

The White Paper and Sustainable Development. A Comment ⁽¹⁾

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Does the White Paper "guide us" as it claims to do (p. 20) « towards a sustainable development model » ? The answer, I believe, is yes and no.

Sustainable development, as I shall understand it here, is a type of economic development, i.e. a type of growth of aggregate material welfare, which simultaneously satisfies two conditions:

(1) it does not destroy its natural base as a provider of resources (both for production and directly for consumption) and as an absorber of waste (both from consumption and directly from production); and

(2) it does not destroy its social base, to wit a society that generates adequately balanced, motivated and competent economic agents, while showing enough cohesion to avoid widespread frustration, resentment, hostility, even hatred of one group against another and thereby the open or hidden conflict sometimes tragic, always crippling that stems from insufficient cohesion ⁽²⁾.

Now the dilemma which we have been facing, ever more sharply, in the last twenty years is that social sustainability could only be gained at the expense of natural sustainability. Why ? Very schematically, (1) because social sustainability is clearly not compatible with the steady rise of involuntary unemployment we have been observing from cycle to cycle in the last 20 years, with the dual society we have seen emerging ; and (2) because the only way out of this massive and growing exclusion seemed to require persistently very high rates of output growth in our rich countries, already twice as rich as they were in the Golden sixties and several times richer than the median country in today's world. Especially but not only if one bears the world dimension in mind, several reasons combine to make such a sustained growth in our countries blatantly incompatible with natural sustainability, and this even when allowing for significant environment-friendly technical progress. So it seemed that people concerned with sustainability should spend their time pathetically oscillating between desperately hoping for faster growth for the sake of social sustainability and desperately fearing it for the sake of natural sustainability ⁽³⁾.

And yet there is here no insuperable dilemma, no circle to be squared, but a fundamental fact whose recognition has happily found its way into the White Paper. Growing structural exclusion means that, in both good and bad times, an increasing proportion of the active population could not find a job with a net wage that exceeds the socially recognized minimum. As the result of a combination of deeprooted and mostly irreversible trends, some of them (but by no means all of them) related to the creation of the single European market, the growth of exclusion, so characterized, has been happening in the last 20 years across economic cycles despite a steady increase in the average net income (and wage). What can be done about it without going in for crazy growth ?

Once the question has been put the way I have just done, the answer is not far away : Ensure that people with a low productivity and a low potential net wage should permanently get part of their income when at work from sort of transfer. In a limited way, this is already happening (think of child benefits). In a further way, this is now being proposed widely, including in some passages of the White Paper and in the opening speech by Prime Minister Jean-Luc Dehaene, namely in the form of a reduction in social security contributions. But there is much to indicate that this will be far from enough. It will soon be obvious that more radical policies are called for.

There are two (and only two) directions into which these policies can go, consistently with the conviction that we should not sell our European soul, that we should not go the American way and accept steadily falling real incomes and rising working times for the poorest and most vulnerable workers. These two directions are : (1) more or less generalized employment subsidies, one variant of which is being presented and defended by Richard Layard (see above); (2) a more or less universal workindependent basic income, which is hinted at at two junctures in the White Paper, where reference is being made to a negative income tax (pages 18 and 60). For a number of reasons, a subset of which has been succinctly presented in Dennis Shower's comment (see above), my own personal conviction is that it is the second direction we should have the guts to opt for.

Introducing gradually and responsibly a genuine and modest but unconditional income paid to every adult citizen is an essential ingredient in any viable way of reconciling natural and social sustainability consistently with the spirit of the European model. This spirit, as I understand it (and think it should be understood) does not consist in using the economic machine to promote output growth as an aim in itself, nor to play the economic race with Japan and the US, nor to keep European citizens as busy as possible by enlisting them into the work force. It consists in using it to give European citizens - all of them - the greatest possible real opportunities to live the sort of life (including the sort of working life) they wish to live⁽⁴⁾.

Schematically but fundamentally, this is why the basic income strategy is to be preferred to employment subsidies. It is also why I am answering the way I did my initial question about the White Paper and sustainable development. Yes: there are definitely insights, steps, hints in the right direction. But also no: these hints are still quite feeble and timid and appear side by side with passages that show no awareness of the fundamental nature of the problem.

Better luck next time no doubt - but please, let us not wait for too long.

Notes

⁽¹⁾ Comment on the paper presented by Prof. W. van Dieren at the Conference "The White Paper and the Future of Europe" held at the College of Europe (Bruges, 20 April 1994)

⁽²⁾ Logically speaking, sustainable development in this sense may or may not be welfare-enhancing in W. van Dieren's sense. But natural and social sustainability are sufficiently closely connected to the environmental and distributive factors (respectively) that are incorporated in his welfare index, for one to be able to expect unsustainable development to generally constitute welfareless growth, and sustainable growth to be welfare-enhancing

⁽³⁾ For reasons well stated in Wouter van Dieren's presentation, I prefer this sharp formulation to the more edulcorated version of this conflict as a trade off which can be found in section 1.3. of the White Paper.

⁽⁴⁾ I spell out and defend the ideal gestured at here in *Real Freedom for All. What (if Anything) Can Justify Capitalism?* (Oxford: Oxford University Press, 1995)

References

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