



OCEAN ECONOMICS

1. The purpose of this study is to develop tentative guidelines for the elaboration of an economic theory that should be (a) more suitable as an analytical and forecasting tool than classical economic theories; (b) explain, support, and advance the concept of "sustainable development" in a North-South context. Obviously social, political, scientific/technological, and ethical considerations must be included. As one economist, Hazel Henderson, recently put it, "economics is politics in disguise."
2. The oceans force us to think differently. They have forced us to make a breakthrough in international relations, law, and governance. It is very likely that they could yield a new economic paradigm as well.
3. What is ocean economics? Obviously, it cannot be separated from land economics. What is the economic potential of the oceans? What is its contribution to real wealth? Here, Giarini's concept of "Dowry and Patrimony" should be introduced and its analogies to the concept of the Common Heritage of Mankind should be examined. Here, too, existing data should be compiled in an overview. Some difficulties should be pointed out: Fisheries statistics are amazingly unreliable; Difficulties of forecasting are compounded by huge uncertainties with regard to environmental, scientific technological and other changes. There are two points that I think will result: (a) the contribution of the oceans to national and global wealth is far larger than is generally assumed, i.e., a very large part of the world economy is ocean-dependent, including trade and tourism; (b) the largest part of ocean-dependent wealth is not quantifiable (how can one quantify a life support system). It transcends the monetary system; it transcends the "market system."
4. In this broad context, what is sustainable ocean development? We should give an overview of the most advanced theories. I think, Dasgupta's analysis of sustainability of living and nonliving resources could be used. There is broad agreement today that "sustainable development" must be based, among other things, on (a) a synthesis of economic and ecological concerns; (b) the eradication of poverty.
5. Crucial to any attempt to transcend present economic systems, to

eradicate poverty, and genuinely integrate economic and ecological concerns is the concept of ownership or private property, deeply rooted in Euro-centric economics and cultures-- far less so in other cultural traditions. However, even in Western culture and economics, this concept has been undergoing changes: From Burns' *Managerial Revolution* to Galbraith to Giarini. Giarini's concept that products have a "utilisation value," not an "exchange value" makes "ownership" irrelevant. The nature of "ownership" and its relation to management and sustainable development in other cultures should be examined -- e.g., in Hindu and Gandhian, Buddhist, Islamic, African, South Pacific cultures. Such studies are becoming quite popular at this time, with regard to "sustainability."

6. The Law of the Sea Convention has contributed a new concept of "ownership" i.e., the Common Heritage of Mankind. This has the following properties: (a) it cannot be appropriated or "owned" in the Roman-sense law. It is nonproperty; (b) it must be *managed* on behalf of humanity as a whole; © there must be *benefit sharing*, with particular consideration of the needs of poor countries; (d) benefit sharing must extend also to *future generations* which are also part of humanity; (e) the common heritage is reserved exclusively for peaceful purposes. How does this concept relate to the ownership/management/sustainability concepts of the different cultures we are dealing with? What are the implications of this concept for the management of our uses of the oceans and the oceans' contribution to global wealth? How does it contribute to the eradication of poverty, to synthesising economic and ecological concerns, to encompassing the nonquantifiable sector of economics, to managing uncertainty? In how far is the concept realized in the Law of the Sea Convention itself? And how can it be developed further?

7. Here, linkages to other parts of our Report might be elucidated: Throughout the Law of the Sea negotiations, it was clear sharing the benefits of the Common Heritage required sharing the technologies needed for its development. This led to the interminable debates on "technology transfer." What was neglected, I think, is that the concept of "technology transfer" is as obsolete as the Roman-Law concept of "ownership." Contemporary high technology is not a collection of pieces of hardware whose "transfer" can be legislated. As we all know technology today is knowledge-based, information-based. Knowledge and information can not be "owned" in the same sense as a piece of hardware or an old steel-mill. Technology today can not be "bought." It

must be learned. Technology transfer today is based on the development of human resources. The most effective means of "technology transfer" is joint research and development. Our Report therefore should discuss ways and means to provide an institutional framework for regional and global, South-South and North-South cooperation in joint ventures in research and development in environmentally and socially sustainable marine technologies, generating synergisms between private and public participation, private and public investment. The Law of the Sea Convention (as pointed out in Jean-Pierre Levy's paper) contains such a framework -- without, however, considering R&D as a focus, or indicating any sources of financing. Other, more recent Conventions contain recommendations for joint research and development, as well as obligations for the industrial countries to contribute financially, without, however, providing an institutional framework . One way of advancing the system as a whole is to use the various Convention regimes in such a way that they reinforce one another. This could be done quite convincingly in the case of "technology transfer," and our Commission should consider this question.

