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

"Local and National Strategies" by Timothy A. Wise

The most visible sustainability debates have taken place in international conferences, yet some of the most important actions are found at the local, regional, and national levels. This section surveys some of the most innovative of these efforts to enhance social and environmental sustainability. This is by no means a comprehensive survey; the range of initiatives is far too broad to cover in a book chapter. Instead, we focus on some of the strategic frameworks that underpin many of the sustainability initiatives around the world while highlighting important analytical approaches to the issue. While our emphasis is primarily on issues facing developing countries, many of the strategies and frameworks are applicable in developed nations as well. We examine efforts to promote social and economic development as well as initiatives to preserve the environment, recognizing that many of the best practices are able to advance all of these goals simultaneously.

After a brief examination of UNCED-inspired efforts to develop local and national sustainability plans, this essay addresses the importance of government action in promoting economic development in general and sustainable development in particular. It then examines current strategies for rural development, with a particular emphasis on the impact of globalization and the well-tested strategy of community-based natural resources management. After a brief overview of sustainable communities initiatives, it concludes with an examination of microenterprise finance programs, which have emerged as a popular and market-friendly strategy for fighting poverty.

FROM GLOBAL DISCUSSION TO LOCAL ACTION

Much of the literature on sustainability initiatives brings to mind the wisdom and the limitations of the advice to "think globally and act locally." On the one hand, many of the most inspired efforts to promote sustainable communities and societies seek ways to spur individual, localized action on issues of local and global importance. On the other hand, at the international level we have seen far more thinking and talking than action, and action is needed urgently on problems such as global climate change that can only be resolved through concerted international action. At the global level, the language of sustainability has won wide acceptance – an important achievement – yet we still await meaningful international agreement on many of the most important issues.

Action at all levels – international, national, regional, and local – will be needed to achieve or enhance sustainability. In this regard, it is worth examining briefly one of the efforts to promote sustainable national practices: Agenda 21.

Agenda 21 was the main outcome of the 1992 UNCED Summit (UNCED, 1992; Robinson ed., 1993). It set goals for social and environmental sustainability for the twenty-first century and called on national and local governments to develop clear plans to achieve those goals. Advertised as "moving sustainable development from agenda to action," Agenda 21 has certainly produced more agendas than action. Many at the Rio+5 conference in 1997 decried the lack of concrete progress and tepid government commitments to policy change (UNCSD, 1997). With few exceptions, implementation has lagged behind sustainability planning. Dernbach (1998) observes that with the notable exception of population growth, for which long-run projections have improved, nearly every negative trend noted at the 1992 Rio summit remained unchanged five years later. He goes on to suggest that until countries adopt or modify new laws to bring governance structures in line with sustainable practices, concrete achievements will be limited. A review of the U.S. plan (President's Council on Sustainable Development, 1996) found little evidence that Agenda 21 affected U.S. laws or policies (Dernbach et al., 1997). One study of a pre-Agenda 21 National Environmental Policy Plan in the Netherlands demonstrated how difficult it is to maintain the political commitment needed to implement such plans. (Lucardie, 1997)

At the local level, the mandate for governments to develop Local Agenda 21s has given activists a framework within which to advocate for changes in local policies. A study of British municipal government experience suggested a high level of participation, with 70% of local councils developing local sustainability plans (Selman and Parker, 1999). In Peru, Agenda 21 provided the stimulus for a "Cities for Life" network promoting and developing local environmental action plans and activism (Miranda and Hordijk, 1998). It is still too early to assess the full impact of Agenda 21-inspired programs at the national and local levels, but it is an important area for future study.

STATE INTERVENTION IS CRITICAL

One reason Agenda 21 plans are difficult to implement is that the notion of national planning, which clearly involves the government, conflicts with the dictates of free-market economic policies, which call for a diminished role for the state in economic activities. Indeed, for developing countries still seeking economic growth with social and environmental sustainability, this issue remains at the heart of the dilemma. How can one pursue social and environmental goals when overwhelming economic forces and institutions mandate a limited role for the state?

