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Social Science Library: Frontier Thinking in Sustainable Development and Human Well-being

"Economics of Sustainability: The Social Dimension" by Timothy A. Wise

> "Sometimes one gains the impression that the development debate is just a succession of fads and fashions. But the evolution from economic growth, via employment, jobs and justice, redistribution with growth, to basic needs and human development represents a genuine evolution of thinking and is not a comedy of errors, a lurching from one slogan to the next."
> – Paul Streeten (1995: 17)

Much of the sustainable development discourse, especially when it appears in the economics literature, focuses on environmentally sustainable development. Since the Brundtland Report, however, there has been considerable effort to broaden the concept of sustainability beyond environmental concerns by recognizing the myriad social dimensions of sustainability. The report itself highlighted the ways in which poverty is both a cause and an effect of environmental degradation. But the social dimensions of sustainability extend beyond poverty and its connection to the environment to include a range of issues often ignored in environmental circles.

This section presents some of the research in economics and related disciplines that has attempted to integrate social issues into the conception of sustainable development. It is intended to highlight the ways in which development that fails to meet basic needs and allow democratic participation for all is not desirable and may not be sustainable. These efforts have taken their most coherent form with the evolution of the "human development paradigm," which has found an institutional home in the United Nations Development Programme (UNDP) and an ambitious set of comparative data and analysis in the annual *Human Development Report*.

This essay examines not only the concept itself but recent attempts to refine it and apply it to contemporary development issues, in particular the "sustainable livelihoods" approach and "social exclusion" theories. It then turns to the poverty-environment nexus, attempting to go beyond the Brundtland Report's implication that the poor are significantly responsible for environmental destruction. After touching on the vast array of research on gender, sustainability, and development, the essay then assesses the usefulness of the concept of "social capital," a term that borrows conceptually from economics and is applied widely, most interestingly as it relates to the effectiveness of government action. It concludes with a discussion of democracy, participation and empowerment as they relate to issues of sustainability.

THE ORIGINS OF HUMAN DEVELOPMENT

Years before environmentalists began campaigning for an approach to economic development that would take account of the environmental impact of economic life, an equally influential group of economists was working to address the overemphasis on economic growth in prevailing development strategies. Much as environmentalists argued that the economics profession overlooked humanity's increasing consumption of the planet's stock of natural capital, these economists argued that the overemphasis on economic growth overlooked the ways in which that growth improved – or failed to improve – the quality of life for different segments of the population. In an attempt to address neoclassical economics' shortcomings in explaining distributional issues, this approach focused on the persistence of poverty even in high-growth economies

Two distinct schools of thought merged to form what has come to be known as the "human development paradigm." Mahbub ul Haq and Paul Streeten promoted a "basic needs" approach in the late 1970s, arguing that the traditional focus on economic growth needed to be augmented by one that emphasized meeting the basic needs of all members of society. They pointed out that many programs, such as education, nutrition and health care, represented investments in human capital that were shown to be productive for generalized economic growth. The basic needs approach went beyond efficiency arguments to challenge the prevailing orthodoxy within the development community, calling for major shifts in the power balance within highly skewed societies (Streeten et al., 1981).

The other school of thought underpinning the human development paradigm came out of the work of Indian economist Amartya Sen. Sen argued for a shift in emphasis from incomes to outcomes and from per capita income growth to improved quality-of-life outcomes. The centerpieces of Sen's development theories are his linked notions of capabilities, functionings, endowments, and entitlements. He defined capabilities as the set of choices available to different individuals and groups within society, while functionings refer to the options actually chosen by individuals (Sen, 1981, 1992). Both concepts recognize that in a stratified society individuals have differential access to resources and opportunities. Sen also offered the related concepts of entitlements and endowments. The former refers to an individual's ability to exercise effective command over endowments, which Sen defines as an individual's commodities, wealth, and other productive resources, most notably labor. Sen showed that the cause of the 1943 Bengal famine was not a generalized food shortage but the poor's inability to "establish their entitlement over an adequate amount of food." (Sen, 1999: 162)

These two approaches merged to form the human development paradigm in the 1980s. The first article summarized in this section, by **Mahbub ul Haq**, articulates the principles underlying the human development approach. In 1990 the UNDP published the first of its annual *Human Development Reports,* which have advanced human development theories while creating an alternative set of economic measures designed to illuminate the diverse quality-of-life outcomes produced by per capita incomes (UNDP, 1990). While those indices now range into areas as far-flung as “Social stress and social change,” the most enduring contribution of the *Human Development Report* remains its focus on poverty, inequality and the outcomes of social and economic development.