8. Through developing an "Economics of the Common Heritage" that I think our Commission can make a real contribution to governance in the next century.

COPY

POINTS FOR DISCUSSION

1. Title of paper/study.
2. Suggested research topics could be:
 - (a) Systems approach to Oceans and Economics. What are disciplines to be interlinked with:
 - * Oceans
 - * Economics
 - (b) Modern economics is Eurocentric. What in it is applicable to rest of world? In other words what part of economics can be considered for universalising and what is contextual to industrialised countries?
 - (c) In the context of the oceans (a global system) and sustainable development (on which a global consensus exists) how can the system of modern economics, as modified by the concepts of dowry and patrimony (D&P), utilisation value etc. be harmonised with the cultural perceptions of non-European (non-Western) areas? Does this require a reconceptualisation of the notion of welfare? *of "ownship".*
 - (d) Are ethics and values to be a part of the "new potential economy"? If so, are there universal values/ethics or have to be culturally contextual?
 - (e) What about the international macro-structure? Does it need to be altered and if so in what direction?
 - (f) Technology: is it historically determined? Would transfer of technology be the answer or do we need joint development, local development etc.
 - (g) Decentralised work stations are emerging in the post-industrial phase. What is their relevance for the developing world?
 - (h) There are diverse cultures in the world and they have pre-industrial views on role of state in economic matters, means of livelihood etc. What is their relevance today? Can "new economics" be grafted on them? Islam, Hinduism, Buddhism, Confucianism, Christianity: What are their views on economic matters? Are they relevant?
 - (i) What would be political impediments to the "new economics"? How can they be overcome? Are new institutional structures the answer? New value systems? Ecological awareness?

Elesabeth

Much more than the above was discussed. But this is the draft paper used for discussions with Graeme
Kushan

10 Feb 1986

COBY

New research by IOI

Present-day economics is modeled on the Industrial Revolution and the Newtonian-Cartesian paradigm.

Dr. Saigal of IOI in association with Prof. Giarini of the Club of Rome is at present engaged in policy research on the extent to which economics needs to be adapted to conform to the needs of sustainable development of the oceans, the present phase of the Industrial Revolution (which is based on informatics, biotechnology, robotics etc.) and the Einsteinian-Heisenbergian paradigm (based on relativity and uncertainty). The research ~~would~~ also look at economics from the viewpoint of non-western cultures (Islam, Hinduism, Confucianism, Indigenous thinking) to see how a global ethic based on cultural diversity could be evolved so that economic efficiency, ecological integrity, employment and equity could be integrated into a holistic system. The results of the research ~~would~~ be published in Ocean Year Book 14 which will be published in 1998, the International Year of the Oceans.

