

Development or Democracy?

TAKIS FOTOPoulos

Abstract: In this article it is argued that the “development problem” is not how to spread the growth economy of the North more efficiently to the South, as suggested by conventional economics (liberal/ marxist/ dependency/ regulation approaches). In fact, the problem is not a problem of “development” at all, but a problem of democracy. In this sense, North and South, which should be redefined to take into account the global character of today's market/growth economy, share the same problem: how to create new political and economic structures securing direct and economic democracy to cover the collectively defined social, economic and cultural needs.

The postwar process of decolonisation led to political “independence” in the South; it also led to the spreading of the “growth economy”¹ — a process that continued and expanded the South's marketization initiated by colonialism. Depending on the class alliances formed in the newly independent countries of the South, the growth economy, following a similar process of that in the North, has taken the form of either a **capitalist growth economy**, or of a **socialist² growth economy**; in the former, the basic economic decisions are taken through the price mechanism, whereas in the latter most of the corresponding decisions are taken through some form of central planning mechanism. Today, after the

¹ The “growth economy” is defined as the economy founded on the partial (at least) identification of Progress with the continual development of the forces of production (see Takis Fotopoulos, “The end of socialist statism”, *Society and Nature*, Vol. 2, No. 3).

² The terms “socialist” and “capitalist” are simply used in order to distinguish various types of the growth economy on the basis of the criterion of methods of allocating economic resources. Therefore, the use of the term “socialist” to describe the economies of “actually existing socialism” has little to do with the real nature of these regimes, which obviously did not meet the socialist criteria of classical marxism. For a discussion of the nature of the regimes of “actually existing socialism”, see Takis Fotopoulos, *Dependent Development: the case of Greece* (Athens: Exantas Press, 1985 & 1987), ch. A.

collapse of “actually existing socialism”, the “socialist” growth economy has disappeared and has been replaced everywhere by several versions of the capitalist growth economy.

At the same time, the *growth ideology* (i.e. the ideology founded on the social imaginary signification of the unlimited growth of production and of the productive forces as the central objective of human existence),³ and the implied ideology of domination over Nature, have become the dominant ideologies in the South. Here, again, the South has simply followed the example of the North, where the growth ideology has been established for over two hundred years, in the wake of the industrial revolution and the “grow-or-die” dynamic that was set in motion by the market economy. The growth ideology, in a similar way as in the North, complements the *liberal* ideology in the capitalist growth economy and the *socialist* ideology in the socialist growth economy.

The failure of the growth economy in the South

For a number of historical reasons and not least because of the fact that the growth economy in the South did not develop indigenously, the spreading of the growth economy in the countries of the South has been a dismal failure. Thus, one may argue that the emergence of the growth economy in the South was the outcome of two processes: first, of the penetration of the market economy system that was aggressively encouraged by the colonial elites and, second, of the importation of the growth economy by the newly formed local elites in the post-war period. The failure of the growth economy in the South becomes obvious if we consider the present degree of concentration of world production in the North. Today, the North, defined as the set of countries that the World Bank classifies as “high income economies- members of the OECD”,⁴ produces over 78% of world output and accounts for 75% of world exports, although only 15% of the world population lives in it.⁵ Furthermore, the historical gap between the North and the South, which has been created since the time the market economy of the North started penetrating the traditional economies of the South,⁶ has

³ Cornelius Castoriadis, *Philosophy, Politics, Autonomy*, p. 184.

⁴ These countries are: USA, Canada, Japan, Australia, New Zealand, European Union (apart from Greece and Portugal), Austria, Switzerland and the Scandinavian countries.

⁵ Data calculated from The World Bank's *World Development Report 1994* (Oxford University Press, 1994), Tables, 1, 3 & 13.

⁶ Two hundred years ago, when the marketization process was just starting in the North, the average per capita income in the rich countries was only one and a half times higher than that in poor countries: P.J. McGowan & B. Kurdan, “Imperialism in World System Perspective”, *International Studies Quarterly*, Vol. 25, No. 1 (March 1981), pp. 43- 68. A hundred years later, in 1900, it was six times higher and by the time of the importation of the growth economy in the South, in the early fifties, it was 8.5 times higher. The gulf has increased dramatically since then and in 1970 the per capita income in the North was 13

further widened in the last two decades: in the seventies, the North was producing a smaller part of the world output than today (about 74% in 1970) and accounted for a much lower proportion of exports (65.5% in 1979).⁷

Thus, the spreading of the growth economy in the South not only has failed to improve the welfare of most of the people there, but it also has led to a dramatic widening of the North-South divide. If, for instance, we use the typical measure that supporters of the growth economy use, (i.e. the per capita gross national product), the growing gap between the North and the South becomes obvious. In 1979, the per capita income in the North was forty-one times higher than that of the low-income countries in the South (where about 70% of the Southern population live) and 6.6 times higher than the per capita income of the middle income countries in the South.⁸ By 1992, the gap had drastically widened: the per capita income of the North was fifty-seven times higher than that in the low income countries in the South and nine times higher than the income of the middle income countries. That means that within a relatively short period, the last thirteen years, the North-South gap has increased by something between 25% (North-low income countries) and 27% (North-middle income countries)!

The above data imply that the system of market economy is not *inherently* capable of transforming the South's economy into a type similar to the North's growth economy, i.e. a type that secures the creation of a large consumerist middle class and the restriction of poverty to "tolerable" levels. Of course, this does not mean that development towards a growth economy has not taken place in the South. It certainly has. In fact, today, a process of economic decentralisation is in full swing within the world market system — a process in which financial and technological factors play a crucial role. Trans-National Corporations (TNCs) now have the financial and technological capability of transferring stages within the production process (or sometimes the production process itself), to the South, in order to minimise production cost — particularly labour and environmental cost.

However, the kind of "development" that presently takes place in the South is erratic, fragmented, uneven and not capable to lead to the universalisation of the North's growth economy. This is shown, for instance, by the fact that, according to World Bank

times higher than in the South: Paul Bairoch, *The Economic Development of the Third World Since 1900* (London: Methuen, 1975), pp. 190-2.

⁷ Data calculated from The World Bank's *World Development Report 1994 & World Development Report 1981*.

⁸ *World Bank, World Development Report 1981*, Table 1.

estimates, in 1985, one third of the total population in the South was poor,⁹ whereas the corresponding figure for the North was about 13%.¹⁰ This means that the famous “trickle down effect” (i.e. that economic growth, in time, will generate additional national wealth that will then trickle down to all) even if it did work in the North, where the vast expansion of the middle class has created a “two-thirds society”, it certainly is not working in the South. But, even in the North, the trickle-down effect has recently become significantly weaker than in the past, not just because of the recession but, mainly, because of the intensification of the marketization process, which has widened further income inequality.¹¹

Furthermore, as I tried to show elsewhere,¹² the concentration of economic power, (both between and within the North and the South), as well as the subsequent ecological disintegration are not just *consequences* of the establishment of the world growth economy, but also *fundamental preconditions* for its reproduction. For, it is precisely concentration, in the form of huge inequalities in the distribution of world income, which makes the reproduction of the growth economy possible: it is simply not *physically* possible for the wasteful consumption standards, which are today enjoyed by high-income and middle-income social strata in the North and an extreme minority in the South, to be universalized and enjoyed by the world population.

What is development?

⁹ World Bank, *Poverty: World Development Report 1990*, p. 28.

¹⁰ The average poverty rate in the European Community (excluding Greece and Portugal) was 13.6% in 1985; Eurostat, *Poverty in figures* (Luxembourg: Office for Official Publications of the European Communities, 1990), Table B7. In the USA, 13% of the population lived below the official poverty line in 1988; Worldwatch, *Poverty and the Environment* (Washington, D.C., Worldwatch Institute, 1989), p. 24. Finally, as regards the South, according to the World Bank, half of the income is received by the richest fifth of the population, whereas the poorest two fifths receive about 15%, World Bank, *World Development Report 1986*, p. 226.

