

# The Chicken-Little Syndrome & Its Implications:

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*Some Questions about the Club of Rome's Diagnosis and Remedy for "The World Problematique" as posed by the Need to Reconcile Environmental and Developmental Commitments. Background Paper for a talk to the CACOR Symposium: "The World Problematique: First Steps Towards a Solution", May 23, 1995*

## Prologue

My first encounter with the Club of Rome occurred exactly 18 years ago this month. I had prepared a paper for a symposium at the University of Toronto sponsored by one of our largest scientific associations, SCITEC. The paper was titled *The Chicken-Little Syndrome: the Responsibility of Social Scientists to Maintain Credibility*. For reasons that should become apparent, I decided that it was appropriate to disinter it for this occasion. I believe there are valuable lessons to be learnt from the history of past campaigns, especially those that were lost. And I have in mind the campaign of the 1970s that gave rise to the Club of Rome (CoR) and the publication of the best-selling book *The Limits to Growth* that CoR sponsored and vigorously promoted.

At the time I was an Assistant Deputy Minister for Economic Policy in the Department of Energy, Mines & Resources, since renamed, the Department of Natural Resources. My talk received a frosty reception and, for some, evoked incredulity: how could a government official in a key post sprout such patent nonsense and that displayed such a lack of responsibility. My message flew in the face of that presented in the elegant global models and impressive statistical backup of *The Limits to Growth* and similar neo-Malthusian tracts such as that of Jay Forrester that were sprouting up all over the place. I was arguing that despite the OPEC shock of 1973 when the price for oil jumped threefold, there was no global shortage of oil, nor for that matter, of any of the other natural resources that had become vital to our way of life.

The shortage, I argued, was not in nature but in our ability as a societal collectivity *to understand* the reasons for the man-made shock and, even if we did understand, *to adapt* to the shock in an acceptable way, that is, without panic and Cassandra-like prophecies of impending doom if we did not mend our ways. After all, my argument went, the shortage was made by a cartel called OPEC, that is, by some group deciding to withhold supplies to raise prices and thus their incomes, and – what is even more important – being able to have the power in the market place to implement that decision. Policy mistakes – in the main on the part of U.S. politicians succumbing to the pressure of the oil lobby – had contributed to that cartel's power to manipulate the available global supplies of oil and, thereby, its price. We should have asked and – even from the present vantage twenty years later – we should still ask: why did the public let them get away with this self-serving anti-social conduct?

The answer, I suggested, was to be found in large part in the neo-Malthusian message that placed the blame on nature, on the niggardliness of nature, the use or abuse of which was said to be approaching limits, thus giving rise to shortages and thus to a rise in prices that was having the effect of inhibiting future growth. It was a false rap: there was no global shortage and the guilt for the temporary shortage, the rise in prices and all the misery that followed lay elsewhere.

Today, in the light of subsequent development, I'd make a slight revision of that assessment with respect to the issue of nature's limits: there is a looming shortage of air and water *of acceptable quality* due to the use of the ambient

air, land and water as a garbage receptacle that thereby degrades them and does so to a degree that approaches the limit of their absorptive capacity defined in *qualitative* terms. This poses a formidable challenge that often takes the form of a Hobson's choice: environmental quality *or* growth. This is a false dichotomy. The reasons why I believe it is false is the theme of this discourse that is designed to focus on *how* we might be able to reconcile environmental and developmental objectives at both the national and the global levels of governance. But before I elaborate on my reasons for this statement, I thought it appropriate to present the paper that dates back to 1977. I'm tempted to do so because the comments made two decades ago during the heat of the "Limits to Growth" mania seem pertinent, but the pertinence of what follows is not to be found in the specific details but rather in the critical assessment of a mode of thought that I'd characterize as "neo-Malthusian". When facing this environmental/development issue I believe it is helpful to be familiar with a story that is a cautionary tale about the dangers of catching "the Chicken Little syndrome".