POVERTY AND HUMAN DEVELOPMENT

Building directly on Sen’s outcomes-based approach, UNDP’s premises were clear: “Human development is a process of enlarging people’s choices.... [A]t all levels of development, the three essential ones are for people to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent standard of living.” (UNDP, 1990: 10) The UNDP’s Human Development Index (HDI) was constructed to reflect these basic capabilities. Using weighted averages, it adds life expectancy at birth and two measures of educational access to an adjusted real per-capita GDP measure to generate an HDI value. Countries are then ranked by their HDIs, providing an interesting and useful contrast to GDP per capita as a measure of development.

The HDI as a measure is by no means without its flaws. England (1997), in an earlier volume in this series, notes in particular that it is much more useful in comparing developing countries than developed nations, in part because the index gives very little value to per-capita incomes over the world median (about $5,500) – a reflection of UNDP’s emphasis on “sufficiency rather than satiety.” (UNDP, 1994: 91) Still, the HDI has proven to be a helpful way to identify developing countries and regions in which economic growth has failed to produce expected quality-of-life improvements, as well as those in which quality-of-life improvements have been achieved at levels higher than per-capita incomes would suggest. For example, Costa Rica has an HDI nearly equal to that of Korea despite per capita incomes barely half Korea’s. Paraguay and Morocco both have per capita incomes around $3,500, but Paraguay’s HDI is much higher, suggesting that the country is more effectively translating growth into human development (UNDP, 1997: 20).

The HDI also highlights progress over time, and it is worth noting that several important quality-of-life measures indicate that important progress has been made in many parts of the world since 1970. In both industrial and developing countries there has been dramatic improvement in life expectancy, under-five mortality rates, and adult literacy rates. Interestingly, gains in all categories are shown even for the group of least developed countries, though the figures also highlight how far they still have to go, with life expectancy at only 50 years, under-five mortality over 17%, and adult literacy below 50% (UNDP, 1998: 19).

Issues of global inequality were examined in a previous volume in this series (Ackerman, et al., 2000), which addressed some of the problems involved in measuring poverty. Using one of the more accepted measures of absolute poverty – $1 per day in purchasing power parity – we can look at the recent trends. (See Figure II.1) They show that between 1987 and 1998, a period of significant economic growth, the percentage of people in the world in absolute poverty has decreased overall, while the absolute number has risen. This means that some 1.2 billion people, one-fifth of the world’s people, live in dire poverty despite strong growth in the global economy. Viewed regionally, we can see that in some areas, such as Latin America, both the percentage and number of people living on less than a dollar a day has grown.

