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GOVERNMENT REDEDICATED -

SETTING COURSE TOWARDS A COMMON FUTURE.

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First of all, I want to thank Dr. Ashworth and the LSE for inviting me to speak to you tonight. It is a privilege to be here at the LSE - an institution of world wide fame belonging to the international premier league of academic excellence. I was fortunate to speak at an equally well known institution last summer, the Harvard University ,where I had studied for a Master's in Public Health in the 60s. In a speech, one of the eloquent Harvard students talk about the proposition of a credo for Harvard and suggested Bruce Springsteen's "Born to Run" - meaning born to run the economy, born to run the government and born to run the whole country. - For the LSE, I assume a more pragmatic line would be chosen, such as "Rule Britannia" along with a number of equally subdued titles.

Our time is characterized by rapid change, social insecurity, and political instability. The forces of technology, of finance and of electronic communication have increasingly taken over the powers which have been vested in democracy to shape our future.

This situation is new to our generation. Powerful forces threaten to take their own course. Liberalism and ultra-conservatism dominated in the eighties. Today we see clearly how they failed.

Only a few decades ago, our agenda was simpler. Government efforts were aimed at keeping security and increasing prosperity. Our present predicament is new to this generation. We now have the knowledge that if present trends continue we will soon face environmental collapse.

Over the past century industrial production has multiplied fifty-fold. We may project a future world economy multiplying first five-fold, and then tenfold. The world population is now approaching 6 billion. We may project a world population doubling or tripling some time in the next century. Ninety per cent of the population increase is taking place in developing countries, many of which are unable to feed their present population.

The number of people living in absolute poverty is now 1 billion, and this number is still growing, outstripping economic growth in large parts of the world. Poverty is not only an insult to human dignity, but also a cause of environmental degradation. Poor people are forced to cultivate marginal lands which are prone to erosion, or to cut down forests for new arable land. Many rely on fuelwood for energy, and their search for wood leads to deforestation and drought or floods depending on the regional situation.

If, however, the Third World were to adopt our present Western level of consumption we would need ten worlds to provide enough resources for all people early in the next century and to absorb the by-products of human activities such as pollution and waste.

The mountains of garbage and other solid wastes have roughly doubled over the past three decades; hundreds of millions of tons of hazardous wastes are generated annually; about a billion pounds of pesticides are produced annually. It must be

clear that such practices cannot continue. Perhaps the threat of global warming is the best example of how our economic systems are causing problems that can do irreversible and fatal damage to the planet which we share together.

This is why we are compelled to manage a transition more important than the agricultural and industrial revolutions. Whereas previously we could be concerned with distribution of wealth and resources among the present generation, we are now faced with the Herculean task of distributing resources between present and future generations.

We have the option to ruin this planet, but we also have the option to save it, to chart a new course. We would fail abysmally in our duties we neglect to implement the concept of "sustainable development" as defined by the World Commission on Environment and Development" - to meet the needs and aspirations of the present generation without compromising the ability of future generations to meet their needs. This was in essence the mandate of the UN Conference on Environment and Development in Rio last year, one that it could only partially fulfil.

The challenge is made greater by the endemic unemployment which now afflicts much of the industrialized world. About 20 million people are out of work in Western Europe alone. 100 billion ECU is being spent on unemployment compensation and far less on active measures for reemployment. This is a gigantic waste which we cannot afford, not least when so many pressing needs are unmet.

Our challenges are great, but so are our opportunities. Never before have we had so much knowledge. Never before have we had a greater capacity. What we must do is to use our collective resources to promote the transition towards sustainable development. I am convinced that we can make this transition and that humankind has the potential to chart its own path towards the future. We need commitment compassion and conviction, and we need to rededicate our governments and democratic systems to pursue an intra-generational solidarity.

Although our Western systems of democracy and social market economy have come a long way in meeting people's basic needs, there are new needs arising, common needs, international needs, which require that people act politically.

We have been successful in abolishing much hard manual labour and physical strain, but we have not been equally successful in creating new job opportunities. Reliance on the forces of the market alone is clearly insufficient. However good market mechanisms are at allocating resources effectively, the market alone will never provide full employment, environmental excellence, or social justice.

