

Prime Minister
Gro Harlem Brundtland

Malente Symposium
"The Eco-Nomic Revolution
- Challenge and Opportunity for the 21st Century"

Timmendorfer Strand, Germany, 18 November 1991

Principal Address
"Sustainable Development - from Policy to Practice"

In the unfolding drama of world political, economic and environmental change, we are deluged by images and concerns for the immediate. The more long-term threats to our common future are too often pushed aside or forgotten.

Modern mass media bring home to us the images of a new global reality. They offer almost instant coverage, 24 hours a day all across the globe, of the headline events of world change.

But these are fragmented images, offering only parts of the new reality surrounding us. We are also offered a bewildering array of options for escape from the ugly sides of reality, from human suffering and the devastation of the physical environment of our planet. When images of dying children in Africa flicker across our TV screens, when we see the massive destruction of primeval rain forests, we have the possibility of switching to another image, another reality, on another TV channel.

Globalization and the management of interdependence

The increasing contrast between a more globalized and interdependent reality and a more fragmented perception of this reality, is also evident in the political landscape of world society. Integration and disintegration exist side by side.

In Western Europe, North America and in some other regions, nations are joining forces in an intensified effort to abolish previous barriers to trade and economic cooperation. But so far, these are largely regional efforts, made partly in response to increased competition in the global marketplace. In other parts of the world, most notably in Eastern Europe, we see a process of dissolution and disintegration.

In the one truly global world organization - the United Nations - there have been very positive moves towards a new, more effective management of global change in the field of international peace and security. For most of the post-war era, the effectiveness of

the UN Security Council has been impeded by rivalry and mistrust between the permanent members. Now they are cooperating. The resolute response of the Security Council to the Iraqi invasion of Kuwait indicates that the system of collective security envisaged in the UN Charter is finally working.

But in the fields of economic, social and environmental development, global efforts to deal with change are lagging far behind the pace of change itself. The world economy has become global, but the management of economic and ecological interdependence has not.

In the world economy, integration has been spurred by a liberalization of capital markets and a rapid growth in world trade. But parts of the developing world are becoming decoupled and marginalized in relation to the dynamic parts of economic development. For many of the world's poor, the 1980's was a lost decade for development. If such patterns of regional income growth were to be repeated in the 1990's, the results will be disastrous for most of sub-Saharan Africa as well as for parts of Latin-America and South Asia.

More than one billion people, i.e. one fifth of humanity, live in extreme poverty. A rapidly increasing number of them are also living in urban slums, in areas of acute environmental degradation. Poverty and unemployment create alienation, not participation in the efforts to create a better future. In this perspective, the reversal of capital flows that are now running from the poor to the rich because of Third World debt are both morally unacceptable and environmentally unsustainable.

The hard truth is that we no longer have all the time in the world to deal with these issues.

In the 1990s, we shall have our last chance to prevent another doubling or tripling of the world population. We will pay dearly if we underestimate the conflict potential of large-scale migration or if we fail to take seriously the plight of millions of refugees. But we will have no chance of coping effectively with the population explosion unless we deal squarely with the poverty issue in the developing world.

At the same time, the increasing scope of human activity is putting unprecedented pressures on the global environment. Global warming, depletion of the stratospheric ozone layer, massive loss of species and biological diversity, accelerating desertification, deforestation and soil erosion, - these are all threats that will soon lead to breakdowns of vital support systems for life on Earth.

Sustainable development

The World Commission on Environment and Development was given a broad mandate for change. Its establishment reflected a feeling of frustration and inadequacy in the international community about our ability to address vital global issues and to deal effectively with them.

We concluded on sustainable development as the basic strategy for global change. Sustainable development is more than a concept. It is more than a policy. It is above all a process of change, in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are made consistent with future as well as present needs.

We did not claim that such a process would be easy or straightforward. We are still on a learning curve on how we can achieve a sustainable world society. We will have to adjust our goals and our methods along the way, as we acquire more scientific knowledge about the state of the environment and more experience in our attempts to integrate ecological and economic concerns.

The opportunities for action.

The opportunities for positive international action are in many ways much better than they were in 1987, when we presented our report. The superpower rivalry and the cold war are over, the danger of nuclear war is significantly reduced, and the arms race has been replaced by real disarmament. The Gulf war demonstrated what nations can achieve when they act together, when the political will is there.

The United Nations Conference on Environment and Development in Brazil next June must become an expression of the global vision we need and an instrument for translating this vision into concrete actions on the issues before us. We must use the six months left before the Conference for negotiations and preparations to try to develop a geopolitical movement to save our common future.

Above all, we need a new partnership between North and South. In developing countries, the struggle for immediate survival still overshadows the perspective of long-term global problems. Unless we in the North start showing through concrete policies that we understand that four fifths of humanity have a legitimate say on world development, we have no reason to expect the South to support our views on how global challenges can be met.