¹¹ In Britain, official data by the Department of Social Security (which for the first time include a breakdown of how all income groups fared during the growth process of the period 1979-1991/2) are revealing about the significance of the trickle-down effect. The poorest tenth of the population suffered a 17 per cent fall in real income; the people in the second decile saw no increase at all in their income, whereas the two top deciles had an increase of real income of 46 per cent and 62 per cent respectively. Overall, average incomes increased by 36 per cent during this period, but 70 per cent of the population had a below average increase in their income! *Households below average income* (London: HMSO, 1994).

¹² Takis Fotopoulos, “The end of socialist statism”.

Still, the fundamental question is not why development in the South is not leading to an economy similar to the growth economy of the North; the real question is why should the model of economy and society that was established in the North be a desirable societal model in the first place? After all, the historical experience of the last two hundred years has shown unequivocally that the flourishing of the growth economy and its internationalisation has led to a huge concentration of economic power; this is shown, for instance, by the fact that today the richest 20 percent of the world population enjoys an income level that is 150 times higher than the income of the poorest 20 percent.¹³ If, to this oligopolisation of economic power, we add the serious damage to the environment that threatens to develop into an eco-catastrophe, the destruction of the countryside, the creation of monstrous mega-cities, and the uprooting of local communities and cultures, then, the model of the growth economy loses any credibility as a form of social organisation capable of meeting human needs and improving human welfare. It is therefore obvious that the growth economy only partially serves the objective of improving human welfare whereas, generally, it reproduces the power structures and relations that characterise modern hierarchical societies.

However, both liberals and Marxists (including the related dependency and regulation approaches) explicitly or implicitly adopt the growth ideology. The way, for instance, all these approaches define development is indicative. A typical liberal definition is given by I.M.D. Little who defines development as "a rise in the present value of average (weighted) consumption per head".¹⁴ Marxists identify development with the development of productive forces and define underdevelopment as a case of dominance of pre-capitalist modes of production, a case of backwardness.¹⁵ Dependency theorists identify underdevelopment with dependence, which, in turn, is defined as "a conditioning situation, in which the economies of one group of countries are conditioned by the development and expansion of others".¹⁶ Finally, the new regulation school defines the "periphery" as "that part of the world in which the regime of accumulation found in the most developed capitalist countries has not been able to take root".¹⁷

¹³ *United Nations Development Program* (UN, 1992).

¹⁴ Ian M.D. Little, *Economic Development: Theory, Policy and International Relations* (New York: Basic Books, 1982), p. 6.

¹⁵ Anthony Brewer, *Marxist Theories of Imperialism: a critical survey* (London: Routledge & Kegan Paul, 1980), p. 18.

¹⁶ T. Dos Santos, "The crisis of development theory and the problem of dependence in Latin America" in *Underdevelopment and Development*, ed. by Henry Bernstein (Middlesex, UK: Penguin, 1973) p. 76.

¹⁷ Alan Lipietz, *Miracles and mirages* (London: Verso, 1987), pp. 29-30.

The common characteristic in all the above definitions is that human welfare is identified with the expansion of individual consumption or, generally, the unlimited development of productive forces. Granted this common aim, the difference between the orthodox and radical definitions of development refers to the appropriate method of achieving it: through the market economy (orthodox economists), through some kind of centralised planned economy (Marxists and dependency theorists) or, finally, through an “autonomous” local political regime (regulationists). Thus, the fundamental issue of whether economic development in the above sense is desirable at all is completely ignored. It is therefore left to those controlling the economy (i.e. either those controlling it directly through the planning mechanism or those controlling it indirectly through the market) to take the crucial decisions about the ways and means to achieve the development objective.

An important implication of the conventional conception of development is that both orthodox and radical definitions of development, taking the desirability of the growth economy for granted, ignore the fundamental issue of the power structures and relations implied by the growth economy (in its market or planned economy versions). The issue of power structures and relations is set aside even when orthodox and radical economists discuss the need to introduce alternative definitions and measures of development, i.e. definitions that allow for the compositional aspects of development (the production of WHAT is development) or the distributional aspects (the production FOR WHOM is development). Needs are always defined “objectively” and not within an authentic democratic process. The development towards a growth economy is, again, taken for granted as the only way to meet these “objectively” defined needs — i.e. the needs defined as important by the market process or by the bureaucrats controlling the planning mechanism!

The classical approaches to development and the “overpopulation” myth

A quick survey of the theoretical approaches to the causes of “underdevelopment” reveals the narrow perspective taken by supporters of the growth economy in both the orthodox and the radical economics camps.

The origin of modern growth theory can be found in the writings of **mercantilists** and **physiocrats**. It is not of course accidental that the problem of growth was central in 18th and 19th century thought, as it was during this period that the market economy, as a system, and the consequent growth economy, emerged.

Mercantilists, who aimed their analysis at the process of economic growth (in the limited sense of an increase in total output rather than in per capita output) saw growth of the total labour force as the primary condition of economic progress and were strong supporters of active state intervention in promoting growth.¹⁸ However, since the time of physiocrats, and as the growth ideology and the ideology of the market economy took hold, the focus has shifted to capital accumulation and laissez faire. But, whereas physiocrats saw the motor of growth in capital accumulation in agriculture, as they thought that it is only in this sector that economic surplus can be produced, liberal political economists of the classical school, since the time of Adam Smith, assigned this role to capital accumulation in manufacturing. This was, of course, consistent with the requirements of the industrial revolution that set the foundations of the modern growth economy.

Thus, Adam Smith identified the sources of growth in terms, first, of technical progress and productivity and, second, capital accumulation. The former's importance arises from the fact that it increases the division of labour that, in turn, depends on the size of the market and the rate of capital accumulation. The significance of the latter originates in the fact that it not only provides the equipment to increase labour productivity but that it also creates the employment opportunities which, in turn, determine the size of the market and the degree of division of labour. David Ricardo provided the finest refinement of Smith's theory and of classical growth theory in general; he described the process through which the pressure of an expanding population on natural resources will eventually halt the growth process — although the counter-tendencies (mainly technical progress and foreign trade) may significantly delay the arrival of the stationary state.

However, it was mainly Malthus's population principle on which the classical belief that the growth process was an inexorable movement towards a stationary state was based. This principle was founded on the hypothesis that the pressure created by the population expansion on a limited stock of natural resources will eventually outrun the pace of technical progress, especially in agriculture. So, unless the "preventative" checks (fewer marriages, sexual continence etc.) could restrain this process, the "positive" checks (massive poverty and starvation) would be set in motion. Thus, the Malthusian principle established a definite causality relationship between overpopulation and poverty where the former was the cause and the latter the effect. However, the explanation provided for poverty by Malthus was based on the implicit adoption of the power structure of the growth economy and on the explicit blaming of the poor for their poverty. Thus, Malthus

¹⁸ See e.g. Phyllis Deane, *The evolution of economic ideas* (Cambridge: Cambridge University Press, 1978), ch. 3.

conveniently ignored the fact that it was the requirements (in terms of cheap labour) of the emerging growth economy, which have led — with the decisive help of the enclosure movement¹⁹ — to the creation of a massive army of landless peasants and massive poverty.²⁰

Similarly, today, neo-Malthusians ignore the corresponding enclosure movement in the South,²¹ which marked the dismantling of their traditional economies after the successful penetration of the market and the growth economy. Thus, they support the thesis, which is also adopted by some eco-fascist currents within the green movement, that the South's poverty should be blamed on its "overpopulation". Deep ecologists, also, adopt the neo-Malthusian thesis and argue that overpopulation created a "population bomb",²² which should be checked "within an overall commitment to reduce the birthrate, especially in third world countries"²³ — even by such methods as the cutting of aid to the Third World!²⁴

But, let us consider the facts behind the "overpopulation" mythology. There is no doubt that the world population has increased rapidly in the past two centuries. It is not however accidental that the acceleration of the population growth coincides with the emergence and spreading of the "growth economy" all over the world. Thus, the world population, which reached the one billion mark in the 1800s, doubled in the 1920s,

¹⁹ The enclosure movement, i.e. the fencing of land that used to be common, had a two-sided economic effect: on the one hand, it gave wealthy landowners the opportunity to profit from either farming or raising sheep, and on the other it compelled many small farmers to sell their property and move to the towns to work in the new factories. The movement began in England in the twelfth century but flourished mainly in the 18th and 19th centuries (1750-1860).