It is obvious that there are no alternatives to active government involvement in solving the pressing problems with which our and future generations will be faced. The challenge will require that we aim at defining the appropriate role for governments and for governments acting together through international institutions.

We need to set new directions for our societies. In the West we used to find our identity and purpose in opposing communism and totalitarian rule. We could be proud of our achievements and put them in perspective by pointing at the political and social mischief of other systems, Today this approach will provide little comfort for all those millions who are out of work and have less security that our children will enjoy continued progress.

Since I am speaking at an institution wedded to the spirit of inquisitive rationalism, I suppose it would be appropriate to ask: "the Good Society" - has not this topic aroused enough anxiety and fanaticism in this century? So much, indeed, that we ought not address it in such a grand fashion? Should we not approach the issue as one of gradual reform, as a process of change and transformation, more in the spirit of the kind of Fabian Society reforms practised by the founders of the LSE, Beatrice and Sidney Webb?

The demise of communism also most probably meant the end of a long, powerful tradition in political thought, at least for the foreseeable future, the search for Utopia. This is the attempt to extract from history immutable laws which could guide political action and make individual freedom redundant. Karl Marx, who in the generous spirit of English tolerance was allowed to do his work not far away from here more than 100 years ago, said: "Freedom lies in realizing what is necessary". And what is necessary could be deduced from discernible development trends of human society traceable to the growth of the means of production and the attendant tensions making total revolution the "necessary" outcome of the ensuing class struggle.

The fate of communism is a constant reminder that politics alone cannot provide satisfactory answers to every challenge or aspect of life. A fellow social democrat, Helmut Schmidt, used to say: "Ich bin nicht der Vordenker der Nation". - "I am not the nation's prime philosopher". If the political arena is so constructed, it becomes overburdened and is liable to foster fanaticism and simplistic and even dangerous answers and outcomes.

And still we have yet to see any viable alternative to political activity when it comes to providing direction and purpose. In contemporary politics we need to address fundamental questions. Without this democracy runs the risk of becoming pedestrian and technical. A former social democratic prime minister of my own country Mr. Trygve Brattelie said that politics is more than managing the gross national product. How, then, can we strike a balance between politics as Ersatz metaphysics and politics as nothing but administration? Where in the range between the Scylla of total commitment and the Charybdis of prolonging the status quo should we define, as Lincoln said at Gettysburg, "government of the people by the people for the people"?

It is most appropriate to address this subject here in the academic home of Sir Karl Popper, whose attacks on the grandiose ideological style of thought in works like The Open Society and Its Enemies and The Poverty of Historicism have now been cruelly vindicated by history. Instead Sir Karl admonishes us to seek the gradualist path, by trial and error to be "piecemeal social engineers".

Such a method of critical rationalism and reform allows us to adjust our course as we gain new knowledge and new insights to synthesize progressively social visions and realities. Sir Karl tried to make this commitment to the weak and flickering flame of rationality as fulfilling as the commitment to ideological belief in total systems. This, perhaps, provides a partial answer to a challenge which is constantly with us: the pursuit of rationalism in politics.

Democracy is the only acceptable framework for any sustainable change since it embodies necessary correctives, Democracy reacts both when the course of politics is wrong, and when the course is right but the pace is wrong. Democracy gives us room to learn by forcing us to listen to our adversaries, to see our political opponents not only as obstacles in the path to accomplish goals, but also as potential sources of insight and new solutions. It is precisely because democracy

has a built-in mechanism for acquiring new insights, for adjustments, for learning by from others, does that it proved superior.

People are used to holding politicians accountable and to measure their results and how they are able to improve our lives. If their results do not meet expectations, people, we have seen disturbing trends even here in Europe, that people are quick both to turn against politicians and even against the political system itself.

There is a risk of alienation towards political life if this is allowed to continue. We may risk a gradual disintegration also of traditional political institutions. What people must never forget is that it is people themselves who are responsible for how our democracies work. One cannot passively wait for someone else to do the job or put all faith in an illusion of omnipotence at the top political level. All segments of our societies must participate and become more deeply involved in the real issues of our time.

