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## **ECONOMY AND SUSTAINABILITY**

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The challenges which are faced today by the world — climate change, food security, energy supply, poverty, inequality, water stress, resource scarcity, etc. — are interlinked. The interactions of different factors at global, regional, national and local levels are very complicated. These interactions are influenced by laws and rules which have been created by human beings. This paper aims to introduce some debates concerning the issues of economy, notably economic growth, and sustainability.

*Keywords:* economy, sustainability, economic growth.

In contemporary world, it is hard to find companies, countries, continents or unions that are not striving for economic growth. From a sustainability point-of-view, the problem there lies in the fact that in order to achieve economic growth you have to utilize the resources to a greater extent than ever before. That means that organizations or companies over-utilize the resources and therefore their activities in the search for economic growth become unsustainable. So, is economic growth good or bad? Is it desirable or not? Concerning economic growth, David Woodward writes:

*«Economic growth is not intrinsically good or bad. It is good to the extent that it promotes the fulfillment of basic needs and /or increases quality of life, and bad to the extent that it undermines them immediately, or in the long term, for example, through adverse environmental effects» (Woodward 2009).*

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#### METHODOLOGY

This paper makes use of qualitative methodology. Qualitative research is a broad methodological approach that includes many methods. In this paper, conceptual and discourse analysis are employed to study relations between economic growth and sustainable development. Conceptual analysis is one of the traditional methods of social sciences, dating back to Plato's early dialogues. The basic idea is that questions like «What is truth?» can be answered on the basis of researcher's insight of the relevant concepts. In this work the concepts of economic growth and sustainable are analyzed and their relations are clarified.

#### RESULTS AND DISCUSSIONS

Economic growth and sustainable development

What is economic growth?

Economic growth is an increase in the amount of goods and services over some period of time (usually a year). It is measured as growth of Gross Domestic Product (GDP), per capita.

Economists (at least most of them) argue that economic growth is good. Material consequences of economic growth are the follows: higher level of standard of living, better health, enough clothing, enough food, enough shelter. It provides people with leisure: eight-hour workdays. It provides people with amusements and luxuries. The more that businesses and the whole economy grow, the more people have jobs, resources and quality of life. Development of

technology is also the result of economic growth. Furthermore, technology has enabled miraculous products such as global travel, rapid communication, astonishing efficiencies and leisure. In fact, economic growth feeds on itself, as consumers demand more and more. Yet in order to grow, the economy also uses natural resources and emits waste that pollutes the environment and threatens the climate on which life itself depends. Economic growth is facilitated by the unlimited use of such limited natural resources as oil and gas. With technological advances, companies extract the last ounce of energy from the earth. All these forces undermine the foundation on which economic growth is built. In the long run, it can create a «sinkhole» that might swallow up the economy, society and environment.

Now I will turn to the concept of sustainable development.

What is sustainable development?

In 1970s, the Club of Rome put forth the «limits of growth» theory, that predicted disaster for humankind unless natural resource exhausting model of economic growth and technological development is abandoned. In 1987, the Brundtland Commission, the World Commission on Environment and Development, released a report, in which there was given a definition of the concept of sustainable development: sustainable development is development that «meets the needs of the present generation without compromising the ability of future generations to meet their own needs» (WCED 1987). There are three interlinked domains of sustainable development: economic, environmental and social.

Sustainable development led the world to recognize that the life support system is given by the nature, and can be finite, diminishable. If resources are non-renewable, there is an urgent need to look for alternative sources of resources. Sustainable development also led to recognition that society's capital, natural and human, can contribute towards meeting human needs in a sustained way (Senguta and Sinha 2003).

Currently, the debate on sustainable development continues. There were many attempts to define «sustainable development» in terms of goals, pathways, values, etc. However, nowadays, a clear, fixed definition remains elusive (Kates, et.al. 2005).

«...sustainable development draws much on its resonance, power, and creativity from its very ambiguity ... its malleability allows it to remain an open, dynamic, and evolving idea that can be adopted to fit these very different situations and contexts across space and time. Likewise, its openness to interpretation enables participants at multiple levels, from local to global, within and across activity sectors, and in institutions of governance, business, and civil society to redefine and reinterpret its meaning to fit their own situation ... Despite this creative ambiguity and

openness to interpretation, sustainable development has evolved a core set of guiding principles, and values, based on Brundtland Commission's standard definition to meet the needs, now and in the future, for human, economic and social development within the restraints of life-support systems of the planet» (Kates, et al. 2005).

No ambiguity can hold back anyone to think critically. In my opinion, sustainable development is one of the most powerful thought process, the most holistic one, which enriched the whole development discourse.

The next issue I would like to turn to is the follows: is sustainable development opposed to economic growth? I think that sustainable development is not opposed to economic growth or economic development. Rather, sustainable development talks about economic development in environmentally friendly way. It talks about development with social justice.

