A SOUTH AFRICAN PERSPECTIVE ON BALANCING INTERESTS: ECONOMIC, ENVIRONMENTAL AND SOCIAL

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I. INTRODUCTION

Central to African philosophy is the concept of Ubuntu, more specifically Umuntu ngumuntu ngabantu (‘I am because you are, you are because we are’) which reflects a broad perspective of human relationships, not only relationships between individuals per se but between individuals, institutions and the society at large. In the context of societal responsibility, Ubuntu, or African humanism, stresses that humanity is interdependent. This paper discusses the importance of interdependent relationships between an enterprise and the community in which it exists, both with regard to the protection of the environment and the promotion of economic growth.

II. PROTECTION OF THE ENVIRONMENT

Increasingly, on the international and the domestic level, there is a greater appreciation and concern for the environment and its protection. While environmental law, as currently practiced, became established in western countries in the 1970s, it has been comprehensively introduced to South Africa only in the last 15 years. There are many reasons for these progressive developments in environmental legal culture in South Africa, including globalisation and international trade; but, more particularly, the changes have occurred because of a new constitutional dispensation. This change towards an environmental ethos is reflected in legislation; government policy; public awareness and judicial response.

As the cornerstone of environmental law in South Africa, The Constitution of the Republic of South Africa 1996 (South Africa) (the Constitution) provides a safety net for resolving environmental problems. Further, it elevates environmental concerns, traditionally regarded

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1 The principle of Ubuntu, found in indigenous African tradition and custom, is entrenched in our constitutional jurisprudence. Several Constitutional Court judges have invoked the idea of ubuntu as a source of constitutional values. In the case of S v Makwanyane (1995) 6 BCLR 665 (CC) 308, Justice Mokgoro at par 308 explained ubuntu (‘humaneness’) as follows:

While it envelops the key values of group solidarity, compassion, respect, human dignity, conformity to basic norms and collective unity, in its fundamental sense it denotes humanity and morality. Its spirit emphasises respect for human dignity, marking a shift from confrontation to conciliation.


3 Environmental law is not entirely new to this country and protectionist laws for our wildlife and some of our other natural resources date back to the time of the early settlers. Before 1990, there were already pollution control laws in place, even though many were aimed only at protecting human health. See Jan Glazewski, Environmental Law in South Africa (2nd ed, 2005) 518.

4 The Constitution of the Republic of South Africa 1996 (South Africa) (the Constitution). Any law or conduct inconsistent with the Constitution would be invalid and obligations imposed by it must be fulfilled.
as inferior to other priorities such as economic development, to the level of a constitutional jurisprudence on fundamental human rights.\(^5\)

Entrenched in the *Fundamental Bill of Rights*\(^6\) is the right to an environment that is not harmful to an individual’s health or wellbeing (generally regarded as a third generation right).\(^7\) Moreover, the *Constitution* states that the right to a clean environment has horizontal and vertical application, is justiciable,\(^8\) and must be protected by the state ‘through reasonable legislative and other measures that prevent pollution and ecological degradation; promote conservation; and secure ecologically sustainable development and use of natural resources’.\(^9\) Significantly, the relevant provision explicitly recognises the principle of intergenerational equity in that the environment must be protected ‘for the benefit of present and future generations’.\(^10\) However, while s 24 of the Constitution clearly entrenches this environmental right as a fundamental right enjoying protection, section 24(b) contains the rider that such ‘protection should promote justifiable economic and social development’.\(^11\) This is discussed in the context of small, medium and micro-enterprises (SMMEs) and sustainable development below.\(^12\)

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5 See Church, above n 2, 742. As the author points out, for example, s 184 of the *Constitution* establishes a Human Rights Commission which must: promote respect for human rights and a culture of human rights; promote the protection, development and attainment of human rights; and monitor and assess the observance of human rights in the Republic. Its powers are to investigate and to report on the observance of human rights; to take steps to secure appropriate redress where human rights have been violated; to carry out research; and to educate. Moreover, each year, the South African Human Rights Commission must require relevant organs of state to provide the Commission with information on the measures that they have taken towards the realisation of the rights in the Bill of Rights concerning housing, health care, food, water, social security, education and the environment.

