

Erratum

Page 91, table VI-3

Replace entire table with attached new table VI-3.

Table VI-3
LATIN AMERICA: GENERAL DATA ON SELECTED LARGE LATIN AMERICAN
ENTERPRISES, 1989

Country	Enterprise	Ranking ^a	Sales (millions of dollars)	Employees (number)	Sector	Ownership ^b
Brazil						
	PETROBRAS & DISTRIBUIDORA	3	11 571.0	60 126	Petroleum	S
	CIA. VALLE DO RIO DOCE	34	2 072.2	23 415	Mining	S
	NESTLE Brasil	43	1 766.8	10 338	Foodstuffs	F
	ELECTROSUL	166	565.4	4 439	Electricity	S
	ARACRUZ CELULOSE	268	356.7	4 750	Cellulose/paper	P
	PARACATU		106.5	550	Mining	F
Chile						
	CODELCO	8	4 029.9	27 303	Mining	S
	ENAMI	116	742.4	2 986	Mining	S
	CIA.PAPELES Y CARTONES (CMPC)	232	420.7	36 762	Cellulose/paper	P
	CIA.DISPUTADA DE LAS CONDES	310	310.8	1 500	Mining	F
	NESTLE CHILE		350.0	3 500	Foodstuffs	F
	EPERVA		44.0	700	Fisheries	P
Mexico						
	PEMEX	1	15 073.9	...	Petroleum	S
	NESTLE MEXICO	132	670.6	5 800	Foodstuffs	F
	CEMENTOS TOLTECA (PLANTA ATONILCA)	180.0	710		Cement	P
	SIDEK DIVISION SIDERURGICA				Iron and steel	P
	SIDEK DIVISION TURISTICA		250.0	5 000	Tourism	P
Venezuela						
	PDVSA	2	12 483.7	45 069	Petroleum	S
	CVG	23	2492.8	35 539	Mining	S

Source: Joint ECLAC/UNIDO Industry and Technology Division, on the basis of information taken from *América Economía*, No. 44, October 1990, and information supplied by enterprises.

^a Constructed on the basis of information concerning the annual sales of the 500 largest enterprises in Latin America as of 31 December 1989.

^b S: State P: Private (local) F: Foreign private.

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**SUSTAINABLE DEVELOPMENT:
CHANGING PRODUCTION PATTERNS,
SOCIAL EQUITY AND THE ENVIRONMENT**



UNITED NATIONS

ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN

Santiago, Chile, 1991

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FOREWORD

In March 1990, the secretariat of the Economic Commission for Latin America and the Caribbean (ECLAC) placed before the Governments of its member States a proposal for the development of the countries of Latin America and the Caribbean in the 1990s and beyond.¹ That proposal contains a set of guidelines which can be adapted to the particular situation of the countries of Latin America and the Caribbean. It seeks to promote changes in the production patterns of the region within a context of growing social equity, and it also expressly incorporates the environmental and geographico-spatial dimension into the development process when it states: "what is needed is ... to reverse the negative tendencies towards the depletion of natural resources and the increasing deterioration through contamination and global imbalances, and ... to take advantage of the opportunities for making use of natural resources on the basis of research and conservation".²

The present document has a dual purpose. On the one hand, it seeks to delve more deeply into ways of incorporating the environmental variable into the development process: that is to say, into the process of changing production patterns with equity. In this respect, taking as a basis a number of previous studies by the secretariat which deal with different aspects of this topic,³ this issue is examined here from the point of view of development, with emphasis on some of the central concerns of the above-mentioned study on *Changing Production Patterns with Social Equity*.⁴ At the same time, this document forms part of the preparatory activities for the United Nations Conference on Environment and Development to be held in mid-1992, the specific aim being to provide sound bases and guidance for the discussions at the Regional Preparatory Meeting for that Conference to be held by ECLAC in Mexico City in March 1991.

The United Nations Conference gives the community of nations a chance to reappraise the way in which governments and societies are tackling two of the most pressing tasks of mankind as we stand on the threshold of the coming millennium. The first of these is to offer a decent standard of living to all the inhabitants of our planet, which will call for a very considerable and sustained effort, especially in the developing nations, where in most cases around two thirds of the population cannot even satisfy their basic needs. The second task is to ensure that further economic growth takes place within an environmentally sustainable context, for there is a growing awareness of the magnitude of the frequently irreparable damage caused to the physical and natural environment of mankind both by the excesses associated with prosperity and the shortcomings linked with poverty. Both the excesses and the shortcomings are related to the development style which has taken for granted that natural capital is infinite. Until quite recently, there has been little effort to avoid squandering, polluting or degrading it.