A better interaction between governments and markets.

Not only the international political system has undergone major, positive changes since 1987. In the world economy, we see a parallel shift to a more market-based approach to development.

The market can help us to ensure a better balance between supply and demand, to enhance the efficiency of production and to achieve a more decentralized distribution of goods and services.

At the same time, we know that neither centrally planned economies nor the market alone can ever ensure a sustainable world society. There is a rising convergence of views that we do not have a choice between government intervention and the market;

each has a major and irreplaceable role.

Finding the best division of roles and the right combination between governments and the market is perhaps the most central issue in the management of economic and ecological interdependence today, both nationally and internationally. We need to find the right mix between government regulation, incentives and disincentives on the one hand, and industry's self-control and corporate strategies on the other.

We all know the limitations of the market, if left alone. The market requires a legal and regulatory framework that only democratic decisions and governments can provide. The market alone cannot help us alleviate world poverty, ensure more equity in economic relationships, or reduce environmental degradation.

Governments must establish framework conditions that will accelerate the development and dissemination of environmentally benign technology. The establishment of tougher environmental standards has, for instance, been instrumental in reducing emissions from production processes and consumer products, such as cars. Such approaches could be further stimulated by joint private-public research programmes.

But governments are also subject to limitations to what they can do alone. Public budgets are under severe pressure in most countries. Governments cannot do the job on their own. They will need support, participation and pressure from the public.

Industry can play a major role in helping us achieve sustainable development. The private sector should not wait for governments to act. For the growing number of industry and corporate leaders who have adopted our call for sustainable development, the direction ahead is already clear. The adoption of the Business Charter on Sustainable Development by the ICC and the efforts made by the Business Council on Sustainable Development are welcome signs that at least part of industry shares a new vision.

More use of economic instruments.

A more market-friendly approach to development illustrates the need for market forces to be directed to work on behalf of the environment, and not against it.

We must establish more unified international systems for the pricing of environmental resources. Market mechanisms must be adjusted so that prices reflect the true environmental costs of what we produce and what we consume. This will be particularly important in the field of energy. Current energy prices bear little relation to the true environmental costs of energy-related emissions.

Better systems for making inventories and systems for accounting environmental resources will help. In OECD countries, we have made some progress in developing national satellite accounts for natural resources as a supplement to traditional national

budgets. We could help developing countries to set up similar systems for assessing the true value of their natural resources. A decision at the UNCED to move jointly in this direction on a global basis could have very positive ramifications.

The costs of some of the environmental measures now being discussed will be high. However, we often estimate such costs by comparing them with the free use of natural resources, including the atmosphere and the oceans. If these resources had been assigned a value and a price, both today and in the future, a large number of environmental investments would be highly profitable.

We must make more use of economic instruments to help internalize environmental costs of processes and products. We must use environmental taxes and fees in a combined carrot and stick strategy to encourage environmentally-friendly practices and to discourage processes and products that damage the environment. Such incentives or disincentives could be used without necessarily increasing the overall tax burden.

Virtually all environmental measures will be more effective if they are harmonized internationally. If governments act unilaterally, economic instruments may have a negative impact on economic competitiveness to the detriment of free trade flows or employment. If nations fear that they will lose competitiveness by establishing strict environmental policies, progress will be slow. That is the way our democracies work. If nations act together, it will be possible to move much more quickly.

Cost-effectiveness. Climate change

What we need now is a new partnership for a new generation of environmental agreements. To ensure that we get most environmental value for our money, we must base future agreements on the principle of cost-effectiveness.

The first generation of agreements, such as the ECE convention of transboundary pollution - that we fought hard to get - have proved very important in our region. Major reductions have been achieved, but without an optimal pay-off of the investments made.

The magnitude of the challenge facing us in dealing with climate change calls for a restructuring of fundamental patterns of energy and production systems. The first generation of agreements mainly addressed the "end-of-pipe" of economic activity, and dealt with problems of a relatively low cost. Now we are moving into the very core of industrialism, its energy systems and production structure.

The new generation of agreements must take account of the fact that individual nations have very different points of departure for dealing with the issues involved. Some countries, including my own, have already been working for years to reduce emissions to air and water, and the marginal costs of further clean-ups are quite high. In our efforts to stabilize and reduce energy-

related emissions such as CO₂, we do not have the option of closing down coal-driven energy plants, because we have never had any.

At the same time, the exploitation of petroleum resources on our continental shelf leads to increased CO₂ emissions even with the best available technology. From a global point of view, it would make little environmental sense if national emission ceilings in producer countries would block deliveries of natural gas that would lead to major reductions of CO₂ emissions in importing countries, in other parts of Europe and globally.