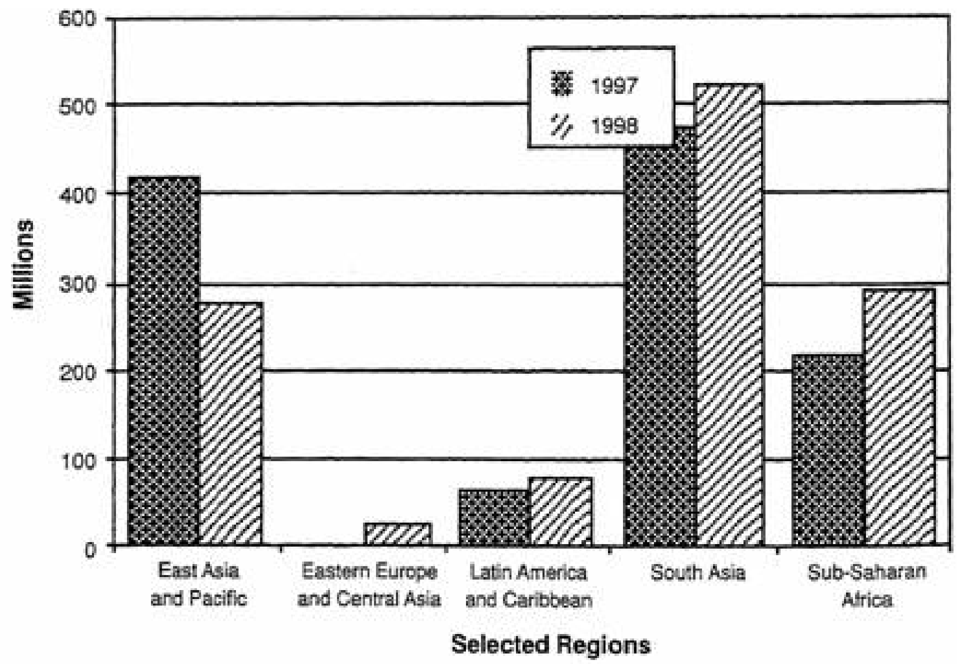

Figure II.1. Number of People Living on Less Than $1 (PPP)/Day 1987 and 1998
Source: The World Bank, "Poverty Trends and Voices of the Poor: Income Poverty—The Latest Global Numbers." http://www.worldbank.org/poverty/data/trends/income.htm.

In 1997 UNDP added another wrinkle to its annual report in an attempt to advance beyond income measures of poverty. Their new Human Poverty Index (HPI) was created to recognize that poverty is a state of deprivation and that money income is only a means to provide life's necessities. After all, according to U.N. statistics, 1.3 billion people lack access to safe water, one billion lack adequate shelter, over 800 million are malnourished, a similar number lack access to health services, and 109 million children of primary school age – 22% of the world's total – are not in school (UNDP, 1998: 49).

Instead of looking at income, which can have vastly different impacts depending on the circumstance, UNDP created a composite index for developing countries from three key areas of deprivation for which there is adequate data:

- survival, measured by the percentage of people expected to die before age 40;
- knowledge, measured by adult illiteracy;
- overall economic provisioning, measured by a composite of three variables: the percentage of children under five who are malnourished, the percentage with access to health services, and the percentage with access to safe water.

An interesting feature of the HPI is that, in contrast to the HDI, it recognizes that there are different deprivations relevant to developing and industrial countries. UNDP developed a subsequent HPI-2 for wealthier countries using different indices: survival to age 60, adult illiteracy, income poverty, and long-term unemployment. Given the categories chosen for developing countries, the HPI tends to produce lower poverty rates than income-based measures in countries with relatively developed public sectors and infrastructure. It particularly highlights the importance of education and public health.

For example, Zimbabwe's HPI is much lower than its income-poverty rate – 17% compared to around 40% – due to public services. By contrast, income poverty in Egypt is less than 20% but 35% are affected by human poverty according to the HPI, reflecting the poor quality of public health and education (UNDP, 1997: 21-22). The HPI probably places too great an emphasis on these factors, leading to understatements of poverty in countries with relatively developed public sectors. Indeed, UNDP acknowledges that the HPI should be used in conjunction with income measures of poverty (UNDP, 1997: 19). Despite its limitations, the HPI is valuable in reminding us that income poverty and human deprivation do not always move hand-in-hand.

REFINING AND APPLYING HUMAN DEVELOPMENT THEORY

One of the important areas in which human development theory has been refined is in its treatment of environmental issues. The World Commission on Environment and Development put the issue of poverty and the environment squarely on the policy table, calling poverty "a major cause and effect of global environmental problems." (World Commission on Environment and Development, 1987: 3) While this formulation clearly casts the poor as the victims of environmental degradation, it has led to a perception that they are also the perpetrators. As the reports stated, "Those who are poor and hungry will often destroy their immediate environment in order to survive: They will cut down forests; their livestock will overgraze grasslands; they will overuse marginal land; and in growing numbers they will crowd into congested cities." (WCED, 1987: 28) This generalized image of the poor as short-term maximizers has led to the unfortunate overgeneralization that poor people cannot at present practice sustainable development. In policy circles, this perspective is compatible with the argument that economic growth, and a rise in per capita incomes, is the only solution to environmental destruction by the poor.