The Regional Preparatory Meeting organized by ECLAC is being held at a relatively early stage in what should be seen as an ongoing process. This document therefore concentrates on some salient aspects which the secretariat considers to be essential for the environmentally sustainable development of Latin America and the Caribbean, leaving their more detailed elaboration for later stages, as progress is made towards the harmonization of criteria within each country, between the countries of the region, and between those countries and the rest of the nations participating in the United Nations Conference. In other words, this document represents a first approach to the task of linking Latin American and Caribbean development with the environment: a task which will assuredly be the subject of many subsequent efforts. It also seeks

to provide background information to help adopt the position of the countries of the region with regard to the agenda of the United Nations Conference.

This document is based on six central ideas which form the unifying threads of its different chapters. The first idea is that we have now left behind us the controversies of bygone years in which it was claimed that there is some kind of conflict between concern for the environment and the objective of development. Although such a conflict often does arise, especially at the microeconomic level, there can be no doubt that concern for the environment is now perfectly legitimate and amply justified in both developed and developing societies. This is particularly true in the case of Latin America and the Caribbean, whose economies are based fundamentally on the exploitation of natural resources, many of them vulnerable to irreversible degradation. Thus, those responsible for formulating the economic policy of the region must incorporate among their key variables that of environmental sustainability, not only in order to meet the needs of coming generations, but also as a vital element for ensuring sustained growth for the benefit of the present generation.

Secondly, and in view of the foregoing, it is obvious that both the origins and the consequences of environmental problems are different in the developing countries (where they are frequently associated with situations deriving from a lack of resources) from those encountered in developed societies, where they are associated with high levels of consumption and even with the outright squandering of resources because of their abundance. Thus, ecological and environmental problems take different forms in these two different types of societies.

Thirdly, it is considered that man's relation with nature begins at the level of the individual, subsequently passing through the levels of the community, the district, the region, the country, the ecological systems of common interest to more than one country, the continent and the world. There can be no clear-cut distinction between local, national and global phenomena, as they all influence each other. Consequently, this document deals with both the domestic effort to

incorporate the environmental variable in the development process and the international effort to solve common problems through co-operation.

Fourthly, it is held that within the context of the many links that exist between development and the environment, it is vital to understand the need for the sustainability of development within a broad context which goes beyond mere concern for the world's natural capital. Thus, it is held that the achievement of sustainable development helps to secure a dynamic balance between all the forms of capital or assets that take part in the national and regional effort, be they human, natural, physical, financial, institutional or cultural.

Fifthly, it is argued that the incorporation of concern for the environment within the development process calls for a systemic effort which also involves the type of economic policies followed, the management of natural resources, technological innovation, broad participation by the population, education, institutional consolidation, investment and research.

Finally, it is held that international co-operation must not limit itself to tackling environmental problems in an isolated manner. Thus, as the development effort cannot be separated from protection of the environment and many environmental problems are the result of phenomena linked to conditions of underdevelopment, international co-operation must seek to promote development and protection of the environment in an integrated manner: in other words, it must seek environmentally sustainable development. It can therefore be seen that the 1992 United Nations Conference provides an opportunity to look anew at various items related with international economic co-operation, this time perhaps from a fresh perspective.

The various topics dealt with in the document are presented in line with the thematic layout of the above-mentioned proposal on *Changing Production Patterns with Social Equity*. Thus, among other aspects, the present document examines the mutual links between environmental sustainability and macroeconomic policy; natural resources; changing production patterns; poverty; development of concerted

strategies; financing; and international co-operation. Specifically, the document has the following 10 chapters: chapter I sets forth concern with the environment as a future challenge and describes, by way of background, the work already done at the global level in this respect. Chapter II defines sustainable development and shows that it must be viewed in a manner that goes beyond considerations limited to natural capital. Chapter III describes the nature of the relations between economic policies, natural resources and the environment. Chapter IV presents a diagnosis of the current situation as regards natural resources and the human environment in the region. Chapter V analyses the main relations between poverty and the environment. Chapter VI

analyses the role that must be played by technology in the achievement of changing production patterns with social equity and environmental sustainability. Chapter VII sets out the basis for a new institutional structure with regard to the environment, the objectives that should be pursued in the management and organization of sustainable development and their relation with political systems and legislation. Chapter VIII proposes suitable financial policies and financing arrangements for sustainable development. Chapter IX links the international co-operation agenda with the topic of sustainable development, and finally, chapter X contains a summary and a set of proposals.