Democracy cannot be achieved by top-down processes. It must have its base in our communities, in the minds and priorities of the individual citizen and voter, in political parties and in the network of interest groups and non-governmental organizations which are an essential part of our pluralistic societies.

Has not the utopian tradition and the crimes and aberrations committed in its name in the 20th century contaminated this whole - what we might call "holistic" - approach and condemned us to seeking middle-range and more easily attainable reforms? The human temperament is always on the lookout for grandiose remedies for all of society's ills. This obviously has a beneficial dimension. Without passions and convictions like the ones we often witness in the younger generation, our societies would face decline, ossify or even develop that kind of "structural fatigue" so vividly described in Gibbon's classical work on the decline of Rome.

In the social democratic view, the government - as an agent of its principals, the citizens - has the primary responsibility for promoting the development of a good society. Such a concept of government naturally implies an active, conscious use of power and authority guided by the basic ideas of freedom, equality and solidarity.

Scandinavian social democracy has traditionally endeavoured to find a workable compromise between capital and labour within the framework of representative

democracy. The basic idea has been to humanize capitalism and the market mechanism, not to overthrow them, by extracting from capitalism its huge potential for growth and job creation while protecting crucial areas from the unbridled impact of market forces. These areas are: provision of health care, access to education, enjoyment of culture and, increasingly, environmental protection. All of them underpin, and are prerequisites for the wider concept of a meaningful life, such as the sense of living in a just society. Not every inequality is unjust, but every unjust inequality must be a target for action.

In these important areas the power of money has been balanced by policies designed to equalize access and distribution of rights. Social democrats have not claimed to have created The Good Society, but the political system associated with the term "the Scandinavian model" has had a great attraction because of its combination of three elements: the improvement and expansion of social, health and educational services; maximum participation in employment, especially for women, and through active state intervention; sustained full employment. These elements have been exercised within the framework of open economies and international cooperation.

Underlying the social democratic policy of the pragmatic partnership between economic efficiency and social compassion is a concept of the state which sees its prime function in providing guarantees for the individual that, whatever their individual circumstances, certain minimum standards will be met. In a changing world, where strong forces operate across boundaries and between continents, governments must develop new means of governance, means that are workable on the international level. This is necessary to balance up the various interests and goals in the pursuance of the common good, enlarging and unleashing new opportunities for humankind and future generations.

The role of the state has been under heavy attack from the Right in recent years. The argument has been that the freedom of the individual is enhanced by the withdrawal of the state. But the kind of freedom envisaged by the Right leads to liberty for the successful. It leads to freedom to succeed or fail, and those who fail will invariably suffer a significant diminution of freedom. The state which social democrats would like to see is a state which claims as its foundation the equal

rights of every member of society simply by virtue of citizenship and which is the servant of all people rather than the protector of privilege.

Modern governance and government must aim at distributing not only political power, but also economic power. It must stand for the distribution of power in society for the sake of the individual, and it must empower the individual to take part and enrich the political process at all levels of society. What this means is that the more formal processes of democracy have to be supplemented by the devolution of power, allowing for greater integration between the formal and voluntary aspects of political action.

One such political purpose is to harness technology to meet human needs. We all know how arduous such a task is. In countries like my own this is clearly seen in what could be called "the post-industrial dilemma". By means of technology, industrial production has been made much more effective. But its volume has increased appreciably without a corresponding gain in employment. Jobless growth is a disturbing threat. We can produce more without putting more people to work. This kind of rationalization also has socially detrimental effects because it eliminates low-skilled labour-intensive jobs, making education more and more a *sine qua non* of employment.

A Europe beset by unemployment and potential social unrest calls for the conscious use of technology to create a new variety of jobs at different levels of skill. As a goal, this is not new. Many of you may recall how the first Wilson Cabinet in 1964 made the socially conscious use of technology - "the white heat of technology" - training and apprenticeships cornerstones of its programme,

Even as early as 1942 and 1944 the famous Beveridge Reports set out social and political ground rules prescribing social solidarity, citizenship rights and collective action. The 1990s, too, call for setting a new course. The Commission on Social Justice, headed by John Smith, says it clearly "Failure of demand can of course cause a recession; but failure of supply - above all, lack of investment in skill, research, capital and infrastructure - is the cause of chronic economic weakness and long-term unemployment."