Another example is s 38 of the *Constitution*, which paves the way for class actions not previously recognised in South African law. Further, in South Africa, there are a number of non-governmental organisations as well as other human rights organisations that are willing to initiate litigation on environmental issues against industries that cause environmental degradation and against government agencies that fail to comply with their legal obligations. This has already been done in various cases; notable among these is the early decision in *Earthlife Africa (Cape Town) v Director-General: Department of Environmental Affairs and Tourism and Eskom Holdings Ltd* (2005) 3 SA 156. Even if the government should overlook legal compliance by industry, the *Constitution* has created a new environmental ‘watchdog’ by giving the public the means to insist upon enforcement of environmental legislation.

6 The *Constitution* ch 2.


8 Ie, the environmental right binds the state in its relations with individuals, and individuals may assert the right against the state and other individuals.

9 The *Constitution*, s 24(b).

10 The *Constitution* s 24(b). See generally the discussion in Glazewski, above n 3, 78. The notion of intergenerational equity is not new and determines that humanity as a whole ought to be caring for future generations. See also *BP Southern Africa (Pty) Ltd v MEC for Agriculture, Conservation and Land Affairs* (2004) 3 All SA 201 (W) 219 where the court held that the balancing of environmental interests with justifiable social and economic development is to be conceptualised well beyond the present living generation.

11 The *Constitution*, s 24(b)(iii).

12 See Ch V CONSTITUTIONAL IMPERATIVE.
In accordance with the constitutional injunction, numerous laws protecting the environment have been passed in South Africa since 1994, the most important of which is the National Environmental Management Act 1998 (South Africa)\(^\text{13}\) (NEMA) which has been aptly referred to as the flagship statute of the then Department of Environmental Affairs and Tourism. One of the key principles of NEMA is that it requires all development to be socially, economically and environmentally sustainable. Other important aspects of NEMA are that it sets up a framework of environmental governance, regulating government activities; it prohibits, restricts or controls activities likely to have a detrimental effect on the environment; and it establishes a scheme of environmental authorisations and enforcement.\(^\text{15}\)

III. Economic Growth and SMMEs

As well as a greater concern for the environment, both internationally and locally, and the recognition that concomitant protective measures are necessary, the importance of economic development has also been widely recognised. Particularly in developing countries, the importance of economic growth is acknowledged and SMMEs are promoted as engines of economic growth to alleviate poverty. However, as will be discussed below, the promotion of economic growth should not be at the expense of environmental protection.

With regard to economic growth, the White Paper on National Strategy for the Development and Promotion of Small Business in South Africa\(^\text{16}\) and the National Small Enterprise Act 1996 (South Africa),\(^\text{17}\) inter alia, clearly reflect the commitment of the government to stimulate and promote small business and create an appropriate enabling environment. Moreover, in s 2 of the Growth and Development Summit Agreement,\(^\text{18}\) the unemployment problem in South Africa was addressed and it was agreed that a range of ‘immediate interventions’ are required, including small enterprise promotion. It was also recognised that small enterprise promotion, especially the development of black-owned small enterprises, is a crucial component of job creation in the South African economy. The obvious consequence of job creation is the alleviation of ‘extreme poverty and hunger’, chief among the Millenium Development Goals.\(^\text{19}\)

The fact that the small business sector plays an important role in the social development of a country has been globally acknowledged, and research on both a national and international level has highlighted its importance. For example, small enterprise promotes economic competition, supports big business and produces goods and services efficiently. Their potential influence on the economic and social development of a country is clear from the fact that they are to be found in all sectors of industry and commerce. Moreover, a study undertaken by the International Labour Organization found that the small enterprise sector is important not only with regard to the total number of enterprises, but also with regard to the total number of people employed.

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\(^\text{13}\) National Environmental Management Act 1998 (South Africa). Further legislative measures include the Genetically Modified Organisms Act 1997 (South Africa); Marine Living Resources Act 1998 (South Africa); National Water Act 1998 (South Africa); National Forests Act 1998 (South Africa); National Heritage Council Act 1999 (South Africa); National Heritage Resources Act 1999 (South Africa); National Nuclear Energy Regulator Act 1999 (South Africa); Mineral and Petroleum Resources Development Act 2002 (South Africa); National Environmental Management: Biodiversity Act 2004 (South Africa); National Environmental Management: Air Quality Act 2004 (South Africa).