²⁰ At the time of the *Doomsday Book* census in 1086, more than half the arable land in England belonged to the peasants and was worked with varying degrees of collectivization. By 1876, the "New Doomsday Book" calculated that 0.6% of the population owned 98.5% of it! G Slater, "Historical Outline of Land Ownership in England", *The Land: The Report of the Land Enquiry Committee* (London: Hodder and Stoughton, 1913), p. lxxii (quoted in *The Ecologist*, Vol. 22, No 4, July-August 1992).

²¹ "In Latin America 11% were landless in 1961, but by 1975 40% were [...] Approximately 80% of all Third World agricultural land continues to be owned by about 3% of landowners", Ted Trainer, *Developed to Death* (London: Greenprint, 1989), p. 17. For further evidence about the enclosure movement in the South during the colonial and post-colonial period see, *The Ecologist*, Vol. 22, No. 4 (July-August 1992).

²² Paul Erlich, *The population bomb* (New York: Simon and Schuster, 1990).

²³ Bill Devall *Simple in means, rich in ends: Practicing deep ecology* (London: Greenprint, 1990) p. 16. Similarly, Arne Naess, the father of deep ecology, stresses that "the flourishing of non-human life requires such a decrease (of the human population)", Arne Naess, "Deep ecology and ultimate premises" reprinted from *The Ecologist in Society and Nature*, Vol. 1, No. 2, p. 114.

²⁴ For a comprehensive critique of the neo-Malthusian trends within the green movement see Murray Bookchin, "The population myth" in *Which way for the ecology movement?*, (AK Press: Edinburgh, 1994).

doubled again in the 1970s and it is expected to double again by the 2020s.²⁵ However, it is at least doubtful whether the present population trends will continue into the next century. Within the very short timespan of the last twenty years the “total fertility rates” declined dramatically in the South.²⁶ A significant part of this drastic decline is due to economic and physical violence used within the context of “family planning” strategies (China, India); still, the expansion of contraceptive prevalence (the percentage of women using contraception) and television propaganda have played an equally important role in this process. It is not therefore surprising that on the very day the World Conference on Population and Development opened in Cairo — with the obvious objective to force a reduction in South’s fertility rates that supposedly were leading to a population explosion in the 21st century — the world’s leading demographers announced that their latest research showed an end to rising global numbers!²⁷

Furthermore, it can easily be shown that it is not the lack of capacity to produce food that causes hunger and related diseases killing 40,000 people every day.²⁸ As David Satterthwaite of the International Institute for Environment and Development argues, it was “land-owning structures and economic processes that excluded the ‘hungry’ from the possibility of producing food or earning enough to buy it”.²⁹ And, of course, neither the depletion of resources (renewable and non-renewable) nor the degradation of the environment (manifested by such phenomena as the greenhouse effect and the damage to the ozone layer), could, by any stretch of the imagination, be blamed on population trends. Given the definite relationship that exists between consumption standards and environmental degradation and the fact that there is an inverse relationship between fertility rates and consumption standards (i.e. income groups with low fertility rates are usually those with high consumption levels) there is little doubt about the causes of the present crisis. Therefore, the concentration of income and wealth is not only the ultimate direct cause of poverty and starvation but, also, of the present environmental destruction; furthermore, it is the indirect cause of high fertility rates among low income groups. In

²⁵ World Bank, *World Development Report 1994*, Table 25, & Whitaker’s Almanack 1991

²⁶ The “total fertility rate (defined as the number of children that would be born to a woman if she were to live to the end of her childbearing years and bear children at each age in accordance with prevailing age-specific fertility rates) was almost halved during the last twenty years in most of the South. Thus, in “low income countries” —according to the World Bank classification— where almost 60% of the world population live, the fertility rate fell from 6.0 in 1970 to 3.4 in 1992 and in the rest of the South, where a quarter of the world population live, this rate fell from about 4.5 to 3.0 (*World Development Report 1994*, World Bank).

²⁷ International Union for the Scientific Study of Population (IUSSP) quoted in *The Guardian* (5/9/1994).

²⁸ *Washington Post/The Guardian* (9/6/1994).

²⁹ *The Guardian* (2/9/1994).

other words, it is the growth economy itself that has to be blamed for the present economic, ecological and demographic crisis.

We may therefore argue that the two main approaches, which form the backbone of the 20-year Programme of Action document approved at the Cairo population conference, are equally irrelevant. According to the first approach, which we may call the “economic development approach”, the best way to tackle the “population problem” is economic “development”, that is, the continued expansion of the “growth economy”. This approach, which is based on the experience of the North, assumes that in a pre-industrial economy both birth and death rates are high keeping the population roughly stable; as a country industrialises and living conditions (including hygienic conditions) improve, death rates fall, leading to a high population growth. However, the population explosion — the argument goes — is only temporary because soon, as better education and health conditions spread, birth rates tend to fall as well, leading to a stable, moderate population growth. This was the population pattern in the North and a similar pattern was expected for the South.

Still, although both death and birth rates have fallen in the South, fertility rates in the North are almost half those prevailing in the South;³⁰ furthermore, there is no serious expectation that in any foreseeable future these differentials will disappear.

Today, it is almost generally accepted that overpopulation is the effect rather than the cause of poverty³¹ — a fact that was explicitly or implicitly accepted by those in the Cairo Conference who supported the “economic development approach”. This does not, of course, mean that poverty is the only cause of high fertility rates. Population trends depend on a multiplicity of factors: **social** (family planning, use of contraceptive methods etc.), **cultural** (religion, tradition and so on) as well as **economic**. The main economic factor is, of course, poverty. Poverty, defined in a broad sense, is determined by the distribution of income, unemployment and the quality of welfare services — especially health and education services. It can be shown that poverty is perhaps the most important explanatory factor of the differential fertility rates between countries. This fact becomes obvious, even if we use as a comparative measure of welfare the index used by

³⁰ In 1992, total fertility rates were 4.9 in low income countries (3.4 excluding China and India) and 3.0 in middle income countries, versus 1.7 in the high income countries of the North (*World Development Report 1994*, Table 26).

³¹ According, for instance, to Julian Simon, there is not much evidence that the rise in population makes countries poorer, *US National Academy of Sciences Report*, (Washington, D.C.: 1986). Also, according to another report, the most successful population control programs in the last 25 years have been those that aimed at the decrease in poverty, *The Guardian* (29 April 1992).

the World Bank and other international institutions: the per capita income.³² Thus, a very strong correlation can be established between poverty and fertility rates, i.e. the higher the per capita income, the lower the fertility rate.³³ But income and wealth differentials, far from being reduced by the expansion of the growth economy, are further enhanced. Therefore, given that the “trickle-down effect” has certainly proved invalid in the South, one may reasonably expect that the present significant fertility differentials will persist for as long as the huge income differentials remain.

The alternate approach, promoted by the Cairo conference, may be called the “social development approach”; this approach emphasises social rather than economic development and stresses the need to “empower women”, as the key to solve the “population problem”. However, “empowering women” in this context does not mean upgrading their general social position — which is anyway impossible under the present conditions of huge concentration of power. It simply means, as a Green “realo” and prominent figure of the British establishment put it,³⁴ “empowering women to take control of their own fertility”, by improving access (from the social, economic and hygienic points of view) to contraceptives and abortions. The assumption on which this approach is based is that “contraception is the best contraceptive, not ‘development’” and that fighting poverty, as the same activist puts it, is not a “realistic” target for addressing the problem. However, as I argued above, it is poverty in the broad sense that plays a critical role with respect to such crucial factors to population trends as infant and under-5 mortality (which is 10 times as high in low income countries compared with high income countries,³⁵) or old-age security. It is because of the obvious shortcomings of this approach that even the liberal elites find it hard to rely exclusively on it and argue that

³² The per capita income, is, of course, a very inadequate measure of human welfare and has rightly been criticised by radical economists of all persuasions. Still, as a rule, significant differences in per capita incomes (like those reflected in the 1.57 ratio between high-income countries and low-income countries) do reflect significant differences in poverty in the broad sense (i.e. differences in employment, real incomes, welfare services etc.) which, indirectly, affect the social and cultural factors that are relevant to population trends.