The importance of technology to the modern industrial economy is obvious. Technology threatens to increase the concentration of power in the hands of those

who control capital. The increasingly capital-intensive nature of much modern economic activity has steadily increased the importance of capital in wealth creation. At the same time the role of the owner, in the traditional capitalist sense of the word, is receding as more and more resources are controlled by anonymous entities, trusts and funds, where the individual interest is fragmented, and where the role of the wage-earning managers responsible only to the stock market, tends to increase in importance.

The technology to move money across borders has also contributed to the internationalization of capital and hence diminished national opportunities for political control of the economy. Many thought that capitalism had on the whole succeeded in solving the problem of growth and job creation. What was left to do for governments, and in particular for social democratic governments, was to fine tune the economy and safeguard more equal distribution. For this purpose the state's fiscal controls were long held to be sufficient. With the perforation of these controls by the internationalization of capital, the premise of this argument is weakened. Indeed, this means a whole new agenda for social democracy in Europe.

Our ability to cope with the employment challenge will determine whether we succeed or fail in the next phase of European co-operation. We will need radical measures and rethinking of old concepts. The closing years of this century will be dominated by a continuous adaptation to a new kind of international economy where the key means of creating wealth will be the development of human resources.

The demands on governments for an active labour market policy are obvious. The idea of an active labour market policy was originally devised during a period of high employment. It consisted in keeping the productivity growth of the economy high, allowing for wage increases and alleviating transfer of labour to expanding industries by retraining and subsidizing vocational and geographical mobility.

Today, the active labour market policy of countries like Norway is designed not only to secure income for the unemployed, but to maintain and improve the ability to work, through training and short term employment programmes. The review of these policies by the OECD strongly support our conclusion that active measures are preferable to the passive disbursement of employment benefits.

There are no easy solutions or "quick fixes" to the challenges we face. The room for manoeuvre in stabilization policies is limited in most countries. As stated by the Commission on Social Justice: "National governments have to work within a macro economic framework increasingly determined by others".

Nevertheless since the power of individual states has been eroded by international interdependency, it is essential to intensify efforts and international cooperation broadly defined. Governments must contribute constructively to reduction of the uncertainty by strengthening international economic cooperation.

Last year, the EFTA countries and the EC completed negotiations on the creation of a European Economic Area. When the EEA agreement enters into force in January, we will create the world's largest single market, consisting of 18 countries. That is a major achievement. Europe will be in a much better position to take advantage of its innovative and creative potential. Our industries will be better placed in global competition. If we had not removed barriers, adopted common rules and increased co-operation, the problem of unemployment would have been much worse.

One year ago Norway took the initiative to strengthen co-operation between the EFTA and EC countries in the field of growth and employment. Last April our ministers met to address the issue together for the first time. The EFTA countries have since co-operated on a substantial contribution to the EC White Book on Growth, Competitiveness and Employment.

Agreeing on the main policy thrust of such a White Book is no easy task. Defining common strategy on how to confront our current crisis must reconcile various political complexions in Europe and can become a divisive operation. I believe that firmer economic and monetary co-operation in Europe is absolutely essential. The recent monetary turbulence has brought back memories of times when one country could export its internal problems to its neighbour by means of currency devaluations. At the end of the day, we would all end up as losers.

Moreover, we cannot combat growth and unemployment by cutting social efforts. Such policies will only prolong and deepen the crisis. The only viable remedy is better coordinated economic policies among European countries, agreed investment

programmes, in particular in infrastructure, transport, training as well as environmental protection.

The connection between high unemployment, trade frictions and social unrest should not be allowed to develop into a vicious circle. Fair burden sharing and just distribution policies are called for also on the international level.

We cannot choose between economic growth and sustaining the environment. From a global view point, growth is imperative if poverty is to be alleviated. Growth is necessary to create the resources needed to solve environmental problems.