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(Note: At this point, Professor Morris referred to his 1977 paper: **The Chicken-Little Syndrome: the Responsibility of Social Scientists to Maintain Credibility.** The paper is a long one and some of its main points are summarized above in his introductory remarks. We hope to reprint it in a future issue. Ed.)

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## Reconciling Environmental and Developmental Objectives: the Necessary Conditions and Strategic Options

The 1977 talk evoked strong criticism when it was delivered. Time and circumstance vindicated the unpopular views about the nature and extent of impending shortages and about the seriousness of the energy and other resource constraints that had to be faced. If there is any lesson to be learnt it is simply that we must be careful not to misidentify the sources of the dangers that threaten the existence of civilized life on this small planet because to do so can have the unfortunate effect of distorting vision and, thereby, doing incalculable harm to the body politic. The source of the danger that darkens our future on this small planet is not the phenomenon of limited *natural* resources but of limited institutional arrangements.

The current concerns about the environment are, I believe, the exception to this bald statement about natural limits. We seem to be face-to-face with a limit in the capacity of the air, land and water to act as a garbage receptacle the ability to absorb pollutants and yet maintain acceptable qualitative standards. The issue merits serious calm analysis, not ideological zealotry or panic of the chicken-little variety. The analysis might begin with a few questions that need to be asked of the environmental zealots:

- what *kind* of growth and what *kind* of natural resources are you talking about?
- what do you mean by sustainability as an *operational* and as a *qualitative* concept?

This is not an academic or semantic quibble since, as I've been at pains to show, pushing false alarm buttons is a harmful and dangerous practice. The basis for caution about the single-focussed advocacy of the zealot breed of environmentalists – that are, unhappily, all too common – is thus based on the following three propositions:

- I. given the prevailing inequitable distribution of incomes both between and within nations and the understandable desire of the poor to reduce the income gap to a significant degree in a reasonable span of time, *growth is an imperative, morally, socially and politically* ;
- II. in any case, given that, as India's former Prime Minister, Indira Gandhi, put it, "poverty is the greatest polluter", *without growth there cannot be any hope of sustainability* .

If morality calls for first priority to be given to poverty alleviation and to the growth that can enable that to happen, and if environment-enhancement *must* deflect from that objective, there is no doubt that the conflict would be resolved in favour of growth and at the expense of environment-enhancement. The challenge lies in the word "must": are the two objectives reconcilable? That is the key question that must be addressed if they can be made to be mutually reinforcing. This brings us to the third proposition:

- III. if the major source of much of the environmental degradation is not growth but a *particular* kind of growth, *achieving the kind of growth that is consistent with the maintenance of environmental quality calls for institutional changes on both the national and international levels of governance* .

If without growth (of the special kind, of course) there would be little or no possibility that the appropriate

environment-enhancing policies could be adopted, let alone implemented, the pertinent questions are:

- *how profound are the required changes?*
- *how are they to be achieved in face of the barriers to change?*

It is tempting to play down the fundamental nature of the required changes so that the steps to achieve the desired environmental outcome could be taken without major institutional change. I would argue that the advocacy of this conservative approach is based on false premises and needs to be exposed as a recipe for failure. By all means, we should take whatever steps we can within the prevailing institutional structures and processes – and I will advocate some such steps in a broad-brush fashion. But there should be little doubt that if the kind and degree of changes are to be commensurate with the seriousness of the challenge these changes would also have to be radical with respect to changes in institutional arrangements and in policies at both the national level of governance and, for those issues of global scope, at the international level of governance. And there should be little doubt that making changes of so profound a nature will entail engaging in a hard-fought struggle to overcome the barriers of inertia, risk aversion and vested interests that are rooted in our prevailing institutional structure as a global system and in the dominant culture that supports it.<sup>1</sup>