will

will

Elizabeth

You can correct the above & submit it to

Anita

Arushan

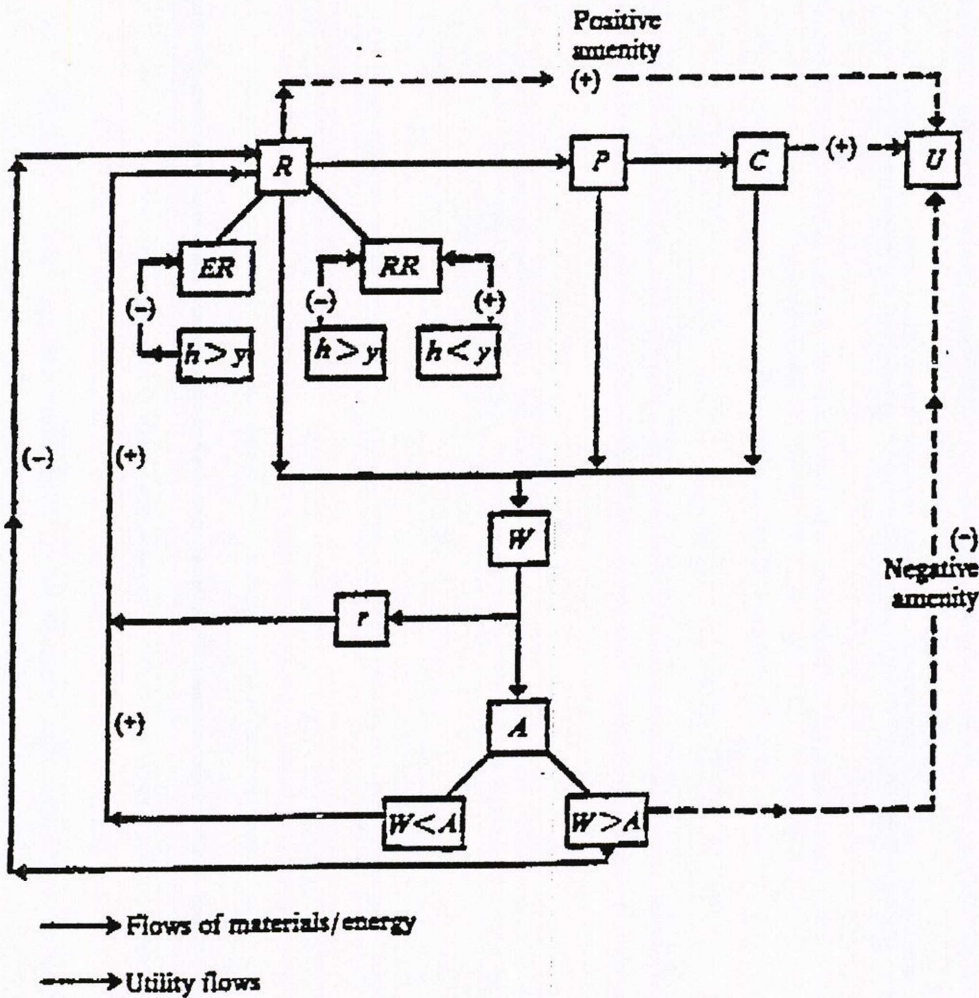
The circular economy model

Used when oceans are only a resource - consideration

Notation:

A: Assimilative capacity
 ER: Exhaustible resources
 RR: Renewable resources
 W: Waste
 y: Yield (growth)
 U: Utility

R: Resources
 P: Production
 C: Consumption
 r: Recycling
 h: Rate of harvest



After Pearce and Turner



Dalhousie University

International Ocean
Institute



FAXED

FACSIMILE TRANSMISSION

To: Mr. John Merritt
Fax: 613 231 5885

From: Elisabeth Mann Borgese
Fax: 902 868 2455

Date: September 23, 1996

Subject: sustainable development

Dear Mr. Merritt,

I wonder whether you could help us with some research, or by identifying a person or persons who could do it.

The IOI is presently engaged in a major study on what I like to call "the economics of the common heritage," i.e., we believe that classical and neo-classical economics is rapidly reaching a dead end and is becoming quite counterproductive, creating more misery rather than more wealth. This bankruptcy of Western economics is probably due to two reasons: One is that it has been surpassed by technological developments. We are living in a new phase of the industrial revolution; and the old concepts just don't work any more. Secondly, and perhaps even more important, the world is no longer dependent on purely Western concepts, it is no longer Eurocentric. Other cultures have a lot to contribute, and their notions of such concepts as Roman-Law "ownership" are quite different.

We have included studies on Gandhian economics, on Buddhist economics, on Islamic economics; we are exploring the possibility of getting a piece on pre-colonial African economic thinking, and we feel that Inuit thinking on economics, considered in the broadest sense, including its ethical dimension, could also make a contribution. "Sustainable development" must be a concept familiar to Inuit society through the ages. How do they look at it today? What is their view on the relationship between "economy" and "ecology?" What is their concept of value, their concept of property? What generates real wealth and

welfare? What is employment? What are the limits of the monetary system? How much remains outside?

