

Talking Global Sustainability with Chandran Nair

The founder and CEO of Hong Kong's nonprofit think tank Global Institute for Tomorrow talks about the challenges of achieving sustainability in today's global economy.

THREE YEARS AGO, AFTER 13 years at the environmental consulting firm Environmental Resources Management in the Asia Pacific, Chandran Nair left his position as chairman to start an Asia-based international think tank and institute, the Global Institute for Tomorrow, a private, Hong Kong-based nonprofit organization dedicated to advancing the understanding of the challenges of globalization in Asia. Its efforts include working with business, public policy, and civic leaders to realize new opportunities for development; offering insights about Asia to the international community; promoting dialogue and collaboration between nongovernmental organizations (NGOs), corporations, and governments; and providing young executive managers with training and education in critical leadership skills related to globalization in Asia.

Nair advocates a more sustainable approach to development in Asia, and has worked with governments and corporations to incorporate sustainable principles into their key decision-making processes.

He is a frequent speaker at forums and conferences around the world. In April, he was a keynote speaker at the Urban Land Institute's 2007 World Cities Forum in Shanghai.

What do you see as the major challenges to becoming a sustainable world?

Developed nations [face] major challenges in reducing consumption, energy use, and waste. In developing countries, the desire to join the ranks of the rich nations and copy their models of development while addressing widespread poverty is a tremendous challenge. At the same time, all of the predictions for climate change indicate that the more

the developing countries find it hard to accept that they now need to share that global responsibility. This is a serious geopolitical problem.

You've talked about the need for the private and public sectors to work together. On the public sector side, are there models you would point to?

Is there one place that has a policy that is truly working to address the complex issues at the core of sustainability? No. A lot depends on the political economy, the socioeconomic conditions, the recent history, and the geography of the country. Definitions of sustainability vary depending on these factors, but because the policy issues are primarily driven by political objectives, the responses are driven by the political environment and nature of governance. These vary across the world.

What is considered a definition of sustainable development in the United States would be quite different from what it means in China, which would be quite different from what it might mean in parts of Africa. I don't think we can say there is a model that can be replicated, even though we can all agree on broad principles.

In a city-state like Hong Kong, there is a huge effort going on at the moment to institutionalize sustainable development. There are other examples—for instance, in the United Kingdom and Canada. In most cases, the results have been very mixed. In many countries, policies have not been hugely successful at the national level, but there are continuing efforts at the city, regional, or provincial level. The one place where the push for sus-

developed countries will be less severely affected than the poorest countries, thereby adding to current global inequalities. But the harsh reality is that developed countries are the ones that have generated the greatest amount of carbon dioxide that is in the atmosphere, which is the cause of climate change, and



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tainability is coming right from the top leadership is China, but the scale of the country and of the transformation required is so profound, it's very difficult to manage.

In China, the national government is pushing sustainability, but the local governments are too dependent on maintaining rapid economic development to address poverty.

It's an issue everywhere in the world. Large multinational companies have the same economic pressure to grow and meet the expectations of analysts. The CEO and the board might say they are committed to sustainable development, but if you look at the company's operations across the globe, you'll find contradictions. Many laudable sustainability plans have failed when up against short-term financial performance demands—and these include some of the biggest, supposedly most efficient multinationals. Part of the problem is just the way we are organized—in societies and in companies, it is very difficult to get people to do things that are not in their short-term interest, particularly when incentives work against doing the right thing.

Given these structural problems, what do you see happening over the next five or ten years that might shift everyone's priorities?

I think the process will take longer than five to ten years. The only way I see things going forward is for governments to enact tougher regulations to curb pollution and change habits and behaviors that are unsustainable. But that conflicts with those who believe that the market should be free and that the market will provide all the solutions. There will be vested interests and lobbyists fighting change. Our current laws were not designed to deal with these major, profound changes, many of which very few people anticipated. To make a difference will require very, very strong leadership, as it will in many instances require draconian laws that begin to put public good before private interest.

Right now, the incentives to embrace sustainability are not that

good, despite all the concerns—we do not have the right policies in place, and incentives do not work in favor of sustainability decision making and technology sharing. Insufficient investment goes into developing innovative technologies because the regulations are not driving them. Stronger regulations will spur innovation and investment. There are signs of hope. Cities like Hong Kong and even New York are talking about road pricing legislation.

In China, there is greater awareness of the impact of pollution and other side effects of unsustainable development on economic growth. How is that helping to drive change?

I don't think the Chinese are less informed about sustainable development than the average European or American. The consequences for China, however, are significant, and the Chinese government has openly acknowledged that the country's rate of development is unsustainable, and the impact on natural resources and the erosion of social nets have reduced the gross domestic product by a sizable percent. The Chinese government also appreciates that the long-term consequences can be significant. This is one reason why China wants to slow its economic growth. The Chinese understand that sustainable development is about creating economic wealth while ensuring social provisions and maintaining the quality of the environment.

In terms of creating economic wealth, the Chinese are doing very well, but in terms of the social and environmental impacts, they know full well that they are paying a very high price. They know they cannot keep growing at a rate of 10 percent a year for the next ten years, as they have been doing for the last 20 years. But now that the door is open, it is very difficult to shut, and the impacts are being felt outside of China's borders as well.

Sustainability for China is sustainability for the world. As the Chinese get more affluent, they will

need more resources. The problem is that the developed countries never envisioned a world in which there might be 1.5 billion Chinese and Indians living as equal economic partners and aspiring to consume as much. Imagine what happens in the next ten years when 1.5 billion Chinese and Indians start consuming like the average citizen in the developed world. Where are the resources going to come from? Who is to say to China and India and other developing countries, "You can't have as much as we have?" That is why these countries are not prepared at the moment to talk about reducing their carbon dioxide emissions until there is a global discussion about per-capita emissions, because the reality is that in China and India, the per-capita emissions are a fraction of those in the developed world.

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On the one hand, the global economic system, which is dominated by the developed nations and global corporations, is saying to developing countries, "Please join us and become consumers." On the other hand, the developed nations are expressing concerns about the impact on the world's environment of rapid economic growth in developing countries. But we cannot have it both ways.

The developed world has exported a lot of its problems to China and other countries by relying on them for cheap labor and manufacturing. Is the world recognizing the fact that there's no place to export the environmental costs and social costs?

China is the factory of the world. Most of China's pollution is being created as it responds to the demands of the consumers of the world who all want "made in China"

because it is cheap. All the factories in China and elsewhere are under huge pressure to produce these cheap goods to satisfy global demand and consumption, which keeps the global economy ticking. The West can say, "If only China could become more sustainable." But then the West would have to pay more for "made in China," and nobody wants that. And if that happened, the factories of the world would migrate from China to Bangladesh. I am not trying to portray a doom-and-gloom scenario, but I think we have to be very honest about this issue if we are to find solutions.

What role do you think Western property developers can play to be a stronger part of the solution?

They can share good practices, bring appropriate investments, be selective, and even help with design strategies, but the dilemma is that—as one senior Japanese property adviser told me at the World Cities Forum—Asia needs less real estate. How many more malls and shopping centers do Asian cities need? We have a surplus of them, and they drive unsustainable consumption. And the property sector is now one of the key contributors to carbon dioxide emissions. But if you are a developer, you have to build more so you can satisfy your shareholders, even though building more is not necessarily better in terms of addressing sustainability. It is a real dilemma for all of us. I am very pro-business, but I think we need to confront these issues, and until we do, we are going forward with only one eye open. **U**

[See "Sustainable Cities of the 21st Century" page 106.]