Notes

¹ Economic Commission for Latin America and the Caribbean (ECLAC), *Changing Production Patterns with Social Equity* (LC/G.1601-P), Santiago, Chile, March 1990. United Nations publication, Sales No. E.90.II.G.6.

² *Ibid.*, p. 14. See also pp. 134-137.

³ See, for example: ECLAC, *El medio ambiente como factor de desarrollo. Prefactibilidad de proyectos de importancia ambiental y de interés económico* (LC/G.1549-P), Estudios e informes de la CEPAL series, No. 75, Santiago, Chile, February 1989 (United Nations publication, Sales No. S.89.II.G.6); *Report of the Seminar on Environmental Impact Assessments as an Instrument of Environmental Management. Situation and Prospects in Latin America and the Caribbean* (LC/L.519), Santiago, Chile, November 1989, and *Elements for an Effective Environmental Policy* (LC/L.581(Sem.56/5)), Santiago, Chile, August 1990; *Indicadores económico-ambientales para las cuentas nacionales* (LC/R.876(Sem.54/5)), Santiago, Chile, March 1990; ECLAC/UNEP, *Avances en la interpretación ambiental del desarrollo agrícola de América Latina* (LC/G.1347), Santiago, Chile, May 1985 (United Nations publication, Sales No. S.85.II.G.4), and *Estilos de desarrollo, energía y medio ambiente. Un estudio de caso exploratorio* (E/CEPAL/G.1254), Santiago, Chile, July 1983 (United Nations publication, Sales No. S.83.II.G.24).

⁴ For various reasons, the document does not attempt to deal with all the important issues involved. One obvious but deliberate omission is the link between drug eradication and sustainable development, since this topic will be the subject of a special study to be undertaken by the ECLAC secretariat in the next few months.

Chapter I

THE WORLD ENVIRONMENT: THE CURRENT CHALLENGES AND THEIR BACKGROUND

The real challenge of economic development does not refer to the speed at which a country grows, but the level of well-being it can attain while growing more rapidly.

1. Towards the third millennium

Today, on the threshold of the third millennium of the modern era, Latin America and the Caribbean are facing an enormous challenge in the economic and social sphere: the attainment of integral development and the need to ensure the sustainable management of natural resources and the environment. The first of these aspects has long been part of the aspirations of the region. The second, however, has gradually been incorporated into the core of the development debate in recent years.

Latin America and the Caribbean stand at an historic crossroads. This situation calls for changes in production patterns which –within a context of political democracy, economic openness, and reshaping of the role of the State in order to facilitate greater participation by society as a whole– will give fresh vigour to the economies while at the same time providing new bases for the attainment of greater equity. The efforts in this direction could be frustrated, however, unless there is rational management of natural resources and the environment (the natural capital). This is a challenge which calls for very considerable efforts at the national, regional and global levels.

The region is entering the 1990s against a more democratic and participative political

background. In this context, environmental issues are a growing concern of the people and communities affected, as they seek to exploit the available resources in order to raise their standards of living or improve living conditions in the physical spaces they occupy. The challenge is not so much that of improving the quality of life of the population at the cost of their standard of living –a dilemma faced in particular by the developed countries– but rather to improve the standard of living in an environmentally sustainable manner. This involves recognition of the fact that alterations in the human and natural environment are an underlying fact in the development process, so that the topic of the environment cannot be absent from the minds of those responsible for guiding that process.

The rational management of the world's natural capital is a necessary condition for achieving economic growth and sustainable improvements in the standard of living of the population. This natural heritage or capital is of fundamental importance in achieving changing production patterns with equity. The region has already entered upon a stage in which the indiscriminate and abusive exploitation of the existing resources will soon be reflected in serious checks on development.