³³ Low-income countries (excluding China and India where a drastic decline in fertility rates has been the result, mainly, of the use of economic and even physical violence) with an average per capita income of \$370 have an average fertility rate of 4.9 (a decline of 22% since 1970). Middle-income countries with an average income of \$2,490 have a fertility rate of 3.0 (a decline of 31% since 1970) whereas high-income economies with an average income of \$21,160 have a fertility rate of less than 1.7 (a decline of 29% since 1970), *World Development Report 1994*, World Bank.

³⁴ Jonathon Porrit, “Birth of a new world order”, *The Guardian* (2/9/1994).

³⁵ In 1992, the infant mortality rate (per 1,000 live births) was 73 in low income countries (91, if we exclude China and India) versus 7 in high income countries. The corresponding rates for under-5 (male) mortality were 114 (154 excluding China and India) versus 11! (*World Development Report 1994*).

“development is not the only contraceptive, but without it no amount of condoms scattered on the pavement will help”.³⁶ The same shortcomings have obviously been grasped by Bill Clinton’s National Security Council advisers who have identified the threat of peoples deprived of basic needs, such as food, water and shelter, as “one of the main engines of world instability”.³⁷

Neoclassical and Marxist/dependency approaches to development

In the last quarter of the 19th century important methodological changes in economics, introduced independently by Jevons, Menger and Walras, started the *marginalist revolution*. This was not just a movement to convert classical political economy into a “science” of economics. The revolution marked, also, a shift in emphasis from the problem of growth and development to the static problem of the allocation of resources under conditions of efficiency. Still, the world-view of the neoclassical school that emerged out of the marginalist revolution remained the classical one; this was not of course surprising, given the expressed aim of neoclassicals just to refine and not to replace classical economics. It was a world-view of harmony (all groups gain in the growth process), gradualism (development occurs through small, almost continuous steps), individualism (individual rational decisions secure a socially rational process) and laissez-faire.

Neoclassical economists though, unlike their classical predecessors, were optimistic about the long-term prospects of capitalist economies. They argued that technical progress would offset any natural resources’ barriers and that even if we assume away technical progress, it would take very long for the stationary state to be reached. Thus, provided the market is left free to ensure adequate levels of saving (by boosting profits through the depression of the cost of production, i.e. real wages, environmental cost etc) and investment (which feeds technical progress) economic growth could continue almost indefinitely.

On the radical side, Marx’s economic interpretation of history was a perfect example of Euro-centrism; his criteria of assessing non- European societies were determined by the European experience and the ideology of the growth economy. Marx himself, not unlike the orthodox social scientists, identified progress and civilisation with the unlimited development of productive forces.³⁸ Furthermore, the adoption of the growth ideology led

³⁶ Editorial in *The Guardian* (3/9/1994).

³⁷ *The Observer* (4/9/1994).

³⁸ “The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian nations, into civilisation”, Karl

him to dismiss “all non-European forms of society under the blanket designation of a mere geographic terminology of the ‘Asiatic mode of production’ which appears static, unchanging and totally nondialectical”.³⁹ On the other hand, capitalism was seen as a dynamic system tending to generate economic development endogenously, through competition between capitals. Thus, the emergence of capitalism in a few metropolitan centres generates capital accumulation and development and opens up an initial lead over the rest of the world. The dynamics of competition forces then capital to seek new methods of production, new markets, new sources of supply etc. and sets in motion forces leading to expansion, accumulation and economic development of the areas penetrated by capitalism. The inevitable outcome of this process is the geographic spreading of the system, the internationalisation of capital.

However, orthodox social scientists saw the growth process within the context of a world-view of harmony, gradualism, equilibrium tendencies and evolutionary change; Marx, on the other hand — through a dialectical analysis of social change — saw the same process within the context of a world-view of conflict, contradictory forces and eventual revolution that would substitute the working class for the bourgeois class as the social agents of development. Still, for Marx, the fundamental contradiction in capitalism is found in the *social* character of modern production and the *private* appropriation of the economic surplus, rather than in the fact that economic growth itself necessarily leads to concentration of economic power and the destruction of the environment. In other words, the Marxist critique focuses its attention exclusively on the market economy and never touches the growth economy itself.

The postwar theories of “development” were designed with the explicit aim of dealing with the problems created by the spreading of the growth economy of the North; they can be classified as either “orthodox” or “radical” theories, depending on whether they belong to the orthodox or the Marxist/dependency paradigms.

The *orthodox paradigm* includes all those development theories in which capitalism is taken for granted and a world-view of harmony is adopted, within an evolutionist process. Orthodox economic approaches to development may be broadly classified as “neoclassical” and “structuralist”. The so-called “structuralist” approaches to development (which are associated with the names of Paul Rosenstein-Rodan, Ragnar Nurkse, Arthur Lewis, Hollis Chenery, Gunnar Myrdal and others), adopt Keynesian

Marx and Frederick Engels, *Manifesto of the Communist Party* (Moscow: Progress Publishers, 1952), p. 46.

³⁹ *Karl Marx on colonialism and modernisation*, edited with an introduction by Shlomo Avineri (New York: Anchor Books, 1969), pp. 5-6.

statism, whereas neoclassical approaches emphasise the role of free markets. Structuralist approaches, like the neoclassical approaches, also use the traditional tools of orthodox economics and take the market economy for granted, in an attempt to show the existence of a process leading from a traditional rural underdeveloped economy to a modern industrial one. However, unlike neoclassical economists, structuralists emphasise the role of structural rigidities and disequilibria in the transitional process towards a growth economy. Structuralists are, therefore, in favour of administrative action and it is no wonder that their approach to development was very much in fashion during the statist phase of the marketisation process.⁴⁰ Similarly, it is not surprising that neoclassical approaches to development have come back into fashion with the present flourishing of neoliberalism, and that they have been aggressively promoted by the World Bank and the International Monetary Fund.⁴¹

Radical approaches to development belong to the two main paradigms developed during the postwar period, i.e. the Marxist and the dependency paradigms. The *Marxist paradigm* includes all those theories which adopt a world-view of capitalism as a historical phase in the process of social evolution. In this problematique, development is primarily determined by each country's internal structure and specifically by the nature of the dominant *mode of production* (i.e. the forces and relations of production). In this context, underdevelopment is seen as a remnant of the past, as a pre-capitalist mode of production.

The *dependency paradigm* was developed in the postwar period, as a response to the failure of capitalist development in the Third World. At the theoretical level, it was, also, a reaction to the inability of both orthodox economics and classical Marxist theories of imperialism to explain this failure. This paradigm includes all those theories in which underdevelopment is seen as the outcome of specific power relations within the context of a world-system. The dependency theories share with Marxist theories a world-view of conflicting interests, instead of one of harmony, as in orthodox development approaches; a historical view of capitalist development, instead of the typical a-historical orthodox analysis; finally, they adopt an internationalist approach emphasising the integral nature of the world economy, instead of following the usual orthodox approach to concentrate on nation-states as the fundamental units of analysis.

⁴⁰ See Takis Fotopoulos, "The nation-state and the market", *Society and Nature*, Vol. 2, No. 2, pp. 51-60.

⁴¹ The special World Bank report to mark its 50th birthday is indicative of the new orthodoxy in development: "A new paradigm has emerged, one that emphasises 'market-friendly' approaches", The World Bank Group, *Learning from the past: Embracing the future* (Washington D.C.: World Bank, 19 July 1994).

However, the differences between the Marxist and the dependency approaches at the methodological, theoretical and political levels, are equally important. The methodological differences refer to the fact that the central category in Marxist theory is that of the "mode of production", whereas in dependency theories this role is played by the "world-system" concept. Thus, capitalism is seen in the former within the context of class analysis, whereas in the latter it is seen within the conceptual framework of production for profit, in a world-system of exchange and exploitation of some areas by others. This implies that the class structure, (as well as underdevelopment), is the consequence of dependency relations, rather than the main determining factor, as in Marxist analysis.

