

Unsustainable “Development”

by Jim Peron

Sound economic thinking lies in accounting for the secondary results of private and government actions.¹

This observation is not limited to economics. It can be applied to all areas of human study, including political philosophy. Once learned, that lesson can prevent a great deal of human hardship. Take, for instance, a concept promoted by left-wing environmentalists, “sustainable development.” The term itself actually sounds rather pleasant. Most of us—oddly, excepting those who use this term most often—support development, and we want it to last.

But to understand this concept we have to look beyond the short term. We have to ask ourselves what are the ramifications and logical conclusions of this theory.

First, we have to be clear about what is usually meant by the term. It most often means the preservation of resources for future generations. The concept originated with the United Nation’s World Commission on Environment and Development, the Brundtland Commission, named after its socialist chairwoman, Gro Harlem Brundtland. The commission members said sustainable development “meets the needs of the present without compromising the ability of future generations to meet their own needs.”² The more vocal proponents refer to the con-

sumption of resources today as “stealing” from future generations.

The advocate of individual rights immediately has problems with this theory. It not only postulates that rights belong to a collective but to a collective that doesn’t even exist. By definition, a future generation is a group of people not yet born. As the saying goes, “Tomorrow never comes.” The reason is simple: when tomorrow does arrive it ceases being tomorrow and becomes today. So it is with future generations. Once an individual is actually born he ceases to be a potential member of a future generation and becomes the actual member of the current generation.

If we accept the theory that resources must be preserved for future generations, then we assume that groups of unborn individuals have a right to those resources. But, strangely, this right vanishes the moment those individuals are born, because each future generation, once born, is saddled with the same obligation to yet-still-unborn generations.

Moreover, while advocates of sustainable development argue that the unborn have a right to a resource, they also argue that many members of the same future generations should be prevented from coming into existence—that is, they tend to support government intervention meant to reduce the size of future populations. Apparently, unborn generations have property rights but no right to life.

Jim Peron (esteem@orcon.net.nz) is the editor of Free Exchange, a monthly newsletter, and the owner of Aristotle’s Books in Auckland, New Zealand.

Another problem for the sustainable-development theory is that we don't know what resources will be needed in the future. A hundred years from now people might still be using petroleum to heat their homes or power their cars. But they might not.

As a boy I often visited my grandmother in Chicago. She had a large old house not far from Lake Michigan. On one side was a trap door with a metal slide leading to the basement. Periodically, a truck would pull up and drop a large load of coal down the slide to the basement. There was always a massive pile of dirty, smelly coal down there. The basement was covered in fine coal dust. A large furnace, which required constant maintenance, generated steam for the radiators and for hot water. Every so often my grandmother would have to shovel coal into the furnace—otherwise there would be no heat.

A policy in my grandmother's day to save coal for future generations would have required her to use much less. She would have been colder—but no one would have been better off. If that old house still exists, I doubt it is heated with coal. Her children don't use coal today. Coal conservation would have been a lose-lose situation.

Similarly, if we had made policies 20 years ago based on consumption patterns then, we would have worked hard to preserve copper supplies for telephone use. Yet today few phones use copper wires for transmission. They use fiber-optic cables. A huge percentage use no transmission wires at all.

Why sacrifice the well-being of living people for the sake of nonexistent possibilities? Why make sacrifices when we know for certain that much of what is used today will be unwanted tomorrow? Certainly there are resources used today that will still be required in the future, but demand may be significantly less relative to supply. In fact this is precisely what has been happening with virtually every natural resource.

Impossible Projections

In just a short time the resource needs of our generation have changed dramatically. It

is unlikely that any of us would have correctly projected today's resource requirements. Yet sustainable-development advocates project future consumption over generations, centuries, perhaps millenniums.

To complicate matters even more, whether something is or is not a resource depends entirely on human ingenuity. Once, oil on one's property devalued the land. It killed the cattle, made agriculture difficult, smelled bad, and had no useful purpose. The negative value turned positive when someone figured out how to use it. A bane became a resource. As human knowledge increases, more and more substances become resources.

The basic premise of sustainable-development theory is that the supply of all resources is limited across time. While this has been challenged, let's accept the premise for the sake of argument.

The goal of sustainable development is to preserve "enough" of a resource for future generations. But how much is enough? And for how many generations? While a meteor, or some other catastrophe, may wipe out the human race, we must assume infinite future generations.

But this assumption leads to problems. If we figure that resources are finite and consumption is not, then we have to recognize that any level of consumption will eventually mean that some future generation will have to do without. Logic would seem to demand that we consume nothing at all. And this would apply not only to our generation but to every one that follows. Thus the very people for whom we would be preserving the resource are themselves required not to use it. But if they have no right to use the resource, then our consumption of it today could not possibly be considered "stealing" from them. (The advocates of sustainable development, coming from the apocalyptic Green movement, never consider the role of prices and market incentives, which prevent any needed resource from being depleted.)