Thus, the region is now on the threshold of a number of environmental problems which, if not corrected, will adversely affect the productive capacity of the economies. The countries producing agricultural goods, for example, depend on the management of natural resources such as soil, water, vegetation and the climate. These elements are already beginning to suffer considerable changes which are having a progressive effect on the quality and quantity of agricultural products.

The relations between growth, equity and environmental sustainability are extremely complex. On the one hand, the transformation of natural resources into goods is essential for growth and the raising of living standards. Thus, for example, the expansion of the water supply is what makes it possible to maintain the growth of human settlements. On the other hand, however, economic development processes affect the quality of the environment. An example of this is air and water pollution, which reduces the capacity of ecosystems to provide the community with vital goods and services.

The United Nations Conference on Environment and Development offers a unique opportunity to systematically tackle the problem of attaining environmentally sustainable development. Among the priority issues to be dealt with are the following:

- It is necessary to achieve a dynamic balance between all the forms of capital involved in the effort to secure sustainable development. Laying the foundations for sustainable development is an issue that goes beyond the mere rational management of natural capital
- Economic policies are not neutral or even-handed with regard to the use of natural resources. It is necessary to recognize and appraise the effect of these policies on natural capital in order to ensure that the efforts to change production patterns with equity also meet the requirement for sustainability.
- Technological progress helps economies to grow, but it must be guided towards the reduction of negative impacts or the

generation of positive impacts on natural capital.

- People and communities are the basic objective of development, and sustainable development is incompatible with the continued existence of poverty. Consequently, overcoming poverty is an indispensable condition for the achievement of sustainable development by the region.
- It is essential to take account of the institutional aspects of sustainable development. Thus, there must be a suitable structure of incentives, legislation and measures for the management and organization of productive activities. This structure must facilitate the fulfilment of the specific tasks of the public and private sectors, as well as participation by the population as a whole.
- Financial policies and the instruments for their implementation must be placed at the service of sustainable development. New financing instruments must be suitably adapted to the realities of the region, including the long period of stagnation of the 1980s.

Moreover, the topic of environmentally sustainable development provides an opportunity for reappraising the list of priorities in international co-operation in all its aspects.

2. The environment in the context of changing production patterns with equity

As already noted in the Foreword, the reflections on the environment presented in this document have a dual purpose. The first aim is to examine in greater detail ways of incorporating the environmental variable into the development process: a question which was only dealt with in its broad lines in the above-mentioned proposal for changing production patterns with equity.¹ In this respect, it outlines a suitable economic and social approach in environmental matters, analyses the implications of some policies, and puts forward proposals on the institutions and

reforms needed for achieving sustainable development.

Its second purpose is to offer guidelines to facilitate the discussions of governments and non-governmental organizations in the preparatory process which will culminate in the United Nations Conference on Environment and Development, with emphasis on those aspects considered to be particularly important for the countries of Latin America and the Caribbean, both from the point of view of incorporating the environmental dimension into the development strategies of each country and with regard to the way these issues fit into the context of international co-operation.

Mention may be made, at this point, of some of the main concepts around which the proposal for changing production patterns with equity is constructed. Before doing so, it is worth noting, as the secretariat pointed out at the time, that this proposal does not pretend to offer a single universal recipe. Instead, it seeks to give a set of guidelines that can be adapted to the particular situations of the different countries.

The central idea of the proposal, around which all the others revolve, is that changes in production patterns must be based on the deliberate and systematic incorporation of technical progress, within the context of greater international competitiveness, in order to achieve increasingly high levels of productivity.

Secondly, emphasis is placed on the systemic nature of competitiveness, as reflected in the network of linkages between each enterprise and the educational system, the technological, energy and transport infrastructure, labour relations, the system of public and private institutions and the financial system.

Thirdly, changes in production patterns cannot be merely the result of creating a suitable stable macroeconomic climate or applying a policy of "correct prices". Coherent and stable macroeconomic management is of fundamental importance, but it is not enough on its own: it must also be combined with sectoral policies.

Fourthly, one of the key elements in changing production patterns is the removal of hermetic sectoral divisions. Thus,

industrialization must go beyond the narrow sectoral framework in which it has often been dealt with hitherto and must be linked with the primary and services sectors in order to integrate the productive system and further the growing homogenization of levels of productivity.