\(^\text{14}\) See Glazewski, above n 3, 137.

\(^\text{15}\) Ibid ch 5.


\(^\text{17}\) National Small Enterprise Act 1996 (South Africa).

\(^\text{18}\) 7 June 2003. The Growth and Development Summit Agreement is an agreement between government and business, labour and community organisations setting out steps to be taken to speed up economic growth and development <http://www.info.gov.za/issues/gds/gdsagreement> at 29 December 2009.

This holds true not only for the small enterprise sector found in advanced industrial economies, but also for economies in transition and in developing countries. Of particular significance is the role they can play in creating jobs and alleviating poverty.

There is ongoing evidence in South Africa that small enterprises are an important force in job creation. The labour-absorptive capacity of the enterprise is high and the average capital cost per job created is usually lower than in big business. The role of SMMEs in fostering technical and other innovation is vital for many of the challenges facing South Africa’s economy. Not only in South Africa, but in various other countries, the importance of small enterprises in the national economy and in job creation has been recognised, and various government policies and strategies have been put in place in this regard.

In Singapore, for example, ‘SME 21’ is a 10-year strategic plan aimed at building up the capabilities of SMEs (small and micro-enterprises) so as to enhance their contribution to Singapore’s competitiveness and economic growth. In Malaysia the government encouraged the development small and medium-scale industries (SMI), which helped to create the conditions and opportunities for entrepreneurship to flourish. Most governments in Asia recognize the importance of SMME’s and to this end provide a range of financing programs to assist them.

The growth of SMMEs is, however, not without problems. These include a lack of financial resources to expand their business and to invest in research and development. This in turn may lead to employees having to be multi-skilled with the resultant lack of expertise and necessary managerial skills. Further constraints relate to access to appropriate technology, the tax burden and especially the legal and regulatory milieu confronting them. Environmental compliance therefore has to compete with a range of investment opportunities that may be crucial to the survival of the business. On the other hand, noncompliance with environmental law may also threaten the very survival of small enterprises, as failure to comply could have significant legal and cost implications. Moreover, enforced compliance with sophisticated environmental laws, while eminently desirable, might lead to the demise of SMMEs.

In the light of these problems, the question that arises is whether the development of small enterprises as engines of economic growth on the one hand, and the conservation of the environment on the other, are necessarily mutually exclusive. In other words, should the

27 In the past, small enterprises could afford to ignore environmental laws either because they were not enforced, or because when they were enforced, relatively small fines could be paid and business could continue as usual. Litigation, if any was mainly directed at transgressions by large corporations.
28 For example, recent regulatory measures have compelled all petrol stations to adapt their equipment and they can now only sell lead-free fuel.
environment be protected at the expense of economic growth or vice versa? However, within the concept of sustainable development, at least in the present understanding of it, the protection of the environment and economic growth are equally important.

II. SUSTAINABLE DEVELOPMENT

The term ‘sustainable development’ was coined some twenty years ago but the idea of the interrelationship between humankind and the environment is not new, particularly in the light of religion and culture. The Judeo-Christian ethic, for example, reflects this interrelationship. Humankind is seen as part of creation, the whole of which has value in the eyes of the Creator, and the special responsibility of humans is to care for the earth. Similarly, it has been shown that the principles of sustainable development were reflected in the ancient cultures of many indigenous peoples. For example, the view of Native Americans and other indigenous peoples was that humankind was part of the ‘web of life’, and was meant to live in harmony with nature. These principles are reflected in the agricultural practices of the ancient tribes in Sri Lanka and certain tribes in Eastern Africa, America and Europe, and in Islamic legal traditions. Closer to home, the notion of sustainability can be found within the concept of Ubuntu — African humanism, which is generally regarded as the foundation of sound human relations in African societies.