There is clearly a growing public awareness of the need to change in the way we use resources because of the adverse effect of current practices on the quality of the ambient air, land and water. There is, however, too little awareness on the part of the public-at-large that the changes required are *systemic*. Accordingly, there is too little effective democratic pressure to counter those who defend the *status quo* by arguing that environmental goals can only be achieved at the expense of growth and the jobs that go with it. Continuing to voice support for the operationally vacuous concept of “sustainable development” is hardly good enough if the situation calls for *systemic* change as one of the essential *sufficient* conditions for development and environment to be mutually supportive. It is not enough to rely on regulatory measures and innovative ways to “internalize externalities” by the imposition of taxes and to “harness market forces” by enabling the trading of pollution permits and other such measures. Most of these

measures assume a market process that would need to be “undistorted, competitive, and well-functioning” if it is to do even part of the job effectively in the public interest. It is naive to expect politicians seeking re-election and businessmen to have the required long-term time horizons when making their investment and other decisions that shape our lives.

- I. More far-reaching proposals are needed and have been suggested. These have been mainly in support of development strategies that are, at the same time, environmentally helpful both for the countries concerned and for the international community-at-large. These proposals include the following:
- II. providing substantially greater financial assistance through such measures as establishing something akin to a “Global Marshall Plan for the Environment”<sup>2</sup> The suggested sources of funds would go beyond the usual range of “environmental taxes” to such innovative ideas as charging the users of the “global commons” (principally the upper atmosphere, oceans and Antarctica) such as financial traders and telecommunication companies.<sup>3</sup> Suggested new forms of financing include such ideas as a “conservation banking facility” linked to the World Bank, the issuance of environmental mutual funds, tax-free environmental bonds, environmental flow-through shares, environmental capital venture funds and an emergency environmental fund;
- III. funding international research programs to accelerate the introduction of technologies and related production process in agriculture and industry that are environmentally consistent with more rapid growth. This would include such institutionally innovative

<sup>2</sup> Philip Shabecoff (“A ‘Marshall Plan’ for the Environment”, *The New York Times*, May 3, 1990) is the author of one proposal that is very popular. Among the proposals adopted at a recent Washington conference of legislators from 42 countries is one pertaining to a substantial allocation of aid funds to the developing countries for environmental-enhancing projects and programs through a Marshall Plan type of program. Another proposal pertains to the establishment of a “bank for sustainable development”.

<sup>3</sup> The proposal was proposed for the agenda of the G-7 meeting in June 1995 as a matter of principle (why not have those who use the global commons pay rent to its owners, humankind?) along with a feasibility study as to what might be subject to royalties, parking fees, etc, how much should be charged, who should collect the funds, who should allocate it and to whom for what purposes. The much discussed Tobin tax (named after Nobel Laureate, James Tobin, who proposed it in the U.N.’s Human Development Report of 1992) is one such variant that focusses on foreign exchange transaction flows both to dampen volatility and raise revenue. An idea of the magnitudes involved can be gleaned from the proceeds of a 0.5% tax: it could theoretically amount to \$1500 billion or 30 times the total flow of official development assistance (ODA). If it dampened speculative movement, it would still be substantial and have a salutary side-effect.

<sup>1</sup> For a fuller discussion of these three institutional barriers, see M. Miller, *The Energy/Environment Connection: Overcoming Institutional Barriers to Doing the Right Thing*, EDI Energy Working Paper Series, World Bank, Washington, D.C., 1992

ideas as a CGIE<sup>2</sup>R (the E standing for energy and environment) modelled after the very successful internationally-funded Consultative Group on International Agricultural Research (CGIAR)<sup>4</sup>:

- IV. offering technical assistance to help the developing countries to formulate development plans and related policies, regulations, model contracts and guidelines with regard to the exploitation of their resources so that appropriate consideration can be given to environmental aspects;
- V. establishing minimal acceptable international standards through agreements such as the recent Montreal Protocol related to ozone depletion, the UN Code of Conduct for Transnational Corporations, the UN Law of the Sea, and other international conventions related to global environmental protection.

