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States and sovereignty: Introduction

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States and their policies remain critical to the future of sustainable development. The three chapters in this section analyse the politics of environmental management in such large countries as India, China, and Brazil, illuminating the conditions under which state-society interaction may produce environmental goods or sustain environmental harm. While examining the political and institutional determinants of responses to environmental problems, these chapters help clarify why states so often fail to provide environmental protection as a public good, and suggest ways in which the UN system might influence state behaviour towards more environmentally responsible policies.

States are certainly not the only actors crucial to environmental management. Global problems such as climate change require international cooperation and regimes, while localized degradation is often best addressed through subnational agents such as municipalities, regional air and water quality management authorities, and non-governmental organizations. Furthermore, transnational flows of capital, information, and trade (as well as competition between states to attract these flows, and the regional arrangements that have emerged to foster and monitor them) have eroded the traditional forms of environmental regulatory policy.

Precisely because of these globalizing and regionalizing trends, states must be encouraged to reinvent their roles in environmental management, rather than abandon them. Increasing public concern and growing

scientific understandings of the complexity of environmental change have translated into expectations that states must find more effective ways of integrating environmental and developmental concerns. The chapters in this section suggest that environmental outcomes, no less than other public goods, depend on the ways in which political power is structured and used.

The following observations about the status of environmental priorities within most states can be taken as a starting point.

- The environment competes with other public goods for the state's attention. For many states, especially in the developing world, the link between environment and development is viewed as a competitive trade-off, where environmental considerations impose unnecessary costs and take much-needed resources, especially from economic growth. The low priority assigned to environmental issues is, in turn, often reflected in the low budgets, limited staff, and limited authority of many national environmental agencies.
- Powerful domestic and international interests, especially private sector interests, influence states. When faced with a trade-off between policies that may help the environment but may hurt profitability of firms, governments often further dilute their limited environmental commitments. Since states and businesses must work together, states should consider structuring markets in a way that rewards entrepreneurs who are willing to incorporate environmental concerns into corporate management strategies.
- The weakness of channels for popular participation is a crucial factor, particularly in developing countries. Less powerful groups, many of whom might benefit the most from the provision of environmental public goods, often face the greatest obstacles in organizing collectively. Poverty and environmental vulnerability are inextricably linked. Open politics and non-governmental organizations that may facilitate collective action are thus desirable from the standpoint of improving environmental outcomes.
- International actors, particularly transnational financial institutions and multilateral donors, can now play a critical role in the environmental field by channelling resources to environmentally friendly investments. While these institutions have unprecedented leverage to promote environmentally responsible projects, their practices often fall short. For example, whereas the IMF and World Bank increasingly advocate environmental considerations, their efficacy is limited by their suspicion of public regulatory authorities, and by lending priorities and portfolios still consisting of traditional investments in major infrastructure projects, with sometimes questionable environmental impacts. There are few incentives for private investment banks to use environmental cri-

teria in financing or selecting investments, while trade treaties such as GATT have no formalized criteria for environmental accountability.

Developing countries face these challenges and more. Although the rise of environmental politics has been fairly well documented for industrialized countries, less attention has been paid to how this sequence and its actors often differ in developing countries. In industrialized countries, increasing public awareness and the formation of environmental interest groups led to the construction of national and international environmental regulatory regimes. In many developing countries the state itself, usually under pressure from donors and the dedicated efforts of local individuals, passes environmental laws, but these are rarely enforced as they often threaten the activities of influential private companies and state agencies.

Both the legitimacy and capacity of states, therefore, are important in understanding the likelihood of successful environmental policies. The legitimacy aspect is particularly overlooked, as many reports on environment stress capacity-building issues with little connection to how inclusionary political reforms might affect environmental accountability. Among the chapters that follow, Holly Sims tackles this question by analysing the contrasting experiences of India and China, especially as these two giants attempted to alter energy policies in the 1970s with new standards of efficiency and environmental accountability in mind. Although both countries maintained some overarching vision of equitable energy distribution, China's energy policies relied on cloistered decision-making, largely insulated from domestic politics and plagued by bureaucratic infighting. In India, by contrast, public opinion loudly and openly questioned the need for foreign investment, reduced subsidies, and massive dam construction projects. ''States, markets, and energy use patterns in China and India'' shows that China's centralized decision-making fostered ''fast-track'' investment approvals and reduced subsidies, while India succeeded in neither. Indian political debates, however, revealed a more substantive discussion of what environmental accountability actually meant, and who would benefit.[1] Sims points out that as the state's control over decision-making expands, establishing mechanisms of accountability, such as transparent and competitive bidding procedures, becomes ever more difficult.