Also, from the historical point of view, a crucial difference arises regarding the nature of the historical role of capitalism. Marxists assume that the role of capitalism in the development process is progressive and see capital accumulation as a process of continuous expansion. On the other hand, dependency theorists do not consider the historical role of capitalism as necessarily progressive; they see capital accumulation as a system of transferring the economic surplus from the periphery to the centre, rather than as one of continuous expansion. The implication is that Marxists see underdevelopment as a state of pre-capitalist mode of production, as an earlier historical stage, whereas dependency theorists see it as the result of the imposition of a particular division of labour pattern on the periphery, i.e. as the result of integration in the world-system in a subordinate position. Finally, from the political point of view, whereas for orthodox Marxists development is not impossible within the capitalist system, since the expansion of capitalist relations could set the preconditions for a socialist revolution, for dependency theorists, development presupposes a break with the world-capitalist system.

Still, despite the significant differences between Marxists and dependency theorists, they all share a fundamental common characteristic: like orthodox social scientists, they never dispute the desirability of the growth economy itself, i.e. of the unlimited development of productive forces. In fact, the main point of controversy in the famous debates (which raged in the seventies) between Marxists, neo-Marxists and dependency theorists centres on one issue: why the growth economy in the South has not been as successful as in the North, i.e. why growth has not been rapid enough. In short, all the above approaches never blame the capitalist (or the socialist) growth economy as bound to lead to a huge concentration of economic power and the destruction of self-reliant economies. Nor do they ever stress that the growth economy, by undermining eco-communities, is the crucial cause of irreparable ecological damage. In short, they never

criticise capitalism for spreading the growth economy all over the world; instead, they criticise it for not doing so efficiently enough!

Thus, the main objective of radical theories has been to show how the process of transferring of the economic surplus,⁴² from the South to the North, arrests the development of a successful growth economy in the former. The transfer process can be shown either within the theoretical framework of a chain of metropolis-satellite relations linking the international, national and local capitalist systems,⁴³ or within the context of a world system whose components (Nation-States) are not closed systems, but integral parts of a totality characterised by a single division of labour.⁴⁴ The mechanism itself, through which the transfer of surplus takes place, is based either on the unequal exchange resulting from significant wage differentials between the North and the South,⁴⁵ or on the unequal specialisation resulting from corresponding productivity differentials.⁴⁶

Finally, the neo-Marxist "modes of production" approach⁴⁷ that was developed as a response to the "unorthodox" dependency theories, examines the transitional process leading to a growth economy, as a process of *articulation* of modes of production (capitalist and pre-capitalist ones) within a social formation. Again, not only the desirability of the growth economy is not disputed but even its eventual universalisation is taken for granted.

The regulation approach to development

Similar considerations apply with respect to the regulation approach,⁴⁸ which is currently fashionable among neo-Marxists, post-Marxists, ex-Marxists and others. Alain Lipietz⁴⁹ provides a typical example of the regulation approach to development — an

⁴² See Paul A. Baran, *The Political Economy of Growth* (New York: Modern Reader, 1957).

⁴³ See Andre Gunder Frank, *Capitalism and underdevelopment in Latin America* (New York: Modern Reader, 1967, 1969).

⁴⁴ See Immanuel Wallerstein, *The Modern World System* (New York: Academic Press, 1974) & *The Capitalist World Economy* (Cambridge: Cambridge University Press, 1979).

⁴⁵ Arghiri Emmanuel, *Unequal Exchange, A study of the Imperialism of Trade* (New York: Monthly Review Press, 1972).

⁴⁶ See Samir Amin, *Accumulation on a world scale* (New York: Monthly Review Press, 1974).

⁴⁷ See, for instance, John G. Taylor, *From modernization to modes of production, A critique of the sociologies of development and underdevelopment* (London: Macmillan, 1979).

⁴⁸ For an introduction to the regulation approach in general, see Robert Boyer, *La theorie de la regulation* (Paris: Editions La Decouverte, 1986).

⁴⁹ Alain Lipietz, *Miracles and Mirages*.

approach, which no one would deny represents a definite step forward as far as Marxist methodology is concerned. This is particularly true with respect to the regulationists' rejection of the crude functionalism that characterised some theories of imperialism and dependency. For instance, few would deny today the invalidity of the proposition that the function of the periphery was to promote growth in the centre, through the various mechanisms of transfer of value from the periphery.

However, the regulation approach, like the neo-Marxist and dependency approaches, also, aims to explain why the regime of accumulation found in the most developed capitalist countries was not able to be rooted in the South. In other words, the objective is, again, to answer the question whether a relatively independent capitalist development is possible in the periphery, so that the growth economy of the North could be transferred to the South, as predicted by the classical Marxist theory. Thus, the desirability of "independent capitalist development" is, again, taken for granted and the only issue under discussion is the feasibility of reproducing it in the South.

This feasibility, according to the regulation approach, depends on internal class alliances: "the development of capitalism in any given country is primarily the outcome of internal class struggles which result in embryonic regimes of accumulation being consolidated by forms of regulation that are backed up by the local state".⁵⁰ This way, the regulation approach ends up by explicitly assuming that the huge concentration of economic power in the North is just the outcome of class struggles and alliances and the resulting role of the State; implicitly, the same is true regarding the concentration of power within the North and the South, as well as the consequent ecological damage. So, the actual "International Division of Labour", which involves the unequal allocation between various countries of world labour and its products, is described as "simply the outcome of various nations' attempts to control one another or to escape one another's control, of one or another class alliance's unremitting efforts to achieve or surrender national autonomy".⁵¹

The implication is that the direct relationship between the grow-or-die dynamic of the market economy and the resulting concentration of economic power and ecological damage is simply relegated to "the primacy of internal causes"; this is a position not very dissimilar to the liberal position, according to which it is not the market economy itself that has to be blamed for the misery and starvation in the South but its corrupt elites! Thus, it is simply ignored that the market economy and the consequent growth economy have a dynamic of their own and that the marketization process and the parallel process

⁵⁰ Alain Lipietz, *Miracles and Mirages*, p. 19.

⁵¹ Alain Lipietz, *Miracles and Mirages*, pp. 25-26.

of spreading the growth economy, inevitably, lead to concentration of economic power and serious ecological damage. The implicit conclusion, which is promoted by the regulation approach, is that the State (at the centre, or the periphery), is capable to effectively control the market, even to the extent of creating, under certain conditions, "independent capitalist development"; this is so, because the State is "the archetypal form of regulation (since) it is at the level of the State that the class struggle is resolved".⁵² All this, at the very moment when the internationalisation of the market economy and the consequent withering away of the economic role of the nation-state is in full swing!

In conclusion, the problem with conventional theories of development (orthodox or Marxist) is that their problematique originated in the logic of the growth economy. Within this problematique, the issue of development is discussed in terms of the reasons why the countries in the South did not develop a "growth economy", similar to the one developed in the North. However, the type of approach needed to examine economic relations between the North and the South, and economic relations in general, is one that examines such relations in terms of power structures, rather than on the basis of "objective economic laws", or "general theories", Marxist or not. Therefore, the role of states and ruling elites ("subjective" element) is decisive in this sort of analysis.

Still, the role of the institutional framework, in the form of the market economy/growth economy ("objective" element) is also important, because it sets the "degrees of freedom" that are available to the state and the ruling elites. It seems that the regulationist school, in its effort to throw away the marxist "objectivist baggage" (although, despite the rhetoric, this school does look line another, more sophisticated, attempt to develop a new "general theory") has moved to the other extreme of almost ignoring the constraints imposed on the role of the state by the institutional framework!

Development and environment

In the 1980s, the appearance of the ecological crisis at the forefront added a new dimension to the development debate — a debate which up to then was just focused on the feasibility of reproducing the growth economy of the North in the South. The question of the ecological implications of development and implicitly the desirability of the growth economy itself became crucial.

⁵² Alain Lipietz, *Miracles and Mirages*, p. 19.