We would like a paper of 20-30 pages which would be included in a book. We don't think it will make tons of money, but in case it does, there will of course be a proper royalty arrangement.

The only problem is, we need the piece fairly soon: by the end of the year.

Could you write it yourself? Do you know some one who could write it? Do you know an Inuit economist?

Please do let me know as soon as you can.

With all good wishes,

Yours sincerely,

Eivallu Nam Berges

RES/ECONOMICS

RECEIVED SEP 23 1996

ᓄᓇᓂᓪ ᓕᓴᓴᓂᓄᓪᓂᓪ
Nunavut Hivumukpalianikhaagut Katimayit
Nunavut Implementation Commission
Commission d'établissement du Nunavut

COPY

To: Elisabeth Mann Borgese
From: John Merritt
Date: September 23, 1996
Re: Sustainable Development

Thanks for your recent note. It was nice to hear from you again.

Your planned project on sustainable development is a very interesting one, but I do not think I would have the right background and insight to do a good job on a chapter along the lines you are looking for. I would suggest you contact one of two individuals who could do a first-rate job:

*565
3089*

Dr. Terry Fenge, who works on sustainable development issues for the Inuit Circumpolar Office, here in Ottawa (tel. 613-563-4967)

Dr. Peter Ussher, who is part-time research director at Inuit Tapirisat of Canada in Ottawa (tel. 613-238-8181) *238 8556*

I hope these names are of some help.

*Clears
John Merritt*

chaos theory, catastrophe theory, complex systems) to see whether and how they are applicable to the oceans; and we are looking at *cultural* impacts on economic theories, e.g., on the concept of "ownership" vs the concept of the Common Heritage of Mankind. Etc. etc. Quite an ambitious undertaking. Probably it will end up as a whole book, but a synthesis or extract will be published in *Ocean Yearbook* Vol. 14, which will be a special issue, to be published in 1998, the Year of the Ocean.

Surely UNEP has made studies in "ocean economics." Could you be so very kind as to get me a list of whatever studies in this field you have? That would be extremely helpful.

Looking forward to hearing from you, with all good wishes,

Yours sincerely

Ernst Mann Berger



Dalhousie University

International Ocean
Institute



FAXED

FACSIMILE TRANSMISSION

To: Dr. Terry Fenge
Fax: 613 565 3089

From: Elisabeth Mann Borgese
Fax: 902 868 2455

Date: September 24, 1996

Subject: sustainable development

Dear Dr. Fenge,

John Merritt has given me your name, and I wonder whether you could help us with a chapter we need on a comprehensive research project on what I like to call "the economics of the common heritage."

We believe that classical and neo-classical economics is rapidly reaching a dead end and is becoming quite counterproductive, creating more misery rather than more wealth. This bankruptcy of Western economics is probably due to two reasons: One is that it has been surpassed by technological developments. We are living in a new phase of the industrial revolution; and the old concepts just don't work any more. Secondly, and perhaps even more important, the world is no longer longer Eurocentric. Other cultures have a lot to contribute, and their notions of such concepts as Roman-Law "ownership" are quite different.

We have included in our project studies on Gandhian economics, on Buddhist economics, on Islamic economics; we are exploring the possibility of getting a piece on pre-colonial African economic thinking, and we feel that Inuit thinking on economics, considered in the broadest sense, including its ethical dimension, could also make a contribution. "Sustainable development" must be a concept familiar to Inuit society through the ages. How do they look at it today? What is their view on the relationship between "economy" and "ecology?" What is their concept of value, their concept of property? What generates real wealth and welfare? What is employment? What are the limits of the monetary system? How much remains outside?

We would like a paper of 20-30 pages which would be included in a book. We don't think it will make tons of money, but in case it does, there will of course be a proper royalty arrangement.

The only problem is, we need the piece fairly soon: by the end of the year.

Could you write it yourself? Do you know some one who could write it?

Please do let me know as soon as you can.