While political parties used to be organized around clearly distinguishable poles of socio-economic interest, or in some cases religious and regional cleavages, environmental concerns transcend ordinary political boundaries. The environment represents a completely new kind of challenge to modern society and governments.

Environmental destruction is egalitarian in the way that its effects are felt by all strata of society, although some, because of unequal distribution of wealth, may be temporarily able to protect themselves somewhat better against environmental decay than others. Moreover, environmental degradation is not always visible. It requires a minimum knowledge and capacity for planning to take an active part in abating effects that will make their impacts felt in the future, such as climate change.

Nowadays we have numerous examples of people's inclination to adopt simplistic issues as symbols of environmental consciousness. Some kinds of environmentalism may even trigger a true believer mentality which probably serves the same deep-seated existential needs as the old utopian ideologies.

Genuine environmental problems must be of primary concern to any government's efforts at creating a good society. I come from a country where one of the most important environmental issues is acid rain, 90 per cent of which is imported from other countries and a substantial share from Britain. Faced with the decay of our natural environment and our neighbouring countries telling us that for the time being they are unable to curb their emissions more effectively, Norway obviously would be best served by international agreements allowing for a system of majority voting in order to force those moving at snail's pace to act on the problem.

Snails had a role also in a decision from the law of tort delivered in 1932 by Lord Atkin. The litigation had a rather pedestrian origin. An opaque bottle of ginger beer had been sold with a snail in it. The decision was delivered based on an extension of the rule of law to relationship between individuals, that we all owe a duty to care for our neighbour, a duty to act in a reasonable way to avoid injury to him or her. The same principle was set out with regard to the relations between states and their impact on the environment in other states at the Stockholm Conference on the Human Environment in 1972 and repeated at Rio 20 years later; States have a right to exploit their own natural resources and the responsibility to ensure that activities within their jurisdiction to not cause damage to other states.

The massive environmental degradation in Russia is also a most serious concern to neighbouring states, not least to Norway. Events in recent years have revealed that the northern regions of Russia are facing a major ecological crisis. The emissions of sulphur dioxide from two nickel plants just a few kilometres from the Norwegian border town of Kirkenes are three times larger than the total level of Norwegian emissions. The safety of nuclear power stations on the Kola Peninsula is also a source of great concern as are the nuclear waste deposits from the fleet of icebreakers and obsolete warships. Dumping at sea represents a threat, not only to Norway, but to other countries as well due to the sea currents flowing out of the Barents Region.

It is not sufficient to contain and prevent future environmental degradation; active steps are needed to reverse it by means of a sustained, long-term effort which will be very costly. The magnitude of the problems far exceeds Russia's own capacity to deal with them. Broad-based international efforts will be needed. It is of vital interest to us all that Russia be integrated into binding multilateral co-operation with the stable democratic zone in Europe. The risks of chaos in our immediate vicinity are greater than the risks of well-organized Russian moves against the interests of the West.

There is no invisible hand that will lead us to stability, peace and development. No matter how strong the political will, there is no single national road to full employment, to monetary stability, low interest rates or environmental excellence. These challenges common to all. The concept of integration has become the recipe for the survival of the nation states. When so many of the forces influencing our

future are operating on the international level, we must also lift democratic decision-making to that same level. A weakened Europe, politically and economically would also weaken the new democracies in the Central and Eastern Europe who look to us and our institutions for hope, renewal and identity. A weakened Europe would have tragic consequences for the Third World, for which we Europeans have a special responsibility.

The 1990s will decide whether the choices for our children will narrow yet further - or open up. We know more about population, environment and development than ever before. We have the basis for action. Now we must mobilize people in every country and in every walk of life, not least the political leaders and the mass media.

George Bernhard Shaw said that "The worst sin toward our fellow creatures is not to hate them but to be indifferent to them". Let us fight the indifference which has prevailed in the past and move towards that equilibrium within and across generations which we call sustainable development. Let us use our political institutions and human creativity to find the balance between the number of people and the level and distribution of consumption which the carrying capacity of our earth can sustain. Let us listen to the voice of unborn generations and make the earth the hospitable place that any human being deserves.