Peter Evans stakes out even more explicitly the claim that inclusionary politics usually facilitate the equitable provision of environmental goods in his chapter, ''Sustainability, degradation, and livelihood in third world cities: Possibilities for state-society synergy.'' Using case studies of urban governance in Brazil, Evans argues that for effective environmental governance there must be a symbiotic relationship between civil society and public institutions. Through both negative cases (the organizational de-

mise of Rio de Janeiro's pollution control agency) and positive ones (the innovative public transport system of Curitiba and the extension of sewers to poor *favelas* in São Paulo), Evans argues that effective societal actions depend on public institutions, just as state actors depend on the ability to organize citizens. State attempts to either regulate pollution or provide public goods depend ultimately on ''the character of the relations between public agencies and societal actors – whether societal actors play the role of co-producers of urban infrastructure, sources of political pressure to expand environmental action, or implementers of state-constructed strategies.''

The final chapter by José Goldemberg shifts the attention away from specific country experiences to developing countries as a whole, and explores how states might structure market incentives so private interests will have incentives to use environmentally friendly technologies. Goldemberg argues that developing countries could ''leapfrog'' some of the energy-intensive production technologies that characterized earlier development pathways. However, as currently structured, international energy markets encourage fossil fuel use to the detriment of investments in other sources of energy. International financial institutions, including the World Bank, also contribute to this bias by being ''colour-blind'' in their lending, not explicitly considering whether proposed investments incorporate ''green'' innovations over polluting ''brown'' technologies. If states have the capacity to select appropriate technologies by structuring appropriate incentives in the design and regulation of markets, the rate of natural resource depletion can be reduced. This can be done through a variety of instruments: preferential financing for modern production processes; screening of donor and foreign investment projects for their ability to transfer appropriate technologies; and encouraging local research and innovation on alternative energy sources such as biomass, ethanol, and solar power.

A common thread linking the three chapters in this section is that environmental problems compete with other significant problems for public attention. This lack of consensus is apparent among individual states and international actors, including the UN system. Environmental problems thus struggle for political recognition with other issues internationally, within governments, and also within populations. People need a healthy environment, but they also need food, shelter, and a number of other things; in the short and medium run, these different objectives may conflict and lead to environmental damage.

Peter Evans very instructively points to one way of understanding how social and state consensus can emerge on the need for environmental reforms. The notion of ''state-society synergy'' suggests that solutions to

environmental problems require both the collective goods provided by public institutions and the active participation of local communities.

It is important to emphasize the administrative and political preconditions for such state-society synergies to emerge. They include a trained, competent bureaucracy that is sufficiently well rewarded, political entrepreneurship by innovative leaders, and an engaged civil society permitted by the state to engage in public action. The implications of this are, regrettably, that there are many countries, especially in the developing world, where state-society synergy may not be easy to achieve. Those concerned with promoting constructive state-society synergy must then also consider the appropriate preconditions for such public and private cooperation.

In her analysis of energy use patterns in China and India, Holly Sims also stresses the importance of the political context in understanding how environmental concerns are incorporated into state policies. Authoritarianism in China facilitated certain measures improving energy efficiency, including reform of the energy price system and the promotion of private foreign investment. But this centralized system provided no checks on questionable energy investments such as the Three Gorges Dam. In India's more democratic system, in contrast, political leaders have had to face ''the sometimes bracing test of Indian public opinion.'' The implication is by no means that authoritarianism is better equipped than democracy to address issues concerning the environment. Rather, the Indian case implies that state-society synergy will not necessarily be conducive to dramatic policy changes, but may work towards other goals, such as promoting a more open and susbstantive discussion of environmental issues.

José Goldemberg's analysis stresses the possibility for ''technological leapfrogging'' in the energy sector as a means of responding to urgent development problems in many countries. Examples include the adoption of cellular telephones instead of traditional telephone systems which require extensive wiring, electricity generation from biomass, and ethanol production from sugar cane. Yet further research is needed on the global market structures and domestic political objectives which reward using conventional rather than environmentally friendly technologies.

