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# **Reconciling Economic and Environmental Components of Sustainable Development**

MR. RICHARD BARTH

Introduction by Professor Nolon:

It is my pleasure to introduce the next speaker. Richard Barth is the President, Chairman and the Chief Executive Officer of Ciba. Ciba is an international company which has offices in Buenos Aires, Zarate, San Miguel, and Santa Fe in Argentina. The company manufactures agricultural products, health care products, specialty chemicals for industry and is known for its Vision 2000 Policy: a corporate commitment to sustainable development, for which it was recently awarded the World Environmental Center's Gold Medal for International Corporate Environmental Achievement.

Because of that corporate and personal commitment, Richard Barth was appointed by President Clinton as a member of the President's Council on Sustainable Development. This Council evaluated the nation's land use, natural resource and environmental systems and submitted a report to the President on the status of sustainable development in this country. At this time, I ask Mr. Barth to share his observations on this subject.

Mr. Barth:

I am pleased to participate in the program that the Land Use Law Center is spearheading here which plans to contribute some wisdom on how a country like Argentina may address the reconciliation of its sustainable development goals, which have both economic and environmental components. When I use the term reconciliation, at least in our experience, there is a fair degree of tension between the economic and the

environmental elements in the principles of sustainable development.

I would like to return briefly to the Everglades example that a former speaker discussed in reference to the work of the President's Council on Sustainable Development. Our most recent meeting was held in Atlanta, Georgia. Secretary Bruce Babbitt of the Department of the Interior used the Everglades as a success story of how the conflict between the environmental and the industrial community has been resolved. But, I was unaware until today's forum that, over twenty-five years ago, the tension between environmental and economic goals was a national issue in the Everglades. The speaker who discussed this raises a very important point in light of Secretary Babbitt's report. After all, this is 1995. We have just learned, at this forum, that U.S. Senator Henry Jackson of Washington State had identified the Everglades, as far back as 1969, as a region that was not successfully addressing its sustainable development issues because of the governmental structure that then existed. Therefore, it has taken twenty-five years for the various parties to that issue to come together and craft a resolution of their differences. In fact, as I understand it, the resolution of these differences in the Everglades will take about ten more years because a key ingredient to the successful resolution is to give the economic interests adequate time to adjust to recently agreed-upon environmental objectives. And so it will be, in fact, thirty-five years before these matters will be addressed successfully in this important region of our country.

Certainly, if we had to do it all over again, as a country, I think perhaps we would have addressed, with some foresight, the needs identified a quarter-century ago by Senator Jackson. We would not have done the damage that occurred over that twenty-five year period, and we would not have had to go through a very expensive and protracted process to get back on line after a full thirty-five years. So, if you are starting with a relatively clean slate, as I understand the country of Argentina may be, there is a lot to be learned from our experiences and our missteps here in the United States.

Let me touch on the work of the President's Council. Its membership is made up of representatives from industry, environmental organizations, and government. A number of its members represent the national cabinet, including, as I mentioned, Interior Secretary Babbitt. The President's purpose, in creating the Council, was to honor the commitment the United States made in response to the Earth Summit at Rio. The United States has agreed to report to the United Nations regarding the progress we are making to achieve our commitment to sustainable development. That is the primary purpose of the Council's work. A second purpose pursued by the Council is to find ways to reconcile the tensions that exist between what are shorthandedly referred to in this country as "jobs" and "the environment." Without that reconciliation, we know we will not move down the path towards sustainable development.

I think everybody in this room, and perhaps many in Argentina, are aware that the United States is a litigious society; unfortunately, we find ourselves often having to resolve our differences in the courts. That approach is expensive and time-consuming. In this context, the respective constituencies become more entrenched and more hardened in their positions.

Our national statutes that protect the environment are not integrated with one another; each takes a rifle shot at a separate target. Senator Jackson feared this result when he proposed a more integrated system a quarter century ago. Our statutes address, individually, a host of objectives: clean water, clean air, protecting endangered species, and potable drinking water, among many others. Other laws deal with land use, resource conservation, solid waste disposal requirements, hazardous waste disposal, clean-up requirements, and so forth. We are replete with statutory and regulatory "components," but they fail to constitute a "system." This creates a problem, particularly for the business communities that are regulated.

