

How Can a State Become Sustainable? – Thoughts on Understanding One of the Key Challenges of the 21st Century*

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Chandran Nair:

The Sustainable State – The Future of Government, Economy, and Society
Berrett-Koehler Publishers, Oakland, 2018, p. 252
ISBN: 978-1-523-0-9541-8

Chandran Nair is the founder and CEO of the Global Institute for Tomorrow, an independent Pan-Asian think tank. He is a member of the Club Rome and served as chairman of Environmental Resources Management in Asia Pacific. The author is a regular speaker at events of the World Economic Forum, Asia-Pacific Economic Cooperation Summits, and Organisation for Economic Co-operation and Development.

According to Nair, the current economic model based on *consumption, growth* and a *free market* system has clearly caused an ecological and social disaster for the developing world. His book emphasises *the importance of strong state engagement*, in contrast to the Western '*laissez-faire*' economic development model, which is regarded as unsustainable. The author argues that balanced development is only possible when the state shapes economic policy efficiently and with a strong hand, paying special attention to environmental protection and citizens' most basic needs. However, this calls for revisiting concepts such as *prosperity, freedom* and *rights*. Therefore, strong state institutions are vital for a sustainable future.

The author starts the book by explaining some concepts, which is necessary as the definition of '*sustainable development*' is often reduced to simply cutting pollution, leading an environmentally friendly life and being environmentally conscious. But environmental awareness is not a synonym for sustainability. *Sustainability means that a system can sustain itself indefinitely, using only the resources that can be reproduced*. A more sustainable economy means that the gap between producing resources and the environment's capacity to replenish them is narrowed. Some

* The papers in this issue contain the views of the authors which are not necessarily the same as the official views of the Magyar Nemzeti Bank.

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allegedly green technologies are environmentally friendly, but do not narrow this gap. In other words: *'all sustainable systems are green, but not all green systems are sustainable.'* *Development* refers to ensuring that a population's basic needs are met (clean water, food security, access to the healthcare system, energy security) and improving living standards. An advanced economy can provide this to citizens, and developing countries seek to achieve these goals. Consequently, *sustainable development* means raising living standards without producing, or overconsuming, resources faster than they are reproduced.

In this work, Chandran Nair seeks to find solutions to issues such as the so-called *'India question'*: how can a country of 1.2 billion people lift millions out of poverty over the next 30 years while reducing its emissions and resource use? This is the greatest dilemma of sustainable development. Nair believes that change can only come if the leaders of richer countries adopt a *new political philosophy* centred around collective prosperity, rather than ensuring individual rights on the one hand and reinterpreting the concept of prosperity on the other hand. Despite their rhetoric, the leaders of the Western world strive to maintain the status quo, increase their power and ensure growth. Sustainable development has to be about 'less' rather than 'more', but companies have always targeted profits. If the developing world truly wishes to be sustainable, radical changes are necessary: the economic model based on the free market, the free flow of capital and the Western development pattern should be reconsidered.

The book consists of twelve chapters that build on each other while presenting the main challenges and issues with a sustainable future, illustrated by examples. Chapter 1 defines the concepts used throughout the book, including sustainability, development, social responsibility or greening companies. Chapter 2 highlights the dichotomy of sustainable development: promoting development while taking into account sustainability considerations. The author argues that the free market is unsustainable for three reasons: the first comprises the negative externalities, which are not incorporated into product prices; the second is the *'tragedy of the commons'*; and the third can be explained by the term *'power gap'*, which refers to some interest groups becoming richer due to overconsumption, while others become poorer. Chapter 3 points out the incompatibility of conventional economic policy and sustainable development: the author claims that market mechanisms alone cannot ensure sustainable development. Precisely because of this, the focus should be on the *'state's visible hand'* rather than the *'market's invisible hand'*, and this would put the economy on a more sustainable footing; in other words the author believes that the key to a sustainable future is the establishment of a strong state.

Chapter 4 shows why – instead of international organisations, agreements or local governments – it is the state that plays a crucial role in ensuring sustainability. The

state is the only entity that has the necessary power, accountability and legitimacy to formulate and implement economic policy. No governmental unit at any lower level is able to make complex decisions in important issues such as sustainable development, nor do they have the necessary institutional background.

In Chapter 5, the author lists the three main objectives of a sustainable state, namely the protection of public goods, creating '*moderate prosperity*' and ensuring social progress while taking into account the scarcity of resources. Nair maintains that developing states should not focus on providing high growth but on formulating policies that contribute to development while ensuring equality. In Chapter 6, the author considers it important to explain why the concept of a '*strong state*' and democracy should be distinguished. He emphasises that by strong state he is not referring to a totalitarian regime. A strong state means an entity that is able and willing to take action for the prosperity of its citizens, while also being appropriately accountable.

The following chapter examines the concept of *checks and balances*, and how this is applied in the different political systems, highlighting the factors that arise from 21st-century trends which strong states need to address. Examples include the fact that in today's world of scarce resources, the state's role expands, and it will be forced to intervene more in people's everyday lives than ever before in history. This requires a strong institutional system and the optimal operation of the checks and balances. In Chapter 8, Nair proposes revisiting concepts such as freedom, rights and prosperity. In order to ensure sustainable development, their traditional interpretation must be redefined. The author also provides an alternative to these concepts, which – he argues – could also serve as the foundation for the sustainable economic model of the 21st century.

The last third of the book calls attention to the most important environmental issues of our age. In Chapter 9, entitled '*The Tropical Haze Crisis*', the author uses examples to illustrate what happens if we continue to live in this unsustainable manner. It will inevitably lead to constant pollution, tropical forest fires and the shrinking of arable land, due to unsustainable agricultural practices. In the chapter called '*The Tropical City is no Paradise*', Nair collects problems that are all the result of the present unsustainable development. These can partly be attributed to growing urbanisation and its negative impact (e.g. traffic jams). Nair argues that urbanisation is a typical example of the issues related to sustainable development that the strong state needs to address.

He takes a look at China in Chapter 11, presenting how a strong state, in this case the Asian country, can achieve great success in issues such as eliminating poverty and the fight against climate change. Although China is on the right track, and in Nair's opinion it can serve as a future model state, it still has some way to go. The last

chapter, Chapter 12, outlines how a state can enter the path towards sustainability, listing the requirements for that. The basic foundation of a strong state with long-term sustainability is the establishment of a new political and economic philosophy, in which decision-making is inspired by the concept of sustainability.

This book, published in 2018, is in keeping with Nair's former work. In his first book published in 2011 (*Consumptionomics: Asia's Role in Reshaping Capitalism and Saving the Planet*), he already mentioned the issues discussed in *'The Sustainable State'*, but the former mainly focuses on Asia, and the problems related to sustainability are primarily examined from the perspective of consumption. By contrast, *'The Sustainable State'* attempts to present the perhaps greatest challenge of the 21st century: the achievement of sustainable development, in three dimensions. The book points out questions related to the *state*, *society* and the *economy*, before ultimately concluding that *only a strong state will be able to provide a solution for sustainability*.

'The Sustainable State: The Future of Government, Economy, and Society' can be useful for understanding the various dimensions of the academic discourse on sustainability, and therefore I wholeheartedly recommend it to all experts, researchers and teachers engaged in economics, finance or social sciences who deal with the future of economics, sustainability and various issues of public policy in their work. Outside the academic world, the book may also be an interesting read for those who would like to learn more about sustainability's different aspects.