Alice Amsden, in the first article summarized in this section, examines the role of the state as it relates to"late industrialization" in East Asia. Based on an extensive review of the literature and detailed study of several countries, Amsden demonstrates that several East Asian countries were able to industrialize precisely because the state took an activist role in promoting and protecting strategic industries. She further concludes that among the many factors contributing to economically sustainable growth in East Asian countries, low levels of income inequality were among the more important. While East Asian industrialization does not offer a model for environmental or social sustainability, the experience offers important lessons for some of the world's poorer countries, which need not just sustainable practices but economic growth.

Amsden's findings have been confirmed by many analysts. In an earlier study, Irma Adelman presented a compelling comparative analysis of equity and development, identifying a pattern in cases of successful late industrialization. Prior to the stage of rapid growth, all of the studied countries experienced a state-led redistribution of assets, particularly land, coupled with limits on financial capital. This was followed by heavy state investment in education and training and a focus on labor-intensive industrial development, generally supported with foreign capital (Adelman, 1975, 1980). Birdsall et al. (1995) found positive interactions between the rate of growth, investment in education, and relatively equal income distributions in eight East Asian countries. In particular, the authors noted two important "virtuous circles" related to investment in education. First, such investment stimulated economic growth, which further stimulated investment in education. Second, such investment, when focused on primary and secondary education, decreased inequality, further fueling the demand for education investment.

The need for such investment in "human capital" is now quite widely accepted (as is noted in Part 1 of this volume). Yet the contradictions remain, with World Bank programs, for example, simultaneously encouraging both a decrease in the role and budget of the state and an expansion of education programs. Such factors make replication of the East Asian model more difficult. Peter Evans (1998) warns that globalization based on rules that benefit those who already control financial capital and intellectual property will make it much more difficult for countries mired in highly unequal economic structures to overcome those limitations. Still, he notes the continued possibility for an activist state committed to industrial development to promote competitive growth based on lessons from the East Asian experience.

Active state involvement is at least as important to environmental sustainability as it is to social and economic sustainability. The state often plays a decisive role in supporting the kind of research and development that can lead to innovation and economic growth. To the extent such innovation furthers environmental sustainability, for example by providing incentives for R&D in renewable energy, the state can provide the stimulus lacking in the unregulated market (de Jongh and Captain, 1999). The state also has a critical role to play in promoting infrastructure that favors sustainability. Infrastructure investments determine the direction of development for years to come, "path dependence" that can promote or derail future efforts to achieve sustainability. In many parts of the developing world these decisions are critical not only to national sustainability but to global survival; the extent to which China opts for a fossil-fuel-dependent development path, for example, will have great impact on the rate of global climate change (see Byrne et al., summarized in Part 6, and Lenssen, 1993).

The state can also use tax policy to encourage sustainable practices. In the second article summarized in this chapter, **M. Jeff Hamond** and his coauthors present the argument for "ecotax reform." They propose reducing taxes on activities society values – labor, innovation, capital formation – and replacing them with taxes on behaviors society wants to discourage – pollution and waste. They argue than such an approach can be revenue-neutral -- a tax shift rather than a tax increase -- and can be targeted in ways that are not regressive. They also suggest that such policies can produce a "double dividend," enhancing environmental protection while stimulating sustainable forms of economic growth. This kind of "green tax reform" has been implemented in Sweden, Denmark, Norway, and some other European countries. A study by the European Environmental Agency (1996) found some evidence of the double-dividend effect, though the subject remains a topic of some debate in the field of environmental economics (see Bovenberg, 1999; Kahn and Farmer, 1999).

While the tax shift proposal is far-reaching and has been tried only relatively recently, other forms of environmental taxation have now been implemented successfully in a variety of places (see box). The benefits of such policies are by now well-demonstrated as an important market-based instrument for environmental reform, but some researchers note that such policies will succeed only if they are accompanied by other actions that favor sustainability (Durning and Bauman, 1998). While more widely practiced in developed countries, ecotaxes have also been advocated for developing countries where taxing resources and pollutants may be a more practicable way to raise government revenues than taxing income, commodities, trade, or luxuries (Sterner, 1996).

