

Intergenerational equity and sustainability: Our inegalitarian societies are preparing to pass on a crippling legacy to future generations¹

*The rich man plans for tomorrow...the poor man for today.
(Chinese proverb)*

Located between the Ganges valley and the Tibetan plateau, Nepal is one of the poorest countries in the world. The mid-hill region, between 500 and 3000 meters altitude, is a densely populated area (more than 160 inhabitants per square kilometre). Despite care provided for maintaining cultivated terraces and efforts to manage carefully forest resources, human pressure results in degraded forests because of the widespread collection of fuelwood and construction material, and impressive land erosion. For landless labourers or farmers cultivating their tiny plots, the forest constitutes often the best opportunity for an immediate income indispensable for ensuring family survival. For them, to sustain their living is a continuous and daily challenge that makes them rely basically on the *nature* in which they live.

Neighbouring Bhutan is sparsely populated and forests cover two-thirds of its area. A deliberate natural resources conservation policy has made that close to half of the territory is protected, a paradise for biodiversity. Peasants have been suffering from wildlife damage and seek increasingly to leave rural areas to live in urban areas or in the plains bordering India, at a time when local land resources have started attracting interest of foreign investors. This exodus is not without profound social and cultural consequences.

Europe has been facing a debt crisis that has made the media headlines and has become a critical challenge to the sustainability of its economy and of equity, whether inter- or intra-generational. Political leaders are facing several critical issues: what is the level of indebtedness acceptable to be handed over to future generations? How to distribute efforts required today to achieve this acceptable level while maintaining social cohesion at a time when unemployment affects particularly younger people?

These three examples illustrate the conditions and various choices that can be made with respect to intergenerational equity and sustainability. They also show that it is difficult, if not impossible, to separate this issue from that of intra-generational equity. They also demonstrate that this issue is at the centre of considerations on development whether in the North or in the South.

From Marx and Malthus to the concept of sustainable development

In ancient times already, philosophers were interested in man-nature relations. During the 19th Century, Malthus and Marx battled on the capacity of mankind to feed a growing population from limited resources. The former was in favour of reducing population growth while the latter

¹ by [Materne Maetz](#), first published under «**Equità intergenerazionale e sostenibilità**» in Incontri, semestrale Anno IV, n.8 luglio-dicembre 2012, Edizioni Polistampa, Firenze, Italia

expressed his unfailing confidence in technical progress. But it is only in the middle of the 20th Century that the international community, suddenly aware that economic activities impacted on the environment, decided to reconcile economics with the environment. Following the 1970 Malthusian warning given to the world by the Club of Rome, it was at the 1972 Stockholm Conference on human environment that, for the first time, the environment became a major international concern. The media coverage given to industrial disasters such as Seveso (1976), Amoco Cadiz (1978) and Three Mile Island (1979) triggered some level of awareness of the risks generated by industrial development. As a consequence, the United Nations established the Brundtland Commission (Our common future) in 1987, the report of which served as a basis for the 1992 Earth Summit in Rio de Janeiro, Brazil. It was this summit that brought into the picture the concept of sustainable development as having to “be fulfilled so as to equitably meet developmental and environmental needs of present and future generations.”² The summit also stressed the social, economic, ecological, cultural and spiritual dimensions of the needs of present and future generations. This constituted the first recognition of the rights of future generations.

This new concept was interpreted in many different ways, to such extent that some have said that there were as many definitions of sustainable development as there were experts...

From the environmental point of view, the assumption on which the concept of sustainability rests is that humankind cannot live without nature. The “weak” interpretation of sustainability emphasises the role of technical progress and the possibilities that exist of substituting natural, technical and human resources in the transmission of capital stock to future generations. The so-called “strong” interpretation of sustainability, in the contrary, believes that technical progress can only offer limited possibility of substitution between different types of capital. This implies that caution would require keeping natural capital constant to be safe. Back to Marx and Malthus...