With all good wishes,

Yours sincerely,



Dalhousie University

International Ocean
Institute



FAXED

FACSIMILE TRANSMISSION

To: Dr. Peter Ussher
Fax: 613 238 8556

From: Elisabeth Mann Borgese
Fax: 902 868 2455

Date: September 24, 1996

Subject: sustainable development

Dear Dr. Ussher,

John Merritt has given me your name, and I wonder whether you could help us with a chapter we need on a comprehensive research project on what I like to call "the economics of the common heritage."

We believe that classical and neo-classical economics is rapidly reaching a dead end and is becoming quite counterproductive, creating more misery rather than more wealth. This bankruptcy of Western economics is probably due to two reasons: One is that it has been surpassed by technological developments. We are living in a new phase of the industrial revolution; and the old concepts just don't work any more. Secondly, and perhaps even more important, the world is no longer longer Eurocentric. Other cultures have a lot to contribute, and their notions of such concepts as Roman-Law "ownership" are quite different.

We have included in our project studies on Gandhian economics, on Buddhist economics, on Islamic economics; we are exploring the possibility of getting a piece on pre-colonial African economic thinking, and we feel that Inuit thinking on economics, considered in the broadest sense, including its ethical dimension, could also make a contribution. "Sustainable development" must be a concept familiar to Inuit society through the ages. How do they look at it today? What is their view on the relationship between "economy" and "ecology?" What is their concept of value, their concept of property? What generates real wealth and welfare? What is employment? What are the limits of the monetary system? How much remains outside?

We would like a paper of 20-30 pages which would be included in a book. We don't think it will make tons of money, but in case it does, there will of course be a proper royalty arrangement.

The only problem is, we need the piece fairly soon: by the end of the year.

Could you write it yourself? Do you know some one who could write it?

Please do let me know as soon as you can.

With all good wishes,

Yours sincerely,

Elizabeth Mann Borgue
Professor



Dalhousie University

International Ocean
Institute



FAXED

FACSIMILE TRANSMISSION

To: Mr. John Merritt
Fax: 613 231 5885

From: Elisabeth Mann Borgese
Fax: 902 868 2455

Date: September 24, 1996

Subject: sustainable development

Dear Mr. Merritt,

Thanks so much for your prompt reply. I have sent faxes to both gentlemen. I do hope one of them comes through -- or can indicate other possible names.

All the very best,

Yours as ever,

Elisabeth Mann Borgese



International Ocean Institute

Tel: +356 (-) 346528
+356 (-) 346529
Fax: +356 (-) 346502
Tlx: 1407 HIEDUC MW
Attention: IOI
Cables: INTEROCEAN

e-mail: ioimla@kemmnet.net.mt

Dr. Yoshio Suzuki
Chief Counselor
Nomura Research Institute, Ltd. (NRI)
Edobashi Building 2nd
1-10-1 Nihonbashi, Chuo-Ku
Tokyo 103
JAPAN

COPY

25 September, 1996

Dear Dr. Suzuki,

As advised by you, I have sent a copy of the first draft of the paper "Buddhism, the Economy and Sustainable Development" to Prof. Nishikawa of Soko University.

I am enclosing a copy of the paper and a paper "Gandhian Economics, the Environment and Sustainable Development" for your perusal and comments.

IOI is planning to publish a book on the Oceans, Economics and Sustainable Development of which these two papers would be building blocks. The others would be:

- . Islam and Sustainable Development
- . Christianity and Sustainable Development
- . Chinese thought and Sustainable Development
- . Hinduism and Sustainable Development
- . Indigenous thought (Africa, Eskimos, South Pacific islanders) and Sustainable Development
- . The New economics and Sustainable Development
- . The Oceans in a systems analytic framework
- . Integrating of the above in a holistic framework.

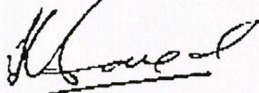
We would thus have 8 perspectives on sustainable development of the oceans--Christian, Islamic, Buddhist, Chinese, Hindu, Indigenous, Gandhian, "New" Economics--which would thus give a very diversified econo-cultural perspective on the sustainable development. The book would be presented to the Independent World Commission on the Oceans (IWCO).

Elisabeth
Copy of a letter I sent to Suzuki. Any
Comments?
Kushan

I would value your comments.

With best regards,

Yours sincerely,



Dr. Krishan Saigal
Executive Director

Enc.