment includes "given assets such as soil and forests, wildlife and water...a stock of environmental assets that should be no less than it inherited from the current generation". That is, achieving sustainable development is the process of adding value to the stock of human and natural capital in a way that does not compromise either, or the ability of future generations of humanity to meet their needs from a similar quantity of usable assets. This is a lofty principle that in itself may be placed by the more pessimistic supporters of the 'dismal science' in the unrealisable category because of Malthus' predictions that population tends to grow faster than the supply of sustenance, or that the pursuit of self interest, for which the market economy is promoted, will defeat the achievement because of the promotion of individual greed. This suggests that there are social, philosophical and other issues outside the economic case studies in the Blueprint that must also be considered if any debate about sustainability is to strike root.

The first critical issue for achieving a pattern of sustainable development, as both publications point out, is how to place a value on the environment in such a way that it will ensure that the value is preserved - something which will not happen if it remains a free good like air or water mostly is at present.

Secondly, it means taking account of the cost and benefits of environmental change over time in such a way that future generations are left with the same stock of usable (and that condition is important) resources that we do. The tools to do this proposed by Pearce et al are a monetisation of all the physical and living stocks in the environment; the development of a set of environmental accounts in each country and the development of analytical and policy tools for assessing and controlling environmental change in real time.



The problem with this approach, of course, is the reliance on prices to control overuse of resources when there is no market for most of them. Even when there is a market, its supply and demand schedules, prices and their effects are usually calculable only after the environmental change has been done. This is a point not taken by the Pearce team, who suggest that "postponing problems is a sound policy...It may (their emphasis) therefore make sense not to act precipitately about an environmental problem such as climatic change". This is a view that most climatologists suggest may not be a sound or sustainable policy and may be the basis for some economists saying their discipline does not have much to contribute to the environmental debate and that regulation should substitute for markets. This seems only partly true as there is a role for both.

The Pearce study, following others before it, suggests the development of a set of physical environmental national accounts that sums stocks of material and other resources and changes in them. It suggests linking the physical environmental accounts with the money economy's accounts (and the physical stocks may even be expressed in money terms, although no particularly successful work has been done into developing these). This is a more positive suggestion that has been taken up by many countries including Australia which is embarking on a program of finding out what we know about our environmental

stocks, particularly of scarce resources. For assessing the effects in changes of these stocks over time, the Pearce study suggests cost-benefit analysis which is applied to each environment-affecting project. The problems with cost-benefit analysis - including the comprehensive assessment and proper valuation of environmental damage - has still not been appropriately answered.

The Pearce study is an illuminating view of how market economists see the environment and suggests some interesting ideas for addressing aspects of the problem of achieving sustainable development. The

glossary of sustainable development terms is also useful. The book, despite its claim, is not a 'blueprint': firstly, because of the limits of the market system, not just now, but in the future, and, secondly, because of the well-known and as yet unsolved defects in the tools used by market economists to analyse market systems that prevent their use when risks are high and mistakes which, once made, can never be recovered.

In contrast to the more theoretical approach of the Pearce study, the work by Zarsky for the Commission for the Future is more in the form of a review of the issues cast in an Australian context. The reduction of environmental damage is posed second to restructuring the domestic economy to achieve balance in the balance of payments. The simultaneous solution recognised in this study requires a much wider range of policy approaches than the more economic focus of Pearce.

The Zarsky study has is concerned with ecological sustainability and has a greater interest in issues like biological diversity and aversion to risk - essential elements in sustainable development - meaning that this book exposes more problems and solutions than the work of the Pearce team. An example is the concern in Sustainable Development with the role technological innovation can play in achieving sustainable development. Another concern to Zarsky is equity - a key issue, since environmental

damage and measures taken to correct it are likely to affect people differently. Equity will also play a major role in determining how and when many issues are addressed, a matter that is only mentioned in passing in Pearce.

The chief benefit of Zarsky's paper is her wide coverage of the state of play in Australian environmental policy. This includes an outline of the institutional developments such as those taking place in the organisation to which she belongs (The Commission for the Future). The paper includes a discussion of the state of play in key debates over the major issues such as the state of land degradation in Australia and the development of measures to counter it. It summarises the positions of key interest groups like the ACTU and the Business Council on environmental issues, but is more coy in relation to the differing views of the elements within government itself. And it explores the willingness of the community to meet the costs of change, and suggests that there is a considerable amount of support for government to apply the resources necessary to address the problem.