PEOPLE-CENTERED DEVELOPMENT

It is only relatively recently, with the renewed push for neoliberal economic policies, that the question of state involvement in promoting economic development has even become an issue. Most development debates concern not *whether* the state should intervene but *how* it should intervene. The East Asian countries are considered successful in their promotion of industrial growth, but far less so in their advancement of environmentally and socially sustainable human development. With the replicability of the East Asian model limited, particularly for many of the world's poorer nations, it is worth exploring some of the attempts to "put the poor first" in the development process.

There are many such examples at the local or project level, but few to examine at the national level. The model of the centrally planned economy has largely been discredited, though some still defend aspects of central planning in allocating scarce resources to basic needs (Pastor, 1998). Among the more developed examples of "people-centered development" is the three-decade-long communist-led rule in Kerala, India, a state larger than many nations. Kerala has attracted widespread attention for its redistributive policies and its heavy investment in public health and education, which have produced human development indicators that compare with those in the developed world. Rates for literacy, infant mortality, life expectancy, and population growth are among the best in India, a remarkable achievement in a state with limited resources.

Patrick Heller's article summarized in this chapter presents some of the background and results from Kerala's experience. Recalling Amsden's observation that prior relative levels of equality favor development, Heller notes in some analytical detail the ways in which Kerala's radical land reform not only equalized rural assets but dispossessed the traditional elite of the economic base from which it ruled. This paved the way for a peasant-worker alliance to assume political power and advance its reform program.

Table IX.1. Ecotaxes: Selected "Green" Tax and Permit Systems

Environmental Problem	Policy	Country, Year	Description
Overfishing	Fishing permit systems	New Zealand, 1986	Overfishing reduced. Many stocks appear to be rebuilding. Fishing industry, unlike that of most countries, seems stable and profitable despite lack of subsidies.
Excessive water demand	Tradeable water rights	Chile, 1981	Existing users grandfathered. Rights to new suppliers auctioned. Total water use capped.
Solid waste	Toxic waste charge	Germany, 1991	Toxic waste production fell more than 15% in three years.
	Solid waste charge	Denmark, 1986	Recycling rate for demolition waste shot from 12 to 82% over 6 to 8 years.
Water pollution	Fees to cover wastewater treatment costs	Netherlands, 1970	Main factor behind the 86–97% drop in industrial heavy metals discharges and substantial drops in organic emissions.
	Fertilizer sales taxes	Sweden, 1982 and 1984	One charge, 1982–1992, funded agricultural subsidies; the other pays for education programs on fertilize-use reduction. Use of nitrogen dropped 25%; potassium, 60%; phosphorus, 64%.
Acid rain	Nitrogen oxide charge on electricity producers	Sweden, 1992	Refunded as electricity production subsidy. Contributed to 35% emissions reduction in two years.
SO_2 air pollution	Sulfur permit system	USA, 1995	Nearly all permits allocated free to past emitters. Forced total emissions to about half the 1980 level by 2000; cost of compliance far lower than predicted.
Ozone depletion	Ozone-depleting substance tax	USA, 1990	Smoothing and enforcing phase-outs.
	Chlorofluorocarbon permit system	Singapore, 1989	Half of permits auctioned, half allocated to past producers and importers. Smoothing and enforcing phase-out.
Global climate change	Carbon dioxide tax	Norway, 1991	Emissions appear 3–4% lower than they would have been without the tax.
Uncontrolled development	Tradable development rights	USA, New Jersey pinelands, 1982	Land-use pan sets density limits on development in forested, agricultural, and designated growth zones. In growth zones, developers may build beyond density limits if they buy credits from landowners agreeing to develop less than they could. Owners of 5,870 hectares in more protected areas have sold off development rights.
General	Linking investment tax credits to environmental and employment records	USA, Louisiana, 1991	Tax credits reduced up to 50% for firms that pollute the most and employ the fewest. Twelve firms agreed to cut toxic emissions enough to lower the state's total by 8.2%. Repealed after one year.

Source: David M. Roodman, *Getting the Signals Right: Tax Reform to Protect the Environment and the Economy*, 1997.