It was in the context of international law that the concept crystallised in the famed definition of sustainable development by the Bruntland Commission in 1987. The term coined by this commission was defined as ‘development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs’. As elucidated in its subsequent report problem areas including population and human resources, food security, species and ecosystems, energy, industry and urbanisation are highlighted. Two elements of the concept of sustainable development are fundamental. First, development should be geared to meeting basic human needs and here it must seek inter alia to alleviate global poverty. Secondly, the definition recognises that development must meet human needs but it is also subject to limitations. These include limitations imposed — for example, by technology and social organisation — on the environment’s ability to meet present and future needs. However, most importantly, the Bruntland Report debunks the assumption that environmental challenges and those related to socioeconomic development, while often regarded as separate, represent a single ‘interlocking’ challenge. It recognises that ‘[e]cology and economy are becoming ever more interwoven locally, regionally, nationally, and globally into a seamless net of causes and effects.’

While the Bruntland Report bridged the tension between environmental limits and developmental pressures through its concept of ‘sustainable development’, it was in Johannesburg, 1995.
South Africa, at the World Summit on Sustainable Development held in September 2002 that a new dimension was added: for globalisation to be sustainable it must become equitable and also be environmentally sound. In this context, consensus was reached that there are three interdependent and mutually reinforcing pillars of sustainable development — economic development, social development and environmental protection and that cognisance should be taken of this fact in all decision-making. Challenges in all three of these areas must be addressed in order for the new ‘global community’ to last. To this end, it was agreed that countries would individually and collectively advance sustainable development locally, regionally and globally. This objective was embraced by the New Partnership for Africa’s Development (NEPAD) some two years later. More recently in South Africa King III, the final in the trilogy of reports on good corporate governance, was released on 1 September 2009. In the context of good corporate governance, the importance of sustainable development and the interdependence between economic growth, environmental protection and corporate social responsibility was stressed. Among its recommendations for good corporate governance was that the board should take responsibility not only for the company’s financial bottom line, but for its performance in respect of its ‘triple bottom line’. This means that the board should report to its shareholders and other stakeholders on the company’s performance in the economic, social and environmental spheres. The company should therefore balance economic, social and environmental value. Good corporate citizenship and sustainability would require business decision-makers to adopt a holistic approach to economic, social, and environmental issues in their core business strategy. A further recommendation was that there should be an innovative auditing process by which integrated sustainability reporting by companies would be an important feature. Such reporting would focus on the impact of the organisation in the economic, environmental and social spheres.

V. CONSTITUTIONAL IMPERATIVE

From the above discussion, it is clear that in line with the concept of sustainable development, economic, social and environmental interests must be equally protected. In the South African context, this is a constitutional imperative. Accordingly, s 24(b) of the Constitution provides that:

everyone has the right to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that —

(i) prevent pollution and ecological degradation;

(ii) promote conservation; and
Clearly, this section imposes a duty on the government not only to put in place measures to protect the environment from degradation, but also sets out the criteria which those measures must comply with. The protection of environmental interests and the importance of socioeconomic interests are recognised. This is in accordance with the concept of sustainable development as it is presently understood (as has been outlined above). This conceptual understanding was acknowledged in the case of *BP Southern Africa (Pty) Ltd v MEC for Agriculture, Conservation and Land Affairs* 41 where it was held:

The concept of ‘sustainable development’ is the fundamental building block around which environmental legal norms have been fashioned, both internationally and in South Africa, and is reflected in section 24(b)(iii) of the constitution. Pure economic principles will no longer determine in an unbridled fashion whether a development is acceptable. Development, which may be regarded as economically and financially sound, will in future be balanced by its environmental impact, taking coherent cognisance of the principle of intergenerational equity and sustainable use of resources in order to arrive at an integrated management of the environment, sustainable development and socio-economic concerns. By elevating the environment to a fundamental justiciable human right, South Africa has irreversibly embarked on a road, which will lead to the goal of attaining a protected environment by an integrated approach, which takes into consideration *inter alia* socio-economic concerns and principles. 42

This principle was reiterated in the more recent *Fuel Retailers Association of Southern Africa* case. 43 Here, the issue before the court was not the balancing of the environmental right against socioeconomic interests; rather, it involved procedural issues. Relevant to the current discussion is that the dicta of the court in its majority decision has left no room for doubt that sustainable development encompasses three interdependent and mutually reinforcing pillars; namely, economic development, social development and environmental protection. As the court stated: ‘[t]he environment and development are thus inexorably linked.’ Referring to the Bruntland Report, the court further observed that ‘environmental stresses and patterns of economic development are linked one to another’ and that economics and ecology must be integrated in any decision and lawmaking process not only to protect the environment, but also to protect and promote development: ‘[e]conomy is not just about the production of wealth, and ecology is not just about the protection of nature; they are both equally relevant for improving the lot of humankind.’ The court reiterated that the interrelationship between the environment and development is recognised by the *Constitution*, specifically in s 24(b). However as was the case in previous decisions, the Court envisaged the balancing of socioeconomic considerations with those of environmental concerns. 44