Fifthly, the proposal assigns just as much importance to equity as to changes in production patterns, maintaining that these two concepts are mutually supportive. Thus, it is held that sustained growth based on increasing competitiveness is incompatible with the continued existence of shortcomings with regard to equity, although it is recognized that the latter cannot be corrected without sustained growth.

Sixthly, the proposal assigns major importance to Latin American and Caribbean integration and intraregional co-operation, since these can make a vital contribution to the consolidation of changes in production patterns.

A seventh point made is that the formulation and application of economic strategies and policies must take place in a democratic, pluralistic and participative context. Within this democratic context, the process of consensus-building on the strategies to be followed, understood as the establishment of a set of long-range explicit and implicit agreements between the main actors in national society and the State, will necessarily be of decisive importance.

The eighth point made is that there must be a process of renovation with regard to the style of State intervention: it is considered desirable that State action should be concentrated on strengthening competitiveness based on the incorporation of technical progress and the continued evolution towards reasonable levels of equity and environmental sustainability.

Finally, it should be noted that the relationship between the proposal for changing production patterns with equity and the issue of the environment is not limited to what was expressly stated on the full incorporation of the environmental and geographico-spatial dimension into the development process. It must be emphasized that each and every one of the concepts detailed here is part of the background

to the reflections of the ECLAC secretariat presented in this document.

3. The long road from Stockholm to Rio

3.1 How this issue came to be included in the United Nations agenda

From the end of the war until the early 1970s, great efforts were made all over the world to stimulate economic growth. The achievement of such growth involved the rapid accumulation of various forms of capital, especially those considered to be scarcest, such as physical and financial capital. Technological progress was taken as the symbol of this process of change, but in contrast there was a tendency to underestimate the importance of the other forms of capital: human, natural, institutional or cultural.

In the early 1970s, however, various of these postulates began to be questioned. The problems of underdevelopment and poverty, which were difficult to solve, clearly required fresh approaches. Against the background of these changes, various organizations in the world began to question the basic hypothesis that natural capital was by its very nature abundant. Thus, the Club of Rome came to the conclusion that natural capital was scarce and that the accumulation of physical and financial capital, such as industries, could further deteriorate the existing natural capital. The environmental issue gradually entered the collective conscience of mankind, above all in the industrialized countries.

One of the most important milestones in this period was the Panel of Experts on Development and Environment held at Founex, Switzerland from 4 to 12 June 1971, at which a document was prepared on the state of the human and natural environment of the planet. This document became one of the bases for the United Nations Conference on the Human Environment held in Stockholm in 1972, which issued a Declaration and Plan of Action for the Environment containing 109 specific recommendations.²

Both the Founex document and the proposals emerging from the United Nations Conference touched upon normative aspects of fundamental importance for the developing countries. The first

problem examined was that of the human environment, with particular attention to the problem of poverty, and the aspects covered included housing, water, health, hygiene, nutrition and natural disasters. In this context, it was clearly stated that environmental problems called for changes in production patterns. It was noted, however, that although economic growth was very necessary, it did not of itself guarantee lasting welfare for the population. In order to achieve that, it was necessary to attain other social goals.

One of the aspects dealt with in detail was the relation between development and the environment. A specific distinction was drawn between two types of problems: those due to insufficient development, and those which were a consequence of development. Special emphasis was placed on the latter, since it was expected that most of the nations in the world would be entering upon a rapid industrialization process. In this respect, the main objective defined was to attain the benefits of development in each sector with a minimum of adverse secondary effects.

Another salient aspect was that of international trade. It was noted that it was very likely that environmental rules would emerge in connection with the growth of international trade, and this would be likely to cause changes in the competitive position of various countries through changes in the comparative production cost structures. It was emphasized, however, that these environmental considerations could also benefit some regions of the world because of the relation between natural capital and synthetic products and the degree of influence of foreign capital.

With regard to environmental policies, it was held that these should be an integral part of the general development strategy. Consequently, it was maintained that the developing countries should redefine their goals, establishing minimum environmental standards and formulating a macroeconomic, general and sectoral environment policy, and that suitable techniques should be elaborated for including the environmental factor in the appraisal of development projects.