Both the sustainable and human development fields have grappled with this issue in useful and important ways. Robin Broad (1994), using her detailed study of the Philippines, argues that the poor often are a country's leading champions and practitioners of sustainable resource use, as they have a direct interest in preserving the resources on which they depend for their livelihoods. It is important to disaggregate poverty so as to distinguish between the desperate poor and what Sheldon Annis calls the "merely poor." (Annis, 1992) The latter, he argues, are model resource managers if given secure land tenure and control over natural resources. Broad notes from her Philippines case study that the poor, if well organized to defend their rights, can often become society's strongest advocates for sustainable practices.

Economist Bob Sutcliffe brings the argument back to the issue of overconsumption in the global North, reasserting the necessity for a global redistribution of wealth to achieve both human and sustainable development. "[H]uman development is in danger of being unsustainable unless there is redistribution; and sustainable development is in danger of being anti-human unless it is accompanied by redistribution." (Sutcliffe, in Bhaskar et-al, 1995: ??)

In policy circles, **Robert Chambers** has attempted to put this approach into practice with his "sustainable livelihoods" strategy for rural development. As he explains in the article summarized here, sustainability must begin with an attempt to address basic needs by empowering the poor. Chambers notes that environmental destruction is the result of population growth, migration forced by economic pressure, dispossession of rural livelihoods by "core" interests, and the tendency of businesses, government and politicians – not the poor – to take a short-term view of resource exploitation. The solution, he argues, is to ensure that the poor have adequate command over resources, rights and livelihoods. For the rural poor, secure property rights are essential to the stabilization of rural ecosystems.

The sustainable livelihoods approach has been championed by the International Labour Organization (ILO) and other development practitioners as a useful framework for incorporating the employment and livelihood needs of the poor into discussions of sustainable practices. Their detailed case-studies have confirmed many of Chambers' hypotheses about the relationship of socioeconomic to environmental sustainability. (See, for example, Ahmed and Doeleman, 1995.) These studies particularly stress the importance of addressing livelihood needs with more than simple prescriptions for employment-intensive conservation projects. While such approaches may be beneficial in labor-surplus economies, in other cases labor shortages due to out-migration may make labor-intensive conservation measures impractical.

SOCIAL EXCLUSION, SOCIAL DEVELOPMENT

The cause of "social development" took center stage at the U.N.'s 1995 World Summit for Social Development. This gathering, and the preparatory work that led up to it, produced a great deal of original research, work that is being carried on today by the U.N. Research Institute for Social Development (UNRISD). Among the themes taken up at the conference was that of social integration, one of the theoretical refinements of the human development paradigm. Emerging from European social democratic experiences, the concept of social exclusion has been advanced as a better way to understand the complex interaction between social, economic, cultural and political systems in meeting the needs of all members of society.

Originally coined in France to refer to members of society excluded from social insurance programs, the term social exclusion is being incorporated into the human development discourse as a way to understand the impact of globalization and economic change on those not clearly benefitting from those processes. In this section we summarize the introduction to an ILO book by **Charles Gore, Jose B. Figueiredo and Gerry Rodgers** that draws on a wide range of case studies to assess the value of the term in advancing our understanding of rapid economic change. The authors argue that the concept helps us move beyond traditional definitions of poverty, recognizing in particular the rising number of people made permanently superfluous to formal economic activity in the global economy. Gore and his coauthors use their case studies to highlight the limitations in policy prescriptions such as the World Bank's "New Poverty Agenda," which focus too narrowly on labor-intensive growth, health and education investments, and effective safety nets.