Zarsky puts the problem of achieving sustainable development in its social and political context. This is a much more complex and problematic world than that of the more optimistic (and idealistic) Pearce. Zarsky's world is one of nation states that have different interests; where business organisations are motivated by profit, not by the environmental bottom line, and where the capacity of individuals and groups to realise a sustainable development policy is very different.

Thus, while the overview of Zarsky does not analyse the issues in as much depth as Pearce, its view is more comprehensive and more realistic. As such, it is also more optimistic in a different sense. For, while the solutions are not so simple, there are opportunities for both jobs and an improvement in our standards of living if we tackle the real, complex problems energetically and creatively. This is a much better approach than pretending that it is all simply a question of extending the market system.

MICHAEL JOHNSON is head of the Public Sector Research Centre at the University of NSW.

Indian Summary

Nehru: The Making of India, by M J Akbar, Penguin Books, 1989. Reviewed by Robin Jeffrey.

As an introduction to India, this book has two merits. First, it offers a chatty history of both the country and its second greatest 20th century leader, Jawaharlal Nehru (1889-1964). More tantalising, however, is the insight it provides into the minds of the people who direct the modern Indian state. If Henry Lawson was the poet of the bush, M J Akbar is as surely the scribe of India's brash new middle class.

Born in 1951, Akbar exemplifies much that is appealing and not-so-appealing about that class. His prodigious energy and talent revitalised a major weekly news magazine when he was in his 20s and made him creator-editor of a stylish new daily newspaper at 31. (The Calcutta Telegraph is the only daily in India that appears to have heard that even the London Times now puts news on the front page.) He has been a highly acclaimed current affairs presenter on Indian television. Nehru is his second widely promoted Penguin book. And in November 1989 he was elected to parliament as a member for Rajiv Gandhi's Congress (I) Party from a seat in the state of Bihar. Recently, he has emerged as the aggressive media spokesman for the former prime minister.

Akbar's two books - India: The Siege Within (1985) is the other - demonstrate dynamism and ability, qualities common to the class he so well embodies. Akbar's books celebrate that prospering, muscle-flexing India which, as far as perhaps 100 million Indians are concerned, is doing just fine. If the books were set to music, the song would be "Come on, Aussie (read India), Come On".

As his name indicates, Akbar is a Muslim by birth. Though he sings the praises of "modern", secular India, he also strives to maintain his Muslim

credentials. Last year, for example, he emphasised his continued religious allegiance by supporting the Indian government's ban on Salman Rushdie's *Satanic Verses*.

Akbar presents himself as a Muslim but also as a champion of the Indian state as it has developed since 1947. Needless to say, he infuriates Pakistanis. Indeed, he devotes a good deal of Nehru to an attempt to prove that Pakistan was the conspiratorial creation of imperialists (the British) and a megalomaniac (Muhammad Ali Jinnah, 1874-1948). Such an explanation, of course, is far too simple. It ignores the way in which 'ethnicity' - the reactions of peoples to the way in which modern states and communications impinge on their lives - has collided with political boundaries throughout the world. But Akbar offers post-1947-India's Authorised Version with flair and bluster: "The British knew what Jinnah wanted; and they knew what their needs were. They let the idea (of Pakistan) fester in the expanding communal swamp."

The latter sentence also captures the flavour of the prose. Akbar began his working life as a journalist on the popular *Illustrated Weekly of India* in Bombay. He wrote anything and everything to get into print and, consequently, he has a journalist's glibness. He can write fast and fluently, as he needed to do to get the book into print in time for the 100th anniversary of Nehru's birth last year. Though the book is too long (584 pages), no one familiar with the outlines of Nehru's life will find much new. Many of the old favourites among Nehru and Indian-nationalist stories are told again. Chapters invariably end with portentous 'kickers' - e.g. "That fire would soon spread from his breast and set a nation aflame" - intended to boot the reader along to the next instalment.

Nehru's "greatest failure", according to Akbar, was the creation of Pakistan; "his greatest success...that he kept the rest of India united". If Nehru had a fault, it was that he was too good; he was unable to believe that the Chinese could be so diabolically wicked as to impose by force their

version of the international border in the north-east in 1962.

In ensuring the well-being of India's people, Akbar pronounces Nehru to have succeeded "very substantially" by providing them with "rice, a roof and a book - and freedom and self-respect". It is a wonderfully windy claim, given that the 1981 census recorded close to two-thirds of the population as illiterate. And even the best-massaged statistics of the Indian government concede that, in 1990, about 30% of the population lives below a pathetic poverty line based on 2,300 calories of food a day. What's fascinating, however, is the boldness of the assertion: India's doing fine, if you are one of the 100 million for whom Akbar speaks. Nehru thus becomes a vehicle for working out Akbar's own view of his country's history and for a celebration of India under Rajiv Gandhi. For the reader, this exercise often proves more entertaining and instructive than the account of Nehru's life.