Would we actually improve the life of future generations? As illustrated by my grandmother's use of coal, this may not be true. In fact, we could diminish the well-

being of future generations by limiting consumption today. Coercive limiting of petroleum consumption would no doubt make us poorer than we would have been. It would also reduce the well-being of our children and their children. Yet technological changes will no doubt reduce our need for petroleum, as it has been doing for decades. In other words, forced conservation would lower our living standards, and that of following generations, in order to preserve a resource that we'll need less and less of in the future—and maybe not at all.

Moreover, forced reduction in consumption today may well stifle the very technological innovations that would eradicate the need for petroleum. Innovation requires investment, and investment requires wealth. If we reduce wealth we reduce investment and, in all likelihood, innovation. We may actually increase the consumption of a resource over the long term by reducing its usage in the short term.

The “right” set of environmental regulations just a couple of decades ago could have prevented development of fiber-optic, cellular-telephone, and Internet technology. As a result, vast quantities of copper, paper—and trees—would still be required today for communication.

Of course, no one misses a technology that never was. It is only by looking backwards that we can see what effect such policies would have had on us had they been foolishly implemented by our parents or grandparents.

Other Stifling Effects

Sustainable development would stifle innovation in other ways as well. It is supposed to guarantee “equal” access to resources today, tomorrow, and a hundred years from now. The idea is to prevent resource crises. Yet crises often bring new technologies into existence. Price controls in

the United States artificially stimulated demand for oil during the 1970s and caused shortages. When deregulation later increased prices (temporarily), consumers demanded new technologies to reduce consumption. Cars built before the crisis consumed more fuel per mile than those built since. (Higher prices also summoned new supplies.)

Thus, in a free market, crises contain the seeds for their own solutions. Often the solution dramatically reduces demand for the resource in question and sometimes eliminates demand entirely.

But the ebb and flow of markets cannot be allowed to operate under sustainable development, which requires state control. This inevitably means that price and profit signals will become distorted, causing both consumers and producers to miscalculate the availability of resources and forcing them into patterns contrary to their actual well-being.

Sustainable development is one of the most perilous theories around. It can't even answer the basic questions it raises. It can't tell us what resources to sustain. It can't tell us for whom they should be sustained. It can't tell us how long such sustainability should be maintained. It merely makes unsupported assertions and calls for centralized state control of economic resources, preferably on a global scale.

Apparently, small is beautiful to the Greens, except when it comes to government. Then “the bigger the better” is the rule. While “sustainable development” sounds good, it actually is a hollow phrase with little or no meaning but with some dubious, if not dangerous, implications. □

1. This, of course, is the “one lesson” immortalized by Henry Hazlitt: “the art of economics is looking not merely at the immediate but at the longer effects of any act or policy: it consists in tracing the consequences of that policy not merely for one group but for all groups.” *Economics in One Lesson* (San Francisco: Laissez Faire Books, 1996 [1946]), p. 5.

2. World Commission on Environment and Development, *Our Common Future* (Oxford: Oxford University Press, 1987), p. 8.



Self-Interest, Part 2

When he tried to do anything for the good of everybody, for humanity, for Russia, for the whole village, he had noticed that the thoughts of it were agreeable, but the activity itself was always unsatisfactory; there was no full assurance that the work was really necessary. . . . But now since his marriage, when he began to confine himself more and more to living for himself, though he no longer felt any joy at the thought of his activity, he felt confident that his work was necessary, that it progressed far better than formerly, and that it was always growing more and more.

—LEO TOLSTOY, *Anna Karenina*

Self-interest is vital to our prosperity. As Adam Smith famously explained, “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chuses to depend chiefly upon the benevolence of his fellow-citizens.”

So very true. Private property and free markets harness self-interest, enlighten it, and inspire each of us to better our own condition by bettering the conditions of others.

This justification of self-interest is consistent with the belief that, while self-interest might be channeled into productive avenues,

Donald Boudreaux (dboudrea@gmu.edu) is chairman of the economics department of George Mason University and former president of FEE.

the world would be an even better place, and the economy would be even more productive, if people weren’t self-interested.

I dissent from this oft-expressed belief. It isn’t so much that a flourishing, highly productive economy such as ours is possible *despite* self-interest; rather, such an economy *requires* self-interest. This is so because there are two aspects of reality that every economy must deal with, but that altruism does nothing to alter: scarcity and ignorance.

Because resources are scarce, prosperity requires that what relatively few resources we have be used as wisely as possible. In a world without scarcity, for example, it would be sensible for me to keep my fireplace lit by tossing dining-room chairs into the blaze. Why shouldn’t I do so? Chairs are superabundant and, hence, valueless.

Of course, in reality, while the wood that my dining-room chairs are made of would