Heller's analysis,

and those of others who cite Kerala as an example (see, for example, Alexander, 1994; Franke and Chasin, 1994; Dreze and Sen, 1989; Kannan, 1995), are not without their critics. Tharamangalam (1998) argues that the model has produced economic stagnation, stifled innovation and capital formation, produced a fiscal crisis despite high taxes, and failed to generate adequate employment. Indeed, economic growth rates in Kerala were quite low in the 1980s compared to the rest of India, prompting local government leaders in the early 1990s to acknowledge a crisis that had the potential to undermine the very redistributive policies on which the model is based. Slow growth also raises questions about the extent to which investments in social welfare programs, particularly health and education, can stimulate economic growth over a sustained period.

RURAL DEVELOPMENT STILL ESSENTIAL

Kerala's experience holds important lessons for many of the world's poorest people. In much of the developing world, large portions of society remain marginal to the market economy. Many have lost their traditional livelihoods to expanding market forces, but unlike the dispossessed peasants of earlier industrialization processes, they have found little gainful employment awaiting them in industry.

David Barkin, in the book chapter summarized here, explores this dilemma in some depth. He argues that prevailing economic development models contribute to a dual economy, with increasing concentrations of wealth alongside intractable poverty. He points out that from an economic perspective it is only more efficient for the rural poor to give up local production of food and other agricultural goods to areas with a comparative advantage if both the land and labor used in that production can find productive use elsewhere. In many rural areas, there are neither productive alternatives for the land nor adequate employment for the displaced. Moreover, peasant farmers who remain on the land often serve as stewards of genetic diversity, a service largely unrecognized and unremunerated in the marketplace (Brush, 1993, 1998). Displaced peasants, on the other hand, are often forced into environmentally destructive practices (see summary of Boyce in Part 7). Barkin proposes that rural communities de-link from the market economy in strategic ways, developing greater food self-sufficiency and creating other forms of autonomous production.

Other researchers and practitioners offer a range of strategies to sustain rural development as part of a diverse strategy for poverty reduction. Despite the continued march of urbanization, four-fifths of the world's poor live in rural areas (Jazairy et al., 1992). Arguing that macroeconomic stabilization and democratization allow hope for rural development, de Janvry and Sadoulet (1996) conclude that macroeconomic stabilization is "necessary but not sufficient for successful rural development." They further find that contractions in government services caused by structural adjustment represent smallholders' most serious obstacle to growth. Noting that successful agricultural development alone will not solve rural poverty, they advocate strategies that go beyond agriculture, such as microenterprise development to deliver goods and services needed by agriculture.

LINKING POVERTY ERADICATION WITH CONSERVATION

Robert Chambers points out in his summarized article in Part 2 of this book that there is an urgent need to address rural poverty by fostering "sustainable livelihoods" – diverse, integrated forms of production and labor consistent with local customs and resources. This approach has translated into local and regional strategies to build development strategies out of the most urgently felt needs of the poorest residents, in the process linking livelihoods with stewardship of natural resources (Singh and Kalala, 1995).

A more limited but well-tested strategy to link rural people's needs with environmental concerns is "community-based natural resource management" (CBNRM), in which rural communities are empowered to manage a local natural resource, such as timber, in a manner that allows residents to sustain livelihoods for at least some residents. Offered as an alternative to top-down and exclusive conservation set-asides, CBNRM initiatives have met with some success, even in the world's poorest areas. In an interesting article synthesizing the lessons from 23 case studies taken from ten different African countries, **Peter G. Veit** and his coauthors find CBNRM to be far from a panacea. Still, they note that it can be successful if accompanied by adequate government support, market incentives that make conservation profitable, security of land tenure and of access to existing resources and livelihoods, and when external support complements indigenous knowledge and resources. As many researchers have pointed out, such projects can only succeed if implementing agencies set aside their preconceived notions to allow residents to develop strategies consistent with local practices and needs (Gupta, 1995).