The most powerful claim in favour of matching economic growth and ecological sustainability is the Environmental Kuznets' Curve (EKC). EKS presents a relationship between indicators of environmental degradation and income per capita. In the early stage of economic growth, environmental degradation increases, but beyond a threshold level of income, economic growth leads to environmental improvements. In my opinion, the problem with EKS is the follows: how to find that threshold level of income beyond of which environment will improve. Economic growth in itself will not lead to environmental improvements. For this to happen, political will, public awareness, education for sustainability, technological advances etc, are absolutely necessary.

The role of industry in sustainable development

Industry, i.e. manufacturing, is an example of a sectoral aspect of sustainable development along with other sectors such as agriculture, transportation, construction, and so on. Economic development is largely dependent on industrial development. Industry's impact on the environment is felt through the production and consumption of manufactured goods. The environmental consequences of consumption of industrial products are society-wide concern. The problems of consumption, especially over-consumption, of industrial products are well-known. Solutions of these problems are related, probably, with changing of social norms, values, improving education and public awareness of consequences of over-consumption.

As for industrial production, the environmental consequences of it fall within the area of the industrial sector itself. Solution of many problems here lies in technology. Environmental problems created by industrial production are due to externalities. Market mechanism alone cannot solve the problem of externalities. Therefore, public policy measures are needed to reduce or eliminate externalities. In most cases, industry responses to such corrective policies include technological improvements. I think

governments at all levels, especially in developing countries, should more actively impose high environmental standards on industry. In this way, decoupling of industrial production from environmental pollution can be achieved.

Political reality: prioritizing the economy

The reality today is that the economy dominates society and environment. The large global corporations dominate decision-making. Many governments, international organizations are influenced by large companies. There are inequalities in wealth, power, education around the world. Benefits of economic growth were discussed above, but many people in the world do not enjoy the benefits of economic growth. I think it save to say that for most people quality of life has become separated from economic growth due to existing huge inequalities when the fruits of economic growth are enjoyed mostly by elite.

As for Russian public policy, it has concentrated mostly on economic recovery and less on environmental issues. Business has mainly concentrated on the economic benefits of resources, especially natural resources (oil, gas, minerals, etc.). In contemporary Russia, there are a lot of inequalities. Russian society is becoming more and more polarized in terms of wealth, power, influence. Economy definitely dominates the society and the environment.

Thus political reality is such that priority is given to the economy. In such reality, the environment and society are treated as resources to be exploited. But, the material reality is such that the economy is dependent on the environment and society (Daly 1992, Rees 1995). Human beings would not survive without society. Human activity takes place within the natural system. Human life is impossible outside of the environment, we are part of the nature. Our food, clothing, light, heat, medicine are made with the use of materials and energy that come from the nature. So, we come to the conclusion that in fact the economy is a subset of the society and the environment and is dependent on the society and the environment. Human society is dependent of the environment, but the environment will continue to exist without human beings. The economy is dependent on the society and the environment, but the society and the environment will continue to flourish without dominating role of the economy. We as human beings, even as *homo economicus*, should not try to dominate the environment, should not try to separate from the environment, rather we should work towards friendly interaction with the environment, sustainable interaction. And the dominating role of the economy should be stopped, although, probably, it's easy to say, but quite challenging to realize in real life.

Developed Economies vs. Developing Economies

In the contemporary world, many people, especially those in the developed countries, don't need more economic growth. Developed economies are already producing far more than enough goods and services to meet their basic human needs. In fact, there has been no sign of further increases in quality of life or

happiness in the developed economies over the past 30–50 years. In many developed countries, there are people who are still in economic need. This happens because their societies have failed to ensure social equity and justice. This is not an economic problem but rather a social and ethical problem.

#### CONCLUSION

Economic growth has such positive effects as better health, higher standards of living, better education, enough food and shelter. At the same time, economic growth has such serious negative effect as environmental damage. However, the existence of the positive and negative effects of economic growth does not mean that we have to choose between two extremes: 1) poor conditions of living and better environment 2) high standards of living and environmental crisis. The concept of sustainable development suggests that we can have decent life with much less environmental degradation. Moreover, economic growth, technological advances can significantly contribute to the solution of environmental problems.

The political reality today is that the economy dominates society and environment: the environment and society are treated as resources to be exploited. Such practice should be changed as soon as possible. The economy is dependent on society and environment. Economic development should take account the needs of the society and the environment. Aggressive economic development which ignores the societal and environmental needs is very dangerous since it will threaten life itself. ■

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## Экономика и устойчивость

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Вызовы, с которыми сталкивается современный мир — изменение климата, продовольственная безопасность, энергетическое обеспечение, бедность, неравенство, проблемы обеспечения чистой водой, недостаток ресурсов и так далее — все взаимосвязаны. Взаимодействия различных факторов на глобальном, региональном, национальном и местном уровнях очень сложны. На эти взаимодействия оказывают влияние законы и правила, созданные людьми. В данной статье предпринята попытка представления некоторых дебатов, касающихся вопросов экономики, а именно экономического роста, и устойчивости.

*Ключевые слова:* экономика, устойчивость, экономический рост