These proposed lines of action could undoubtedly be seen as helpful. But the question still remains: does all this go far enough? In answer, it should first be recognized that exaggerated expectations would be counterproductive, especially in relation to such initiatives as debt-for-nature swaps that have a limited scope and the provision of environmentally-sensitive technical assistance to help developing countries burdened with debt pressures with the identification and elaboration of the kinds of appropriate policies, programs and projects.<sup>5</sup> In any case, these are attempts to address a profound problem *in a technical way* and remain a far cry from the *fundamental* changes that are said to be needed.

An action program that could address "the fundamentals" on the requisite scale calls first for the identification of *the minimally necessary institutional changes* that could get us onto the adjustment path to achieve the desired goals without waiting for calamity to move us to action. The focus needs to be placed on achieving a realistic and deep understanding of the broader institutional/cultural/

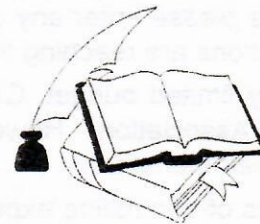
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<sup>4</sup> The new consultative group would be a financing arrangement for raising and disbursing funds for research to accelerate the development of "stand alone" energy sources that are especially appropriate for the rural sectors and would therefore take pressure off the ecologically damaging dependence on fuelwood. See Jim MacNeill, David Runnalls and John Cox. *CIDA and Sustainable Development*. (Inst. for Research on Public Policy, Ottawa, 1989), especially pages 28 and 29 where this proposal is elaborated. Also, M. Miller, *The Energy/Environment Connection: Overcoming Barriers to 'Doing the Right Thing'*, World Bank, 1992, *op.cit.*

<sup>5</sup> See Jeremy Warford, *Environment, Growth and Development*. The Development Committee, World Bank & IMF, Washington, D.C., 1987; especially the chapters entitled "National Policies and Instruments for Environmental Management" and "An Agenda for Action", pp. 17-33. Also, R Repetto, *Economic Policy Reform for Natural Resource Conservation*. World Bank Environment Dep't Working Paper, No. 4, May 1988.

political framework within which policies are made. This analytic exercise, therefore, needs to go well beyond the plethora of proposed policies and programs that would give a starring role to "market forces" or to taxing or to pricing policies that would internalize the environmental external diseconomies. "Going well beyond" simply means recognition that the essential *necessary* condition for a globally healthier planet is the establishment of a global milieu for trade and capital movements that is *sufficiently* congenial not only for the growth of developing countries – but for a growth pattern that is more environmentally sustainable than that followed by the already industrialized countries. This is tantamount to undertaking what might be called "a *global structural adjustment program*".<sup>6</sup>

If this broad-based approach to establishing international 'rules of the game' is to succeed at this historic juncture, it is essential that the cries for environmentally-helpful policies and institutional arrangements be placed inside the framework of policies that can lead to a more equitable world that is, at the same time, growing. An analogy might be apt: pulling on a wide sticky drawer by one handle would more likely topple the bureau than open the drawer; both handles – that could be labelled "equitable global growth" and "maintenance of environment quality" – must be pulled simultaneously. We might also heed the advice of the Elizabethan poet Edmund Spenser. In *The Faerie Queen*, he counselled his sovereign: "be bold, be bold, be ever bold - but not too bold."



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<sup>6</sup> The targets of the global adjustment program should include the following: (i) reduction of *real* rates of interest globally to their historic level of 1% or less; (ii) increasing the flow of capital to the developing nations (not merely a handful of them) by private, banking and ODA sources; (iii) lowering existing non-tariff barriers to trade that are applied by the industrialized nations mainly against the developing world; etc. For an elaboration on this theme, see, M. Miller, *Debt & the Environment: Converging Crises*. UN Publications, N.Y. 1993, *passim*, and *Coping is Not Enough! The International Debt Crisis and the Roles of the World Bank and the IMF*. Dow Jones-Irwin, Homewood, Illinois and Oxford Univ. Press, 1986, esp. Ch.3. "The Case-by-Case Approach: Sand Castle Modeling" & Ch. 8. "Steps on the Road Beyond the Crisis".