A more critical view of CBNRM is offered by **Melissa Leach et al.** in the article summarized in this chapter. Calling the results from many such projects disappointing, the authors suggest there are flaws in the underlying assumptions about "community," "environment" and the ways the two interact. On the one hand, the term "community" implies a certain unity of culture, purpose and interest. This masks important social, class, ethnic, and gender conflicts that often prevent residents of a village from acting in unison. On the other hand, assumptions about the "environment" often rest on static, linear models for ecological systems. Drawing on the work of Amartya Sen, they offer the notion of "environmental entitlements," which recognizes both the evolutionary nature of the environment and the political and social factors that often limit community members' ability to benefit from local resources.

Sustainable Communities

The community-based approach to resource management recognizes that there is no substitute for local knowledge and participation, and that neither is likely to be forthcoming in the absence of community control. This is as true in urban areas and developed countries as it is in rural Africa. While a community (loosely defined) needs supportive international and national policies and institutions to achieve sustainable human development, it is remarkable what a determined group of reformers can achieve at the local level even in the absence of such factors. Moreover, action at the local level builds support for action at the national and international levels.

Sustainable communities initiatives have sprung up in many parts of the United States to respond to issues of sprawl and environmental degradation. Local governments or community groups are usually the instigators, supported by a fast-developing methodology that has evolved from the fields of community development, urban planning and environmental management (Roseland, 1999). "Community indicators projects" use quality-of-life indicators to set goals and measure progress toward them, while the "ecological footprint" approach has helped local communities -- and even nations -- assess and reduce their ecological impact (Redefining Progress, 2000; Wackernagel and Rees, 1996). Such efforts have made measurable progress on many issues, spurring successful recycling programs, curbs on growth, expansions of green space, and other issues that can only be solved locally. Examples are not limited to the developed world; Curitiba, Brazil, is offered by many as a model for visionary local sustainability policies (see box in Part IV of this volume). While many local strategies are not transferrable or are easily overwhelmed by the sheer power of market forces, a growing set of "best practices" databases seek to maximize the potential for such successes to be replicated elsewhere.[1]

Some researchers take this analysis further to argue that only a profound "relocalization" can reassert community control in a rapidly globalizing world (see the final section of Mander and Goldsmith, 1996, with contributions by Helena Norberg-Hodge, Wendell Barry, David Morris, and others). Acknowledging that this will be a difficult transition to achieve, such theorists argue that only a return to economies based on local production for local consumption can produce sustainable and just societies.

MICROCREDIT: A "MARKET-FRIENDLY" ALTERNATIVE?

Relocalization and other strategies that call for large-scale restructuring of the economy receive scant attention in the economics field or among mainstream development agencies. Most development strategies remain based on the premise that the best way to improve the lot of the world's people is to expand their connections to the global market. While the market can play an important role in improving the economic lot of the poor, there are serious flaws in approaches that are blindly market-driven (see Part VII). Among them is the assumption that government actions that limit the functioning of market forces will, in the long run, undermine economic growth. In the development field this bias has led to a litmus test of "market realism" which development initiatives must pass. As a result, many sound strategies are excluded out of hand, because they are considered either too expensive or disruptive of the market.

Microcredit, however, is a strategy that passes the litmus test of market realism and has still gained adherents among advocates for the poor. Microcredit programs vary greatly but commonly are based on revolving loan programs that make small amounts of short-term credit available to individuals or groups generally denied resources by large financial institutions. Pioneered by institutions like Chicago's South Shore Bank in the United States, and the Grameen Bank in Bangladesh, microcredit programs have demonstrated that with the appropriate supports to reduce transactions costs repayment rates on loans to low-income people can be quite high. This not only makes such programs economically sustainable, it puts credit into the hands of the poor, stimulating entrepreneurial activity and small-enterprise development, which provide needed employment and income for residents.

As stimulants for small-scale capitalist enterprises, microcredit programs certainly remain consistent with the bias toward market-realism. In developing countries, such programs offer the added attraction that, compared with expensive and often ineffective large-scale development programs, once capitalized they can be relatively self-sustaining and can even gain the support of private-sector financial capital. They also extend market relations to sectors of the developing world otherwise marginalized by development.