In the culture of human rights, conflict is to be expected. Moreover, even between other socioeconomic rights *inter se*, such conflict is to be expected and in certain circumstances they too have to be balanced against each other; for example, the rights to housing, healthcare, food, water and social security. A good example of such a balancing was effected in the case of *Minister of Public Works v Kyalami Ridge Environmental Association*. 45 Here, severe floods had rendered people homeless and as a result the government sought to establish transit camps which could cause environmental degradation. The question of a balance between the right to housing in terms of s 26 of the *Constitution* and the environmental concerns of the respondents

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41 [2004] 3 All SA 201 (W).
42 *BP Southern Africa (Pty) Ltd v MEC for Agriculture, Conservation and Land Affairs* [2004] 3 All SA 201 (W), 218–19.
44 Ibid 1076.
45 (2001) 7 BCLR 652 (CC).
was highlighted in this case. The compelling need of the homeless people was found to be more pressing than the need to protect the environment in terms of s 24(a) of the *Constitution*. The right to housing clearly trumped the right to ‘an environment that is not harmful to … health or well-being’. In certain circumstances, one right being upheld at the expense of another is inevitable. However, ideally within the holistic perspective of sustainable development, this should not happen and rights should be equally protected. Various approaches may be followed in order to resolve the dilemma of such conflicting interests, some of which are discussed below.

VI. RESOLVING CONFLICT

A possible approach would be to focus on one interest and, depending on the circumstances, attempt to balance it against any conflicting interest. As indicated with regard to environmental interests, this is generally what South African courts have done. A better approach would be to consider measures which might serve to protect both interests equally rather than to weigh one up against the other.

With regard to economic development and SMMEs, one option would be to exempt SMMEs from the relevant statutory measures protecting the environment. This would be problematical, particularly in the light of the clear constitutional protection of the environment. Another option and one which is recommended, is to empower the small enterprise to respond to environmental pressures and to comply with relevant environmental law. For example, this could be in the form of education programs, tax and other fiscal incentives. A further example would be government incentives to large corporations encouraging them to ‘partner’ with small enterprises in order that the latter might be better able to comply with environmental laws. In this way the small enterprise would be empowered and their compliance with environmental laws ensured.

VII. CONCLUSION

From what has been said so far, it is clear that the principle that socioeconomic development and environmental protection are interdependent has been widely recognised both in South Africa and abroad. However, the time has come to put this principle into practice. In the context of the SMMEs, which serve to promote economic growth and alleviate poverty, methods have been suggested as to how this end may be served. Particularly in South Africa, against the background of the African cultural values embodied in the concept of *ubuntu*, the implementation of the principle is not only possible but imperative. As already indicated, *Ubuntu* includes supportiveness, cooperation and solidarity. As one African writer has put it ‘[i]t is the basis of a social contract that stems from, but transcends, the narrow confines of the nuclear family to the extended kinship network, the community.’ Since in essence it means that one’s personhood is dependent on one’s relationship with others, there is no reason that what is essentially an indigenous African value should not be extended from the philosophical to other spheres, and indeed to the notion of societal responsibility generally.

The notion of sustainability and the triple-bottom-line in the corporate world is evolving to an approach that recognises the importance of inter-dependent relationships between an enterprise and the community in which it exists. In this context there is no reason why *Ubuntu*, which has formed the basis of relationships in the past, could not now be extended to the corporate world. International experience, which reveals a growing tendency towards an emphasis on non-financial issues, is a wake-up call to Africans not to abandon their culture when they become part of the corporate sector, but to import and infuse these values and practices into the world of business.

46 Interventions may include advisory services that include education programs and counselling. For example, the New Hampshire Small Business Development Centre (NHSBDC) has an environmental assistance program which offers free and confidential business counselling and environmental assessments. <http://www.nhsbdc.org> accessed at 29 December 2009.