Mention was also made of the need to change the traditional approaches to project evaluation,

such as cost-benefit analysis. It was also considered necessary that a more appropriate concept should be developed of the notion of "opportunity costs", to include external spatial and temporal effects. It was considered, however, that it would be practically impossible for the countries to plan and evaluate their investments, policies and reforms adequately, because of the precarious nature of the existing information.

As a necessary condition for the formulation of an environmental strategy, it was considered necessary to make various institutional reforms (including reforms in legislation). It was recognized, however, that it was still too early to state categorically what those changes should consist of.

With regard to international relations, both the Founex meeting and the report of the United Nations Conference on the Human Environment stressed the need for a start to be made on the evaluation of the position with regard to international co-operation, external trade, external financial aid, technology transfer and the rules applied by the industrialized countries.

Finally, there was an awareness that environmental problems manifested themselves with different characteristics and contents in developed and developing societies, and that many problems were peculiar to the particular national and even local conditions. At the same time, it was recognized that although the environmental dimension—an issue which knows no frontiers—could unite nations around the task of solving common problems, it also had the potential for dividing them into groups consisting of the main polluters and causers of environmental deterioration, on the one hand, and those directly affected by the consequences of those phenomena on the other.

3.2 ECLAC's treatment of the issue from 1971 onwards

All the foregoing discussions naturally also had a Latin American and Caribbean expression, reflected *inter alia* in the documents prepared and meetings sponsored by the Economic Commission for Latin America and the Caribbean and the United Nations Environment Programme (UNEP). Thus, in 1971 ECLAC organized a meeting

as part of the preparatory activities for the 1972 United Nations Conference, at which it was noted that the low level of development of the countries contributed to the deterioration of the environment and it was also indicated that the development problems of the region were perhaps more closely linked to those of the environment than in any other developing region in the world.³

With regard to the environmental situation in the region, four main areas were identified: human settlements, natural resources, environmental pollution, and international-level problems. Another important concern was the incorporation of environmental problems into national development policies. The use of planning was recommended as a necessary means of achieving the desired environmental objectives. Emphasis was also placed on the need to tackle a large number of problems affecting human settlements in both urban and rural areas. In urban areas, it was recommended that protection should be given to human settlements weakened by the constant deterioration in the environment (e.g., air and water pollution). In rural areas, spatial and human settlements planning was directly related to the prevailing land tenure systems (latifundios and minifundios).

The problems of energy and the rational management of water and mineral resources assumed special importance. In most cases, details were given of the negative effects of pollution due either to the results of production processes or to inappropriate waste management and disposal policies. It was emphasized that these problems should be dealt with in an integral manner in the formulation and execution of development policies.

In the following years, these issues were developed much more fully both inside and outside ECLAC.⁴ Even so, however, in the field of specific actions the efforts made in the last two decades to improve the environmental situation in Latin America and the Caribbean have been far from satisfactory, as governments have concentrated their energies on other issues, mostly of a short-term nature. The actions taken with regard to the environment have been characterized by great diversity both in the

political, institutional and juridical approaches and in the energy with which they have been pursued.

3.3 Recent developments

In the last few years, there has been further progress in the world debate on the sustainability of development, and this progress has also been reflected in Latin America and the Caribbean. The greater emphasis given to this issue seems to be associated primarily with the deterioration of specific environmental problems, such as concern over energy and mineral resources and environmental pollution. The debate has also been accompanied by discussions on such aspects as technological change, international trade relations and changes in consumption patterns.

At the same time, the debate has been broadened to take in such issues as the interdependence of countries and regions, the effects caused by production processes and the various forms of trade. There has been wider recognition of the magnitude of the various forms of interdependence, and in certain respects development and population growth have shown that *there is no such thing as ecological environmental independence in the world*, so that desertification in Africa, deforestation in the Amazon region and the pollution of the seas are all problems with worldwide implications. Likewise, the conservation of certain resources, the protection of flora and fauna and of the tropical forests, and the defence of the natural and cultural heritage are no longer seen as the exclusive concern of particular countries.

Thus, there have been important changes in the perception of the links between development and the environment. The first of these is connected with the emergence of an awareness of the finite nature of the total resources of our planet. This has led to growing concern over the problems created by development. Whereas traditional economics dealt mainly with problems of resource allocation, new problems are now arising due to the unremitting pressure being exerted on the stock of existing natural resources.