The field of microcredit is relatively new (the Grameen Bank began making loans in 1976 but was formally established in 1983), and there has been as much cheerleading as analysis of the long-term benefits of such programs. Some studies, carried out by practitioners in the field, argue that microcredit programs are succeeding in providing access on a massive scale to the poor, and some data back them up (Otero and Rhyne, 1994). Some 350 microenterprise programs in the United States reach an estimated two million people, while the Grameen Bank since 1976 has lent over $2.6 billion to 2.4 million borrowers, the overwhelming majority women (Bonavogilia, 2000). While it is generally promoted for its impact in reducing poverty, some researchers tout microenterprise as the sustainable alternative to mass industrialization (Mayur and Daviss, 1998). Unfortunately, many studies stop at the question of access, failing to ask what the long-term impact is on poverty and well-being. In the summary included in this chapter, **Linda Mayoux** attempts such an overview, taking a hard look at the impact of microenterprise programs for women. This has been a rapidly growing area of microcredit, lauded by the World Bank, the U.N. Secretary General, and other influential advocates as a critical tool in fighting poverty among women. (Scully, 1997) Proponents argue that microcredit programs targeting women can not only raise women out of poverty but also increase women's economic and political power.

Mayoux surveys microcredit programs for women and finds that the majority have failed to have a significant impact on women's incomes over time, have generally benefitted relatively better-off women, and have done little to alter women's subordinate role in society. She suggests that the market orientation leads to a bias against the poorest women, who represent higher credit-risks for institutions dedicated first to recovering their loans and only second to alleviating poverty.. This is confirmed by other research. One seven-country study found that the income-impact of current microcredit programs diminished greatly for lower-income participants (Mosley and Hulme, 1998). Another study of three large Bangladesh programs, including Grameen, found significant impacts on income but saw such poverty-reduction as short-lived unless the programs fostered high-productivity non-farm activities with strong forward and backward linkages with agriculture, a feature uncommon in lending directed mainly at the informal-sector (Khandker et al., 1998).

Mayoux also finds that women's empowerment is limited because women often do not control the loans they receive or the income generated by the enterprise. This has been confirmed by other studies (Goetz and Gupta, 1996). Some researchers have found that gender dynamics in the household and the village actually deteriorated with women's microcredit programs (Gibbons, 1995). One anthropological study of a Bangladeshi village with a Grameen Bank women's program found that in many cases male family members enrolled the women, controlled the loans, and used the loans to support activities other than the proposed enterprise. The researcher also reported an observable increase in domestic violence as male family members pressured women participants to find ways of repaying loans so that the flow of funds could be maintained (Rahman, 1999).

Mayoux argues that microcredit programs can be an important part of anti-poverty efforts, but only in the right context. She observes that often such programs are promoted in conjunction with neoliberal reforms that remove welfare supports and reduce labor protections. She concludes that for microenterprise programs to succeed in reducing poverty and empowering women they need strong welfare support (health care, child care, education, etc.), improved labor rights, and measures to address gender inequality. The most successful programs are those implemented by women's or poor people's organizations with a broader transformative agenda in which microcredit is but one of many tools for fighting poverty and empowering women.

CONCLUSION

A common theme that emerges from these studies, whether they are examining local, regional, national or international policies and strategies to promote sustainability, is that there are severe limitations to action at only one level[2]. Local actions are needed to draw on local knowledge, motivate wide participation, and make needed structural and policy changes. National leaders must ensure not only that the macroeconomic environment is stable but that policies favor sustainable practices. Finally, at the international level agreement is needed on structural and institutional reforms that can regulate market forces in such a way that the inevitable process of international economic integration proceeds in ways that foster not just economic growth or increased consumption but human development for all.

Notes

1. See, for example the UNHCS Best Practices database (http://www.bestpractices.org/); "Local Sustainability," the European Good Practice Information Service (http://www.iclei.org/europractice/index.htm); ICLEI Project Summaries (http://www.iclei.org/leicomm/leicases.htm) and “Capacidad para la Sostenibilidad” (http://www.iclei.org/capacidad/index.htm).
2. The question of the coordination of actions at different levels is discussed at length in Goodwin (2000).