For orthodox economists, the issue is whether “development” is the cause of environmental damage, or whether it is the lack of development that is causing environmental problems. The World Bank has decided that some problems are associated with the lack of economic development; it specifically mentions inadequate sanitation and clean water, as well as indoor air pollution from biomass burning and many types of land degradation in the South, as having poverty as their root cause. On the other hand, the same source argues, “many other problems are exacerbated by the growth of economic activity: industrial and energy-related pollution (local and global), deforestation caused by commercial logging and overuse of water”.⁵³

Not surprisingly — in view of the fact that it is, after all, the proceeds of the ruling economic oligarchies from the functioning of the market economy that finance the activities of the World Bank and also the salaries of its executives that draw the relevant reports — the solutions suggested by the World Bank for both types of problems are consistent with the aim of maintaining and reproducing the existing institutional framework of the market economy. Thus, the proposed solution to the environmental problems is “more development”, but of a type that will not fail to “take into account the value of the environment”, so that a better trade-off between development and environmental quality is achieved. In other words, environment is assumed to be something that can be “valued”, in a similar way that everything else is assigned a value within the market economy.

However, apart from the fact that there is no way to place an “objective” value to most of the elements that constitute the environment (since they affect a subjective par excellence factor, i.e. the quality of life), the solution suggested, in effect, implies the extension of the marketization process to the environment itself. In other words, it implies the assignment of a market value to the environment (even if it is in the form of an imputed value), so that the effects of growth onto it are “internalized”, either through the creation of new profitable “green” business activities, or through “corrective” state action on the workings of the market mechanism! Thus, not only it is conveniently ignored that it is the market mechanism itself which is the problem, because, from the moment it incorporated an important part of the environment — land — it initiated the eco-damaging process, but it is also recommended that the marketization process has to be extended to the other parts of the environment (air, water, etc.) as well! The outcome of such a process is easily predictable: the environment will either be put under the control of the economic elites that control the market economy (in case an actual market value can be assigned to it) or the state (in case an imputed value is only

⁵³ World Bank, *Development and the Environment*, (Oxford University Press, 1992), p.7.

possible). In either case, not only the arrest of the ecological damage is — at least — doubtful, but the control over Nature by elites which aim to dominate it, — using “green” prescriptions this time — is perpetuated.

Furthermore, on the basis of all existing evidence, it is hard to reject the proposition that it is, mainly, poverty as development (i.e. poverty caused by development) that is causing the environmental degradation and not poverty-as-underdevelopment. This is particularly so if we allow for the fact that it is the consumerist lifestyles of the rich that are causing environmental degradation rather than those of the poor.⁵⁴ However, the World Bank finds nothing wrong with the lifestyles of the rich and argues that “For natural resources that are non-renewable, increases in consumption necessarily imply a reduction in the available stock. The evidence, however, gives no support to the hypothesis that marketed non-renewable resources such as metals, minerals and energy are becoming scarcer in the economic sense. This is because potential or actual shortages are reflected in rising market prices, which in turn have induced new discoveries, improvements in efficiency, possibilities for substitution, and technological innovations”.⁵⁵

Thus, the World Bank implicitly adopts the hypothesis we made above that concentration is not only a consequence but also a fundamental precondition for the reproduction of the growth economy. Clearly, given the highly unequal distribution of world income, it is the privileged social groups which can mainly benefit from new discoveries etc. induced by “rising market prices”. It is therefore obvious that the World Bank simply celebrates the “allocation by the wallet” of those global resources that are becoming scarce because of growth. Furthermore, there is no evidence that the new technologies, which are “induced by higher prices”, lead to some kind of “sustainable growth”. In fact, the opposite might be the case. The UN Food and Agriculture Organization, for instance, states that “low-input production is probably the most environmentally-friendly system and has been practiced since time immemorial; still, during the development process, every country has abandoned this practice because of its low productivity and its inability to meet the food requirements of an ever increasing population”.⁵⁶ Inevitably, the abandonment of this practice has meant the creation of farmers’ dependency on chemical companies as well as a more generalised dependency on export crops.

⁵⁴ The “Group of 7” richest capitalist countries in the world, where 12% of the world population lives, is the cause of 38% of global carbon dioxide emissions- data calculated on the basis of *World Development Report 1994* and Richard Douthwaite, *The Growth Illusion* (Bideford, Devon: Green Books, 1992), p. 195.

⁵⁵ World Bank, *Development and the Environment*, p. 37.

⁵⁶ UNFAO, *Sustainable crop production and protection: background document* (UNFAO: 1991), p. 2.

Similarly, the “sustainable development” approach, promoted by the Brundtland Report⁵⁷ and embraced by the Green “realos” all over the world, also, takes for granted the market economy system and the subsequent growth economy. No wonder this Report contains no discussion of concentration as a fundamental consequence and also a precondition, of growth. However, as Ted Trainer points out, the “indiscriminate growth and trickle down’ approach to development has been accompanied by significant improvements in average life expectancy, infant mortality, literacy and GNP over the last few decades. But the distributions of the benefits have been extremely uneven. (...) A recent survey of the literature revealed about 120 statements to the effect that development has done little or nothing to improve the economic living standards of the poorest 40% or more of the Third World. Hardly any statements to the contrary were found”.⁵⁸

It is therefore barely surprising that the essential solution proposed by the Brundtland Report is more growth, more effort and better policies, laws and institutions, as well as increasing efficiency of energy and resource use.⁵⁹ All this, in an effort to achieve sustainable development, which is usually defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. But, although one would agree that some gains have been made in pollution control and the efficient use of energy and resources, still, there is no sign that the ecological problems have become less serious or threatening. Instead, the opposite seems to be the case with respect to all major ecological problems, i.e. the Greenhouse effect, acid rain, salinity, ozone depletion, forest loss, desertification, soil loss etc.⁶⁰

The main reason why the project “to green capitalism”, which constitutes the background of the Brundtland Report, is just a utopian dream, lies in a fundamental contradiction: the contradiction that exists between the logic and dynamic of the growth economy, on the one hand, and the attempt to condition this dynamic with qualitative criteria, on the other. Thus, the same contradiction that emerged in the past, when socialist statism attempted to introduce socialist criteria in the growth process (equity and social justice)⁶¹ is also emerging at present, when a similar attempt is being made to introduce ecological criteria into the same process (sustainability and enhancement of the resource base).

⁵⁷ World Commission on Environment and Development, *Our Common Future* (UN: 1987).

⁵⁸ Ted Trainer, “A rejection of the Brutland Report”, *Ifda dossier 77* (May-June 1990), pp. 77-78.

⁵⁹ “Such growth rates could be environmentally sustainable if industrialised nations can continue the recent shifts in the content of their growth towards less material and energy-intensive activities and the improvement of their efficiency in using materials and energy”, *Our Common Future*, p. 51.

⁶⁰ Ted Trainer, “A rejection of the Brundtland Report”, p. 74.

⁶¹ Takis Fotopoulos, “The end of socialist statism”.

Still, supporters of the sustainable development approach are not the only ones who see the way out of the ecological crisis in contradictory terms, i.e. in terms of a growth economy subject to qualitative prescriptions of sustainability. Deep ecologists fall into a similar trap. Thus, some deep ecologists see sustainable development in terms of “a development path towards a stable state”, which necessitates a “stable population”.⁶² This approach, which is based on the “overpopulation myth”, that we considered above, sees the causes of the ecological crisis in the anthropocentric approach to Nature implied by the growth ideology. In other words, it considers the present non-sustainable development as a cultural rather than as an institutional issue, as a matter of values rather than as the inevitable outcome of the rise of the market economy with its grow-or-die dynamic which has led to the present growth economy.

However, it would be hardly justifiable to blame anthropocentrism for the present global ecological damage. Anthropocentrism, after all, was around — especially in the West — long before the process of massive ecological destruction started, about two centuries ago. One could therefore argue that it is not anthropocentrism as such that has led to the present crisis but the fact that the market economy and the subsequent growth economy had to be founded on an ideology that justified the human domination of nature on a massive scale. Therefore, the way out of the ecological crisis is not just a matter of changing our values to put “nature on an equal footing with treasured human values”. No one could seriously expect that a new culture involving a non-domineering approach towards nature could have a chance of appealing on a massive scale to the people, within the present institutional framework of extreme concentration of political and economic power. Furthermore, changing our values with respect to our relationship to nature will not, by itself, force the market or the state to wither away. Such a development would require the emergence of a strong movement that explicitly aims at replacing the present oligarchic political and economic structures, created by the state and the market respectively, with institutions of political and economic democracy. It is only within a process of establishing such democratic structures that one could seriously hope that the present cultural values of dominating nature, which emerged as a by-product of the concentration of power generated by the growth economy, will wither away.