From an economic point of view, the legacy that the current generation hands over to the next one comprises assets (education and cultural, scientific, technical, financial and natural capital) and liabilities (pensions, financial and ecological debts). A “weak” approach would probably accept greater liabilities in a case where assets are high. A “strong” approach would require stable and if possible decreasing liabilities in the case the situation inherited from preceding generations were not considered as sustainable. To check on the equitable nature of this legacy, it would be required to compare welfare levels in the present and in the future, a task that becomes increasingly difficult as we move into the future. Indeed, the very concept of welfare changes with time and the weight of the legacy left will depend on the level of resources at disposal of future generations, i.e. it will depend on future growth and technological development. Moreover, even defining the current level of welfare is rather difficult, when considering the large inequalities that exist among different population groups (more than 1.5 billion people are poor and around 900 million are hungry). What indicators could be used to describe this situation? Whose welfare are we talking about? How to take into consideration disparities and their variation in time?

It would therefore appear easier to resolve this issue step by step, by comparing two successive generations³, provided, of course, that problems that may arise in the very long term are not neglected (climate change, biodiversity and others yet to be identified). However, the intertwining of intergenerational with intra-generational equity makes matters more complex and requires immediate action.

The rich or the poor: who impacts more the environment?

² Rio Declaration on Environment and Development, Principle 3, 3-14 June 1992.

³ See also: Equità intergenerazionale: il sistema pensionistico, Incontri, semestrale Anno IV, n.8 luglio-dicembre 2012

Two ideas may illustrate this intertwining. The first is that the ecological footprint left by individuals and their impact on natural resources transmitted to the next generation are directly correlated to their income. A study conducted in Canada⁴ demonstrates that the ecological footprint of Canadian households in the upper decile is 2.5 times larger than that of the lower decile, and that the average footprint of Canadian households is equivalent to that of the seventh decile, the difference in footprints being mainly due to housing and mobility. The consequence of this result is that a less inegalitarian society will have a lower ecological footprint and will therefore transmit a less degraded natural capital. At the global level, the ecological footprint of a North American citizen is 2.5 times that of an Italian and more than six times that of an African. The 700 million North Americans and Europeans have a footprint equivalent to that of the 3.4 billion Asians. Estimates made by the Global Footprint Network suggest that humanity had finished consuming its “natural budget” for 2012 on August 22, all resources being consumed after that date adding to the ecological debt.

The second idea has to do with financial debt. If one considers the 168 countries for which the IMF has data, it appears that the decile grouping the richest countries (i.e. with the highest GDP/person) has the highest debt rate and represents 75% of total public debt ... It is also known that a growing share of this debt comes from the funding of current consumption expenditure and not from investment, meaning that it does not finance lasting assets as a compensation to increased debt. This shows the double unsustainability of our present global system: the richest are those who contribute exorbitantly to the global ecological debt, using an insane level of debt that finances increasingly consumption and that will be transmitted to future generation without any compensating asset. Moreover, as unemployment affects more youths, the new generation is deprived today from being in a position to influence technological choices and behaviour with the strength that it should have. This is a perverse system where lack of intergenerational equity is fuelled by intra-generational inequity. In addition, it must be noted that in OECD countries, household debt (private) has strongly increased and doubled as a proportion of GDP, between 1985 and 2005, to reach 80% of GDP (approximately 40% in the case of Italy, the member country of OECD where households are the least indebted). A large share of this increase is due to consumption loans, and it is the richest households who are also the most indebted. But there are also mechanisms in place to increase debt of the poor. In the US, for example, debt of the rich has actually decreased since 1980, even though it remain dominant, while that of the poorest has increased, with the consequence of accelerating financial flows from the poorest to the richest, through payment of interests. NINJA⁵ loans, which were presented as a cause of the international financial crisis, have been a formidable tool for integrating the poor as much as possible in this process and thus increase further inequalities.

If inequalities today are the seeds for intergenerational inequity, then action to reduce them, whether within a given country or across countries, will be favourable to a greater intergenerational equity. This action, necessary as it is, will not be sufficient. It will also be necessary to dramatically modify our life style and to spare no effort to develop technologies to reduce our ecological footprint. Where are the political leaders ready to promote such changes that go well beyond their electoral horizons, but that could improve living conditions of the poorest while being more intergenerational equity-friendly? If we can find them, then perhaps, it will become possible to plan with hope for the future, as the basics for today will have been taken care of.

⁴ Canadian Centre for Policy Alternatives, Size matters - Canada's ecological footprint, by income, 2008

⁵ NINJA: No Income No Job No Asset