It was an admirable life nonetheless. To be sure, as the sole male heir of his wealthy lawyer-father, Nehru rarely had to think about money. But instead of choosing influential comfort, he took the path of a nationalist-agitator and served nine years in British prisons. During that time, he read and wrote feverishly, and there was justification in his characterisation of himself as a "philosopher"...in the position of an operating leader". His rationalism led to the fascination with a centralised, planned economy, which in turn produced mountains of inertia and jungles of red tape. But it also led him to defend and expand the delicate liberalism that makes India lovably different from any other ex-colonial country.

Though Akbar's treatment of Nehru's youth and intellectual development is conventional, he is more open about the private life than previous Indian biographers. Yes, there was a liaison with Edwina Mountbatten which began in 1947 and continued until her death. Yes, earlier, there were other women, including

the daughter of the poet Sarojini Naidu.

Australians know too little about the India of M J Akbar and the 100 million who live well. Nehru therefore has a double advantage: while

readers are acquiring the outlines of the life and times of a national hero, they may also learn what India's dominant groups wish to believe about themselves and their state. India's confident, comfortable class is worth watching and knowing about.

If this book speaks for anyone, it speaks for them. Come on, India, come on.

ROBIN JEFFREY teaches in politics at La Trobe University.

Poor Laws

Out of Luck: Poor Australians and Social Welfare 1788-1988, by Stephen Garton (Allen and Unwin, 1990). Reviewed by Eva Cox.

The 1980s in Australia saw some of the most profound and fundamental changes in the role of the welfare state in our 200 year history. The overall size of the public sector decreased as a proportion of GDP leaving less in the pot for redistribution and changing values about the appropriate recipients.

Australia went from being an innovator in social security payments to bidding for recognition as both a mean and rigid welfare system. The fact that this has mainly occurred under a Labor government makes it more surprising. The last few years have seen a demolition of the remains of a system in which the general community had a stake, and the reinforcing of the concept of needs-based welfare.

We have moved from equity programs which recognise life cycle and other entitlements to poverty programs. These create stigma and poverty traps by eligibility criteria which discourage movement off pensions, with recipients being penalised by high effective marginal tax rates on extra income which exceed those for the top income bracket.

And one of the reasons for this debacle has been the Left's inability to understand that effective and just redistribution to the poor requires a

system which is not based on targeting increasingly diminishing funds but on changing the system to increase access to categorical payments and adequately paid work.

We have an almost unique system of social security because we pay out of general revenue and not through contributory systems. By avoiding the trap of income-linked payments we had the possibility of a system which could ensure that no one suffered income poverty.

The issue of superannuation and its grossly regressive tax advantages is likely to create aged poverty in the future as self-provision becomes the catch-cry on retirement income. These are straws in the wind that suggest that poverty is not only still with us, but may increase as the system rigidifies and punishes those who cannot work full year, full time jobs.

The signs of these changes and their origins date back through the welfare debates since the beginning of the century: the introduction of aged pensions and the inter-relationship of child endowment and wages policies, for instance. However, the book being reviewed omits any broad-based policy discussions, focussing on the details and missing the unifying structures.

This is a conscientiously researched book which provides an overview of poverty throughout the period of white settlement. It neatly undermines the mythology of an egalitarian society by pointing out that this is, and always has been, an unequal society and that those at the bottom of the income scale have suffered real deprivation and hardship.

Covering 200 years of complex social interplays in less than 200 pages obviously requires some choices of inclusions and omissions. Stephen Garton has gone for a recitation of the major reforms and problems as identified in the media, in reports and in legislation, and then has linked these with stories of individuals. This brings home the problems in a personal way that makes the book easy to read.

It sells the poor short, however. The section which deals with the last two decades should probably have been omitted as it is inaccurate and superficial, since it doesn't do justice to the complexities of the changes. It is also a classic add-on-the-minorities chapter, throwing in women and Aboriginal movements as an afterthought, having failed at earlier stages to acknowledge that our positions have disadvantaged us all along.

The issues of poverty and inequality are central to Left debates, yet are often not given the attention they deserve. This volume is an attempt which needed to do more than mimic the bleeding heart approach it seeks to condemn.

This is the sixth volume in an Allen and Unwin series called 'The Australian Experience', all by men. It is a pity that a publishing house which has an excellent record of publishing feminist material still appears to marginalise feminist theory and universalise male experiences.

EVA COX is a well-known social policy analyst.