Let me build on one point that relates to Senator Jackson's thesis. He held that it is not only environmental issues that have to be integrated, but also economic and develop-

mental issues. This is what sustainable development is all about, and what President Clinton was concerned about in creating the Council. A key lesson I have learned as a Council member deals with the issue of contention between the economy and the environment. I am not so sure this tension will be fully reconciled, even with an integration of our environmental objectives and other necessary components. Forestry issues are an example. I am not an expert on forestry, but I have learned from the Council's activities some of the issues involved in this industry. We had a meeting in the Pacific Northwest in Seattle. We saw the very bitter battle going on between the environmental community and the forest products industry. What has happened there is that these different parties are at loggerheads and have had to resort to the court system to find answers. There is enormous bitterness in the community. Unfortunately, the people who pay the price are neither the environmentalists, who seem to have gained most of their objectives, nor the forest products companies, whose land values have gone up as a result of what has happened by the shutting down of logging on federal lands. It is the people whose jobs were dependent on the forest products activities who have suffered. Many small mill owners, for example, have been put out of business.

The forest industry in the United States is a very wealthy industry because the natural resources of the timberlands of this country are extensive and enormously valuable. And, there is a deficit of forest products in the Pacific Rim, where there is a lot of wealth and a willingness to buy our forest products. So, the industrial interests are responding to that demand resulting in clear cutting, chip mills, and a lot of exportation of timber materials out of this country. It generates a fair amount of favorable balance of payments which the United States needs.

I do not know whether, in fact, these activities are depleting this natural resource in excess of its rate of renewal. If they are, then we as a country are not practicing sustainable development because, over time, we will not have those resources available to us and to our children.

So, what is the answer? I think the answer is a very complex one, and it involves the whole of national economic policy. The reason this country has to export forest products to the extent it does is that we must have some export revenues coming in to offset our import needs, including the vast sums we spend to import petroleum. I think people in Argentina recognize how important it is to have a healthy currency and how important it is to have a healthy balance of trade. This country has been in a deficit balance of trade now for many years. Frankly, it would be worse if we did not have these export industries. So, as a national policy, almost by default, we are engaged in exporting many of our natural resources. We are doing this because we have become dependent upon many products in the world today and we have to pay our bills.

Hopefully, in the future in our country, we may have an integrated environmental policy, but if we do not have an economic policy that recognizes the limits of our wherewithal as a country, I think we will continuously put pressure on ourselves to generate revenues. Since this country is endowed with enormous natural resources, we in fact may be tapping our natural resources in an unsustainable way in order to maintain our standard of living. This path is unsustainable economically because if we continue to run deficits, we will continue to run in debt and we will continue to have a weaker currency. Our children, then, will have a lesser quality of life not only in absolute economic terms, but in the lack of resources we have expended for rather short-term gains.

So, we come back to the critical need in the United States for an integrated environmental approach to the ecological issues that are challenging us. As Senator Jackson proposed long ago, we have to have an economic policy, and an industrial policy in this country, that takes into account what our economic strengths are and how we can maximize them without depleting the resources needed for the future. We must pursue both of these policies in tandem. If we do not have a commitment to both, I think we will still fail because of the continuation of the enormous tension and stress between these two constituencies: jobs and the environment.

I would add that there is one other component to a full solution. If you have a chance in Argentina to build a system, I would make sure that there is a credible, objective, scientifically-based institution, an "honest broker" of expert information, which has broad support of the population. Our experience on the President's Council indicates that each constituency brings in its own set of experts, comes up with its own data, and continues to disagree. There is no institute in the United States where we can refer these questions for resolution, one whose decisions will be accepted by the public and the courts. So, the constituents disagree and we end up in the courts in litigation with one group's expert vying against the other's. The existence of a respected centralized institution would help to limit the debates which continue between these contentious parties.

So, if we were going back to square one, if we had the opportunity to go back to 1969 in Senator Jackson's day, I would urge that we incorporate in any new, fully integrated system, that honest broker with its technical and scientific expertise, one that can gain the support of the public and be relied on by legislatures in adopting policies and by courts in resolving disputes. Having these issues constantly contested is another reason why it is difficult to eliminate the continued contention in our system of laws and programs.