Similar considerations could be expressed with respect to another version of the deep ecology approach to development which stresses the “Euro-centric” character of the growth economy and the need for sustainable development to be based on “knowledge and technologies that originate from an intimate understanding of the natural world (and)

⁶² Richard Douthwaite, *The Growth Illusion*, ch. 15.

(...) a revival of a very ancient cultural geocentric tradition of considering the Earth as a goddess and mother of all life".⁶³ According to this version, land reform, a return to traditional cultures and the abandonment by industrial countries of their fatal attraction to the fossil fuel technologies and culture is the solution to the problem of unsustainable development — a problem, which is created by capitalism, defined as "primarily the politics of acquiring and holding wealth for a small ruling class".⁶⁴

But, capitalism, or the market economy/growth economy, is not just a matter of policy or ideology. It is a historical structure with deep roots in social evolution. Therefore, the enclosure of land in the South, as well as the kind of technologies developed within the market economy, are not just matters of policy or of "aping the white culture", but part and parcel of the market system itself. Similarly, competition and integration in the world economy are not simply cultural issues but inevitable outcomes of the institutional framework defined by the market economy. Hence, the root of the problem is not that "the entire capitalist culture (...) is ecologically illiterate and therefore dangerous and unsustainable".⁶⁵ The capitalist culture is a culture that has developed in consistency with the fundamental organisational principles of the market economy and the growth economy, i.e. efficiency, and competition. It is the establishment of the market economy that required its own culture and not vice versa. People did not wake up one fine morning and decided to be efficient and competitive. It was the destruction of their own livelihood by the enclosure movement in Britain, or by colonialism in the colonies, which forced them — in their struggle to survive — to join the market economy system and adopt the principles of competitiveness and efficiency.

This is the main reason why sustainable development is not just a cultural issue or a matter of changing policies but a matter of changing the entire institutional framework and replacing it with institutions which negate the concentration of power, that is, with a marketless and moneyless economy based on direct and economic democracy. Then and only then, can one seriously hope that the growth ideology and the subsequent idea of dominating nature will wither away. In other words, concentration of power within the context of the growth economy, is the necessary condition for the present set of cultural values which involve an ideology of dominating nature. Although, simply negating the concentration of power is not a **sufficient condition** for the development of a new set of values with respect to our relationship to nature — this depends on the level of

⁶³ E.G. Vallianatos, "Subversive Theory, Ecology, Geocentric Sustainable Development and the Third World" (in this issue of *Society and Nature*).

⁶⁴ Ibid.

⁶⁵ Ibid.

ecological consciousness — still, it is definitely the **necessary condition** for a radical change of cultural values.

Development or democracy?

Today, increasing numbers of people do not have access to the political process (except as voters), to the economic process (except as consumers), and to the environment (except as conditioned by their roles in the political and economic process, defined by the market economy and the parliamentary system). In other words, the so-called “liberal democracies” are in fact, as Castoriadis has called them, liberal oligarchies. Similarly, at the economic level, what is produced in a country is not determined by the democratic decision of its citizens but by the income distribution pattern. Finally, it is the market economy system and the growth economy (i.e. those few controlling both) that determine what sort of “protection” the environment is entitled to have. At present, a process leading to further concentration of power at all levels is in full motion. The reaction to this process usually takes two forms.

On the one hand, as their environments are destroyed or degraded, their power eroded or denied and their communities threatened, millions are now demanding a halt to the kind of development associated with the growth economy. As the social activist Gustavo Esteva writes “if you live in Rio or Mexico City you need to be very rich or stupid not to notice that development stinks”.⁶⁶

On the other hand, a whole series of recent initiatives and struggles has developed in both the South and the North, which represent, in their many and various ways, “attempts by local people to reclaim the political process and to re-root it within the local community. The central demand made by group after group is for authority to be vested in the community — not the state, local government, the market or the local landlord, but those who rely on the local commons for their livelihood”.⁶⁷

These attempts, in effect, express an understanding — which is sometimes subconscious — that it is the institutional framework itself, i.e. the market economy and the liberal nation-state, which alienates people from the political and economic process. The market economy, as I tried to show in the past,⁶⁸ did not arise through some kind of “automatic” mechanism in Europe, but through the crucial role played by the nation-state. Similarly, the penetration of the system of the market economy in the South (i.e. its

⁶⁶ G. Esteva “The Right to Stop Development”, NGONET UNCED *Feature* 13/6/92, Rio de Janeiro.

⁶⁷ See “Reclaiming the Commons”, *The Ecologist*, Vol. 22, No. 4 (July-August 1992), p. 202.

⁶⁸ Takis Fotopoulos, “The Nation-State and the market”, *Society and Nature*, Vol. 2, No. 2.

economic integration within the world market system) was, also, “a result of a conscious and often violent intervention by the government”.⁶⁹ In fact, it could be argued,⁷⁰ that it was the spreading of the growth economy in the South that has led to the global reproduction of the power pattern that characterises the capitalist growth economy. In this sense, it is the lack of control over domestic resources by the vast majority of the population, because of the lack of political and economic democracy, which is the ultimate cause of the kind of “development” taking place in the South.

In this problematique, it is neither colonial exploitation — which, however, played a significant role in the violent destruction of the economic self-reliance of many countries — nor conspiracies of countries in the North that have led to the present economic and ecological crisis in the South. Contrary to the classical Marxist thought, which saw colonialism as a “necessary evil” because it contributed to the development of capitalism in the periphery,⁷¹ I would argue that the fundamental cause of the present structural crisis is the global spreading of the growth economy. The growth economy can only survive through its continual reproduction and extension to new areas of economic activity — a process that implies the destruction of the economic self-reliance of every community on earth. But, from the moment economic self-reliance is destroyed —either violently (colonialism), or through the market — and two parties with unequal economic power (in terms of productivity, technology and income differentials) come in direct economic contact, then the automatic functioning of the market mechanism secures the reproduction and extension of inequality between the two parties.

From this perspective, it is surprising to see important theoreticians in the autonomy tradition to adopt the view that the basic obstacle to the spreading of the growth economy in the South, and, by implication, to its non-“development” which led to the present widening gulf between the North and the South, has been the fact that “this extraordinary spreading of the West had to face societies with completely different imaginary institution which, as a result, have created anthropological types of a very different type than the type of the Western citizen, as described by the Declaration of Human Rights, or the type of the industrial worker and entrepreneur”.⁷² It is obvious that such an approach ignores the catastrophic impact of the spreading of the market economy and the subsequent growth economy on the self-reliant communities of the South and, as a result, exonerates the system of the market economy itself, in order to blame the “imaginary

⁶⁹ Gustavo Esteva quoted in *The Ecologist*, Vol. 22, No. 4 (July/August 1992), p. 174.

⁷⁰ See Takis Fotopoulos, “The end of socialist statism”.

⁷¹ See *Karl Marx on colonialism and modernization*, ed. by S. Avineri (New York: Anchor, 1969).