Some Southern writers have criticized the social exclusion concept for misidentifying the problem as one of a *lack of integration* rather than one of marginalization, which they argue is inherent in the international division of labor (Faria, 1994). Marshall Wolfe (1995) points out that one of the paradoxes of social integration is that it includes integration into the consumer culture, which is certainly one of the roots of unsustainability. Wolfe repeats a Latin American joke about the population being divided into three groups: those who have credit cards, those who want credit cards, and those who have never heard of credit cards. He notes that globalization's erosion of the size of the third group is a form of integration that undermines efforts toward sustainability. (See Goodwin, et al., 1996, the second volume of this series, for a fuller discussion of consumerism.)

GENDER IN SUSTAINABLE DEVELOPMENT THEORY

The 1995 World Conference on Women in Beijing followed closely on the heels of the World Summit for Social Development, both temporally and conceptually. Held just two months later, the Beijing conference shone a spotlight on the glaring gender inequities that persist to differing degrees in every country, and made efforts to identify, analyze and address those inequalities.

Within the field of economics, such efforts were not new. There is a long history of attempts to understand gender inequality, touching all branches of economic thought. While it is beyond the scope of this essay to survey these areas,[1] it is important to note some important changes within mainstream development thinking as it relates to gender. In an interesting report on changes in World Bank practices, Myra Buvinic and her coauthors (1996) noted an increased willingness to recognize household inequalities, a stated preference for more participatory lending programs, and an effort to "mainstream" gender issues in Bank programs by replacing stand-alone women's projects with gender components in all aspects of the Bank's work. These changes were part of a renewed focus on global poverty by development institutions, a welcome shift after the 1980s' preoccupation with economic stabilization and growth.

Shahra Razavi, in an article summarized in this section that itself is an overview of a special issue of the journal *Development and Change* on the issue of gender and poverty[2], argues that the relationship between women and poverty has received inadequate study and is fraught with misconceptions. Most research relies on faulty data derived from household poverty surveys, which typically make the assumption that resources are shared equally within the household, inflating the data on women's access to resources. Many studies also attempt to make gender analyses by separating male- from female-headed households. Razavi points out that the latter is a heterogeneous category that includes women who have experienced dramatically different social processes – widowhood, divorce, migration. This leads to evidence that is easy to misinterpret. It also leads to policy errors, which Razavi argues are evident in the World Bank's "New Poverty Agenda" and other development programs.

This critique is echoed throughout the literature on gender and development. Mayoux, for example, suggests the World Bank's focus on "participatory development" may be a way to shift "the costs of development and service provision onto women participants...." (Mayoux, 1995: 253) Gita Sen (1999) notes that labor-intensive growth will not significantly reduce female poverty and improve the quality of women's lives if wages remain low and working conditions poor. Palmer-Jones and Jackson (1997) point out that labor-intensive work is also effort-intensive, and there is evidence that increased energy demands on undernourished women can lead to health problems and other decreases in quality of life.

THE CONCEPT OF SOCIAL CAPITAL

The concept of "social capital" has emerged in recent years, and it bears directly on the subject of this section. While lacking an agreed-upon definition, social capital generally refers to the ways in which economic actors interact and organize themselves, magnifying the production resulting from the combination of the three more widely accepted forms of capital: physical, natural and human. Robert Putnam (1994) is probably the term's foremost popularizer, initially through his studies of development outcomes in different parts of Italy. He broadens the concept to encompass civic associations and other forms of trust-building interaction, and to include political as well as economic impacts.

The concept of social capital seems to be gaining widespread usage, although there is little agreement on describing the phenomenon as a form of capital. The World Bank prominently features social capital in its more recent publications, declaring social capital "the missing link" in development (World Bank, 1997). The Bank's argument in favor of the concept is that, like human capital, social capital is both an input and an output of the development process, both a consumption good and an investment. And, like technology, social capital is more than an input to production; it shifts the entire production function by increasing the productivity of all other inputs. The accumulation of social capital – the levels of trust, cooperation, and institutional coherence in society – increase economic output by decreasing transaction costs.

Social capital, as a concept, has relevance to development discussions precisely because organizations like the World Bank have incorporated it into their theories and strategies and because the term has been widely extended to encompass the effectiveness of state institutions. Proponents argue that high levels of civic involvement – as measured by a seemingly-dizzying array of indicators, from church attendance to newspaper readership – are more likely to produce effective government institutions, which are generally seen as likely to be more democratic.

