

Striking a balance between economic development and the environment.

China and India with nearly 40% of the world's population are soon poised to become industrialized economies. Humankind is facing a dilemma because we need material resources to survive, yet the industrial economic approach to providing these resources has resulted in serious damage to the environment and thus to the very resources needed for our survival. There maybe a way out of this dilemma –the adoption of an approach called “preventive environmental management.” This approach reduces the costs associated with pollution, and thus helps increase, not undermine, corporate profits. There should also be a shift to a “service economy.”

People in industrialized nations have become accustomed to the idea that the quality of life is found in the accumulation of material goods. The irony of the fact is that the industrial use of the environment to sustain human life is causing severe damage to the environment. Industrial pollution results in undesirable costs, not only in terms of environmental destruction, but also in terms of costly clean-ups (also generally ineffective) and damage to human health. For the human species to continue to survive, it is necessary to break the “stalemate” that exists between demands for economic growth and environmental protection.

Humankind needs to stop trying to be in “conflict” with nature and find ways to be in “harmony” with it. Humankind will ultimately lose, if it persists in the effort to control environmental resources through the methods of “conflict” and “conquest.”

Tim Jackson in his book *Material Concerns* recommends a radical approach that calls for the “dematerialization” of the economy. The central element in this approach is a process known as preventive environmental management, which involves efforts to reduce the use of environmental resources. It also seeks to prevent pollution rather than resort to trying to clean up pollution.

The other component is a switch from the existing goods-based economy to a system with more emphasis on the provision of services (incidentally a more

environmentally friendly way for corporations to attain economic profits). Although these services require material inputs and outputs, the incentive to increase material throughput is transformed – via the commercial innovations of the service economy – into a continuing drive for material efficiency. The service economy approach seems to be an efficient way to help consumers fulfill their material and non-material needs. Jackson provides some practical ideas for how economic and environmental demands can be reconciled. The main drawback is that it will be extremely difficult to make such changes in the existing system, which has become strongly ingrained over the centuries during which it has developed.

Changing the economic system will require the participation of humanity as a whole. All areas of our accustomed way of life will be affected. Certainly governments must play an important role in this process. We can expect to encounter many obstacles in the effort to get industrial corporations to change their ways. Perhaps we should not expect corporate leaders to act aggressively to change the existing system, because of their vested interest in it. Several industries will be harder to change than others. Obviously, those who profit the most from the existing system will be the ones most resistant to change. For example, in the case where the product is a pollutant (chemicals, fuels, etc), it is clear that the aims of corporate profitability and aims of preventive environment protection are directly at odds with each another. Thus the emergence of this new service economy may not occur without government encouragement.

Governments also need to create regulations and provide incentives to motivate corporations and individuals to change. The role of the consumer must not be overlooked in the effort to bring about change. Industries do what they do because they are trying to meet the demands of consumers. We must place upon the consumer at least some of the responsibility for making the economy sustainable.

Humankind is not necessarily stuck with the existing system; the emphasis on material throughput is a contingent aspect of a particular historical development. There is more than one way that basic human needs can be satisfied. Throughout history, different cultures have adapted different ways of meeting these needs. In the developed industrial economy the dominant way is a very specific development path characterized by the

system of production and consumption. Alternative approaches do exist and it is possible for people to change from the use of one system to the use of another.

The effort to create a new reality in which the economy and the environment work together in harmony will be an extremely challenging one. Yet, this is an urgent issue and it cannot be ignored or put off for too long, despite the difficulties. At stake are the health of the planet and, ultimately, the survival of the human species.

The writer is a Senior Research Officer with the Malaysian Institute of Economic Research (MIER).