In the current negotiations on a world climate convention, Norway has proposed an approach based on a cost-effective implementation of the targets set to limit global emissions of greenhouse gases. Some kind of global and/or regional targets should be set to curb emissions of greenhouse gases, for example a stabilization of CO₂ emissions by the year 2000 at the 1989/90 levels which is the goal of most European countries, including Norway.

The parties to the climate convention should be encouraged to implement its provisions individually or in cooperation with others. This would encourage investments in countries where significant reductions could be achieved at lower costs than in high-cost countries. It would tap new sources of capital, encouraging the private sector to take actively part.

During the initial phase, the most cost-effective projects are likely to be found in Eastern Europe and in developing countries. Such an approach could therefore lead to more assistance to these countries, and relieve public budgets for expenses that will have to be undertaken anyway.

To assist in carrying out this task, the climate convention should contain provisions for an international clearing house. Such a mechanism will be needed to assess and recommend projects and to match them with funding provided by parties who wish to implement commitments outside their own territories.

Financial resources. Technology. Trade.

Additional financial resources will be required to enable developing countries to take part in the effort now needed.

To solve global environmental problems such as ozone depletion and climate change, we clearly need new and truly additional resources to enable developing countries to join the global agreements now being negotiated, i.a. on climate change. These global problems have been caused largely by emissions from the industrialized world. We cannot transfer the main burdens involved in implementing global targets to the developing countries, and block them from energy use that is necessary for them to promote their economic development.

Developing countries also need new capital to tackle the more immediate environment and development problems at the regional

and local levels. All industrialized countries should now make an effort to increase their official development assistance (ODA) to agreed levels. My Government will maintain its development assistance at a level of more than 1 % of our GDP, which is the highest among industrialized countries.

If we do not succeed in mobilizing new and additional financial resources for global environmental purposes, funding for environmental measures will inevitably be taken from existing sources for development.

What this means, is that the Brazil Conference could tacitly give the green light for a switch away from the poverty-oriented approach to development cooperation. If this is allowed to happen, the UNCED risks taking a step backwards in our efforts to achieve real sustainable development. We should not allow this to happen.

The UNCED process must also seek new ways to ensure better access to environmentally sound technology. Governments should create incentives and a framework to facilitate technology transfer and cooperation. Industrialized countries must assist developing countries in achieving a better capability to assess, choose and use new technologies.

The agenda of the Brazil Conference is ambitious. But our ambitions must match the nature and the scope of the global problems facing us. To succeed, the basic development issues of our time must be given more attention during the last six months of preparations. There still seems to be a tendency in industrialized countries to believe that global environmental issues can be tackled independently of the basic problems of development. Clearly and obviously, this is an illusion.

Environment and development are inseparable. Unless this fundamental perspective pervades the negotiations on the issues before the Brazil Conference, it will not be the breakthrough that this conference should be.

Together with capital and technology, trade is a key driving force of the world economy. When the Uruguay Round is concluded, we should also start international talks on how to deal with the complex relationship between trade and the environment. Today, there are conflicting views on how this relationship should be dealt with. Some countries fear that environmental concerns will be used as a new screen for protectionist policies. On the other hand, trade patterns and practices clearly cannot be excluded from environmental evaluation.

Concluding remarks

We need a shared global vision so that we can gather our fragmented efforts into a focused effort to save our common future. Our aim must be nothing less than a shift in the overall direction of the world economy.

At the global intergovernmental level, we have not come very far. Too much still, international negotiations proceed at the pace defined by the slowest wheels on the wagon, by the least common denominator. Today, we do not have global institutional tools that are strong enough to set new directions or to implement effective global policies. We need to develop an international public sector, based on the United Nations and existing institutions, which can ensure that a new world order will have an institutional capability to act more effectively to meet global challenges.

I am convinced that our vision must include steps to formulate global economic policies, making more use of the same economic instruments that are now being introduced at the national level. Legal and administrative measures alone will not suffice. Without more harmonized economic policies, it is hard to see how we can establish effective global environmental policies.

Awareness raising is central. During the process to achieve sustainable development, we will have to make painful choices. In the end, we will depend on political will, on democratic processes and support from a majority of our peoples.

The private sector must work with governments to achieve the transition to a sustainable world society. Industry and the corporate sector are today the true internationalists. You have a personal stake in ensuring the economic and ecological health of this planet. We need to develop the same private-public partnership at the international level that we now see emerging in individual nations.

To win the battle to save our common future, we must mobilize the ingenuity, the energy and the sense of responsibility for future generations that is instinctively present in all human beings. Quite simply, we must mobilize people to take charge of their own destiny.

We now see an increasing opportunity, indeed a historical opportunity, to change the way the increasing interdependencies are met. This opportunity must not be lost.