The critiques of social capital theory are widespread. One of the purported advantages of the concept is that it brings together politics and economics in a way that allows new approaches to old themes in political economy. Yet Putzel (1997) and others argue that many applications of the term are curiously devoid of political content, positing but not demonstrating that strong bonds of trust produce desirable democratic outcomes, or any political outcomes at all. More specifically, they note that concepts like trust and cooperation do not reflect the context of stratified societies, where conflict among groups with different interests, within the marketplace and without, are the norm.

Fine (1999) takes the critique further, presenting a broad overview of the literature and concluding that social capital is so ill-defined that it has come to represent in economics anything not reducible to individual exchange relations, with "capital" representing anything other than tangible assets. He considers the issue important because he views the World Bank's appropriation of the term a way to sidestep the failures of its free-market, anti-state development bias. In Fine's view, social capital is a convenient way to overlook societal conflict over economic policy and defuse demands for activist state intervention.

We include in this section summaries of two articles that touch directly on the issue of state intervention, **Peter Evans** from within the social capital discourse, **Judith Tendler** from outside. Both share a common assessment that it is a mistake to view effective government as simply the *product of* civic involvement. Rather, their studies suggest that government involvement, particularly at the local level, can be a catalyst in promoting civic involvement, which in turn can lead to more effective government. Evans also concludes, based on a series of case studies, that both good government and civic involvement can develop in areas that would be considered to have a relatively low stock of social capital in society. Tendler examines local state institutions to discover ways in which their interconnections with the communities in which they work enhance good governance. She concludes that responsive and effective government institutions are more attainable than we might think, but only if we abandon development strategies that undermine government institutions.

DEMOCRACY, PARTICIPATION AND EMPOWERMENT

This brings us to a final social dimension of sustainability: political rights and power. It has become common in development circles to recognize that strategies and projects are unlikely to succeed if they do not involve the willing and informed participation of the intended beneficiaries in both design and implementation. This argument is often extended to an appreciation for the importance of democracy in promoting sustainable development. This widespread acceptance of previously contentious assertions derives from two phenomena, as Robin Sharp (1992) points out. First, there has been a wholesale discrediting of top-down development schemes both by those within the development community and those outside. Second, the demise of many repressive regimes by mobilized citizens has produced a broader appreciation for democracy. Sharp notes that both trends have opened the door to meaningful participation by members of society in their communities and governments.

There has been a good deal of research on the relative benefits of different forms of government for economic growth and sustainable development, much of it contradictory. Lal (1996) provides a good overview of such research, in the process showing that there is little clear correlation between democratic forms of government and economic growth. Such studies are often limited by their focus on forms of government rather than the content of citizen involvement in policies and projects. Singh and Titi (1995) advance and refine the concept of empowerment as an approach that focuses on both the content and process of development, with the poor as both subjects and objects. As Sharp points out, it is important to emphasize not just the form but the substance of progress toward a pluralist society. If participation is to lead to real empowerment, the key role of government is to guarantee civil and political rights.
It is fitting to conclude by citing Amartya Sen who fully integrates civil and political rights into his broad-based theories of "development as freedom." He argues that the role of development is to enlarge and enhance the choices – freedoms – available to all. He identifies five linked types of freedom: political freedom, economic facilities, social opportunities, transparency guarantees, and protective security (Sen, 1999: 10). Sen sees these freedoms as integrally linked. Perhaps most significant, he sees them in their totality: "Freedoms are not only the primary ends of development, they are also among its principal means." (Sen, 1999: 10) Expanding the political, economic and social choices available to all may be the best route to achieving sustainable human and economic development.

Notes

1. For a useful overview of the state of gender inequality from a human development perspective, see the 1995 *Human Development Report* (UNDP 1995*)*. For a good analysis of the evolution of gender considerations in environment and development theory, see Braidotti et al. (1994) and Kabeer (1994).
2. See special issue of *Development and Change*, Vol. 30, No. 3 (July 1999) on "Gendered Poverty and Well-being."