The contributors to this section thus point to a variety of ways in which the UN system can continue and enhance its contributions in the field of environmental accountability. The UN system has already played a proactive role in bringing environmental issues to international attention, particularly through member agencies such as the UN Development Programme (UNDP), UNEP, the United Nations University, and the UN Industrial Development Organization (UNIDO). Through publications, research, workshops, and training sessions, these agencies have sought to

build and disseminate conceptual models and practical measures which integrate environmental and development concerns. These activities also provide an important networking function, bringing scientists and professionals from developing countries together to share ideas and difficulties, as well as providing additional training and funding.

How can the UN system influence governments of member countries to play more environmentally responsible roles? First, provision of information about environment-friendly technologies and modes of production must remain a key focus of UN endeavours, especially those which might deliver the simultaneous provision of competing public goods. As stressed by Peter Evans, ''small injections of new knowledge can play an important role in arriving at positive resolutions.'' The United Nations has already assisted in the spread of alternative energy technologies, particularly wind and solar power community development projects, as Holly Sims notes. This role could be expanded from technical assistance *per se* to other forms of incentive-building. For instance, one of Goldemberg's most innovative suggestions is that developing countries aggregate their demand for environmentally friendly technologies such as photovoltaics; since most technologies exhibit exponentially declining cost curves when mass marketed, such demand might spur multinational and domestic energy companies to cheaper production and more research and development. Such a process could be facilitated by cooperation between UN agencies such as the UNDP or UNEP, on the one hand, and member states on the other.

The possibilities for ''leapfrogging'' that José Goldemberg describes for technological adaptation can also apply to governmental tasks. Institutional development concerning environmental supervision and the diffusion of knowledge about experiences with environment-friendly policies at all political levels is of paramount importance. Some initiatives have already emerged, such as UN sponsorship of guidelines to handle hazardous waste in developing countries; such tasks should be expanded.

Increasingly, the challenge for UN agencies is to address the potentially environmentally hazardous effects of globalization. This could be done by UN-sponsored proposals for reforms in international trade regimes, especially devising mechanisms to address issues of environmental accountability. Integral to such a project is the promotion of national systems of environmental accounting and auditing for investments, including the innovative use of tax incentives for environmental entrepreneurs.

The chapters by Sims and Evans address a lacuna in the discourse on environmental planning, by drawing explicit linkages between inclusionary politics, vital civil societies, and the resulting distribution of environmental goods. These authors draw attention to the ways in which

relationships between public agencies and civil society can be synergistic or debilitating. The cooperative aspect was most prominent when there was a sizeable middle class, interested in the equitable provision of environmental goods, as in Curitiba, Brazil. More conflictual approaches amidst greater income inequalities, as in the case of the Rio *favelas*, still produced successful outcomes when linked to the constructive engagement of public authorities.

At least two conditions must be met for the emergence or survival of engaged and capable publics.[2] First, the public can be sustained only when the state or powerful private interests do not crowd out or dampen the articulation of other private interests, monopolizing public spheres. Second, and related to the first, the relevance of these expressed interests can only be tested when directed to audiences which can meaningfully participate. Neither of these enabling conditions is fully attained in most developing countries, but UN projects should extend their efforts to find new ways of involving civic organizations, public agencies, and the media in public decision-making.

Finally, it should be recognized that the environment remains a politically contested issue at global, national, and local levels. These three chapters highlight the need for the UN system, and researchers, to focus on the political and institutional factors which shape patterns of environmental degradation. These chapters suggest that environmental goods, like other public goods, are more likely to be provided when markets penalize environmental harm and states encourage participation by a variety of publics. To the extent that these conditions are not met, the UN system and other concerned parties should work to provide incentives for states and markets to become more environmentally accountable.

Notes

1. The case of large dams provides an interesting example of how the political systems of China and India have yielded different outcomes. While Nehru once categorized ''big dams as the temples of India,'' the recent Narmada project was cancelled due to public protest, while in China the Three Gorges Dam is going ahead. The World Bank had originally provided financing for both projects, but pulled out in the Indian case when opposition mounted.
2. These conditions were suggested by Jurgen Habermas in a lecture at the American University in Cairo on 17 March 1997.