The second change in perceptions concerns the much greater importance now assigned to

relations between countries in respect of such global natural resources as the air, the ozone layer and the oceans, whose deterioration affects both the developed and the developing countries, regardless of the political frontiers between them.

The third change is that the issue of the environment is now seen to go beyond the question of mere "environmental protection". There is seen to be a close relation between economic efficiency and the quality and quantity of natural, institutional and cultural capital.

Finally, there is a growing –albeit as yet insufficient– awareness that natural resources and the environment are capital goods whose life extends beyond that of our own generation. Consequently, quite apart from the question of their exploitation, there is increasing interest in obtaining the maximum added value without negatively affecting the stock of such goods.

In short, everything indicates that a good deal of progress has been made since the 1972 United Nations Conference in contributing to an increasing awareness of the relation between environmental issues and development. The maintenance of the natural heritage of the region has come to be a fundamental element in the determination of the standards of living that can be attained.

This renewed interest in the links between development and environment is also reflected in the decisions adopted by the United Nations General Assembly, culminating in the decision to hold the United Nations Conference on Environment and Development in 1992.⁵ In 1987, for example, the World Commission on Environment and Development, co-ordinated by Ms. Gro Harlem Brundtland, issued its pioneering report entitled *Our Common Future*, which was officially welcomed by the United Nations General Assembly.⁶ The concern of Latin America and the Caribbean in this field was reflected in the Latin American and Caribbean Commission on Development and Environment, organized by the Inter-American Development Bank and the United Nations Development Programme, with the support of the Economic Commission for Latin America and the Caribbean and the United Nations Environment Programme. This Commission, which was made up of a

number of leading personalities from the region in this field, issued a report entitled *Our Own Agenda*⁷ which, *inter alia*, offers the bases for a sustainable development strategy.

In the same connection, mention may be made of the holding in October 1990 of the Seventh Ministerial Meeting on the Environment in Latin America and the Caribbean, sponsored by the United Nations Environment Programme, at which the countries adopted the Action Plan for the Environment in Latin America and the Caribbean. They also expressly agreed that that Plan should be considered a "working document" both for the Regional Preparatory Meeting organized by the Economic Commission for Latin America and the Caribbean and for the United Nations Conference on Environment and Development.⁸

Today, as we begin the preparatory activities that will culminate in the United Nations Conference on Environment and Development, there are organized movements calling for the consideration in that international forum of such issues as world climatic change, the destruction of the ozone layer, pollution of the seas, destruction of tropical forests and the consequences this will have on biodiversity, acid rain, changes in water quality, and many other such matters. In the discussion of these topics, there is a clear awareness that the scope of sustainable development goes beyond the merely ecological aspects. In this respect, the relation between development and environment is now seen to be of a systemic nature.

Notes

¹ ECLAC, *Changing Production Patterns with Social Equity*, *op. cit.*

² See *Report of the United Nations Conference on the Human Environment*, Stockholm, 5-16 June 1972 (A/CONF.48/14/Rev.1), New York, 1973. United Nations publication, Sales No. E.73.II.A.14.

³ See ECLAC, *The human environment and economic development in Latin America* (ST/ECLA/Conf.40/L.2), Santiago, Chile, 1971.

⁴ For a summary of this, see Osvaldo Sunkel and Nicolo Gligo (eds.), *Estilos de desarrollo y medio ambiente en la América Latina* (Mexico City, Fondo de Cultura Económica, two volumes, 1981).

⁵ See, for example, resolutions 42/184 (International Co-operation in the Field of the Environment), 42/186 (Environmental Perspective to the Year 2000 and Beyond), 42/187 (Report of the World Commission on Environment and Development), 43/196 (United Nations Conference on Environment and Development), and 44/228 (United Nations Conference on Environment and Development).

⁶ See General Assembly resolution 42/187, para. 1.

⁷ See Latin America and the Caribbean Commission on Development and Environment, *Our Own Agenda*, Washington, D.C., Inter-American Development Bank (IDB) and United Nations Development Programme (UNDP), 1990.

⁸ See United Nations Environment Programme (UNEP), *Final Report of the Seventh Ministerial Meeting on the Environment in Latin America and the Caribbean* (UNEP/LAC-IG.VII/4), Port of Spain, 23 October 1990, pp. 11-12. Annex II contains the Action Plan in question.