⁷² Cornelius Castoriadis, “The West and the Third World” in *The Broken World* (Athens: Upsilon, 1992), p. 91.

significations” that developed in the South! No wonder, that in this problematique the way out of the present global crisis can only emerge in the West.⁷³

The essence of today's economic crisis lies in the hugely uneven control over incomes and productive resources that characterises both the North and the South. It can easily be shown that in a market economy system, dominated by the growth ideology and personal greed, “maldevelopment” is a matter of automatic functioning of the system itself, since it is the purchasing power of the high income groups in the North and of the elites in the South that determines WHAT, HOW and FOR WHOM to produce.⁷⁴

In fact, in the context of today's dominant neo-liberal consensus,⁷⁵ it is doubtful whether the old distinction between North and South makes much sense anymore. If, for instance, we use the familiar — and almost meaningless per capita GNP indicator to classify countries in the North-South divide, we ignore the fact that the rapidly widening gap between privileged and non-privileged social groups has already reproduced huge “South” enclaves in the heart of the North.⁷⁶ Also, if we use alternative indicators concerning the degree that essential needs are covered by segments of the population, irrespective of whether they live in the “North” or the “South”, the question arises to which group a country like the USA belongs, when one in five of US children live in poverty and eight million of those children lack health coverage. Similarly, according to the latest UNICEF report,⁷⁷ compared to their per capita income, USA and Belgium from the “North” perform much worse in child survival, nutrition and education than Jordan, Syria, Poland, Romania, Bulgaria and Kenya in the “South”. Furthermore, according to the same report, if we rank the countries of the world in terms of the well-being of their people — and particularly children — then, at the top of the list we find such countries as Vietnam, Sri Lanka, Nepal, Cuba and Burma, which have far better infant mortality rates and records of junior school attendance than what would be expected from their per capita GNP.

⁷³ “I think that only a new development of the liberation movement in the West could change the parameters of the problem, i.e. could in some way ease the penetration—at least up to the point required— of the traditional institutions and traditional religious imaginary significations that today are dominant in most of the countries of the Third World”, C. Castoriadis, *The Broken World*, p. 96.

⁷⁴ See Ted Trainer, *Developed to Death*.

⁷⁵ See Takis Fotopoulos, *The Neoliberal Consensus and the Crisis of the Growth Economy* (Athens: Gordios, 1993).

⁷⁶ For instance, in Britain, the share in the national income of the 10% of the population at the bottom of the social pyramid fell, within the last 30 years, by almost a third (from 4.22% in 1961 to 3% in 1991) whereas the share of the top 10% rose by about 14% (from 22% to 25%) Alissa Goodman & Steven Webb *For Richer, For Poorer* (London: Institute of Fiscal Studies, 1994, fig. 2.3).

⁷⁷ UNICEF Report 1994, *The Guardian* (22/6/1994).

The above discussion raises not only the issue of whether the old distinction between "North" and "South" makes sense; it also raises the issue of the indicator itself that can be used for such a classification. In particular, the question arises whether it is feasible or desirable to develop a common indicator to classify countries with very different cultural and economic needs. A common indicator, even a complex one, implies not only same economic and cultural needs but also that societies could be classified, on the basis of it, in a hierarchical order that justifies the use of similar means, the same "experts", aid etc., so that those at the bottom could reach those at the top. Furthermore, a common indicator implies that the "development" achieved in the countries at the top is desirable, whereas alternative models of need satisfaction should be avoidable; in other words, it implies common values. Thus, for example, when modern agribusiness maximises output of a single crop through monoculture and, as a result, productivity improves and competitiveness increases, then, this becomes an obviously preferable method of farming to expand per capita GNP, even if it is eroding biodiversity.

However, despite the obvious problems of measurement involved, it may still be useful to keep the "North-South" distinction, provided that we redefine our terms. Thus, the "New North" could be defined as all those social groups that benefit from the marketization process, whether they live in the old North or South.⁷⁸ In general, we may say that this New North consists of the "two-thirds society" in the old First World and a small minority in the old Second and Third Worlds. Thus, in the old First World, the beneficiaries from the marketization process do not just include those in control of the means of production, which constitute the bulk of the ruling elite, but also the large middle classes that have flourished in this process (professionals, skilled workers etc.). Similarly, in the old Third World the beneficiaries include not just the ruling elites (big landowners, importers and so on) but also a rudimentary middle class of professionals, top state employees etc.). Finally, in the old Second World the beneficiaries include the new ruling elite, which has been emerging in the marketization process (usually, ex members of the old party nomenclatura) and a very small middle class of professionals.

Some conclusions

The obvious conclusion from the above discussion is that the only way out of the crisis might, perhaps, be in creating a new economic and social structure that would secure the ecological society, i.e. a society that would wipe out the concentration of power,

⁷⁸ In a similar vein, John Holloway of Edinburgh University argues in *Capital & Class* that we live in a world where "exploitation is not the exploitation of poor countries by rich countries but of global labor by global capital". Quoted in William Keegan's column, *The Observer* (6/2/1994).

political and economic. Because it is concentration of power that constitutes the main cause of the present social, economic and ecological crisis. Such a society could only be based on direct democracy and economic democracy, that may be defined as “an economic *structure* and a *process* which, through direct citizen participation in the economic decision-taking and decision-implementing process, secures an equal distribution of economic power among citizens”.⁷⁹

Of course, the above discussion of development in terms of democracy should not be confused with the currently fashionable trend in the North (as Andre Gunder Frank⁸⁰ points out) of moving from the massive support of “development” in the past, to the support (even backed by military invasions-see Haiti!) of “democracy” now. It is obvious that “development” and “democracy” are used by the North as ideologies, in the sense of the “objective” justification of the status quo. Thus, in the same way that the ideologies of the market economy and export-led growth were used in the past to justify the “development” that was going on in the Third World, today, it is the ideology of representative democracy that is called to play the same role. In this context, the economic oligarchy of the 500 Trans-national corporations (TNCs) which control the world economy (70% of world trade, 80% of foreign investment and 30% of world Gross Domestic Product⁸¹) is presented as “market democracy”, i.e. as a kind of economic democracy, whereas the control of the political process by political elites is presented as political democracy. Together, free market and representative democracy are “fashionably identified as though they were inseparable if not indistinguishable”,⁸² ignoring the fact that, in this institutional framework, as TNCs are based on power networks which are not grounded on any given locality, or committed to any given community, both democracy and the environment are expendable.

If we therefore assume that neither self-determination of individuals and communities, at the economic or political level, nor an ecological society are possible without political and economic democracy, the question that arises next refers to the compatibility of democratic institutions with the present institutional framework and the strategy to be used in the process of creating new democratic structures. At the moment, two are the main approaches that may be used to answer these questions.

⁷⁹ See Takis Fotopoulos, “The economic foundations of an ecological society”, *Society and Nature*, Vol. 1, No. 3, p. 5.

⁸⁰ Andre Gunder Frank, “Development, Democracy and the Market” in this issue of *Society and Nature*.

⁸¹ *The Ecologist*, Vol. 22, No. 4 (July-August 1992), p. 159. For more data, see Tim Lang and Colin Hines, *The New Protectionism* (London: Earthscan, 1993), ch. 3.

⁸² Andre Gunder Frank, “Development, Democracy and the Market”.

First, the “civil society approach” which, taking for granted the present institutional framework, aims at enhancing the “civil society” i.e. the autonomous social institutions and social movements that could function as “counter-powers” to the centralised power of the state and the market. But, as I tried to show elsewhere,⁸³ this strategy is both a-historical and, in the context of the present internationalised economy, utopian (in a negative sense).

Second, the “Confederal Municipalism approach”, which aims to set in motion a process that will substitute direct and economic democracy for the present institutional framework, defined by the market economy and liberal democracy. Such a form of democracy is feasible today only at the municipal level. Therefore, Confederal Municipalism offers perhaps the best way of organising political and economic structures in a way that restores citizens’ control over their own resources; furthermore, it avoids the traps inherent in radical green approaches to development, like the “appropriate development” approach.⁸⁴ Thus, the **trap of localism**, which is implied by the notion of “local self-sufficiency” used by the “appropriate development” approach, is avoided through the proposal of Confederal Municipalism for a confederal organisation of municipalities that would replace the nation-state. Also, the **trap of objectivism**, which is innate in the notion of “basic needs”, is avoided through the proposal for economic democracy, within the context of which the nature of needs as basic/non-basic is determined collectively. Finally, the **trap of utopianism**, which is inherent in any conception of compatibility between “appropriate development” and the present institutional framework, is explicitly avoided by Confederal Municipalism’s proposal for new economic structures that would replace the present market economy/growth economy.

To conclude, human needs do not have to be conditioned and infinitely expanded by a growth-oriented system; they could therefore be constantly adjusted and limited by the community itself. Furthermore, the needs of the significant part of the population that belongs to the non-privileged social strata in the North do not differ significantly from the needs of most of the population in the South. The problem therefore is how the “New South”, i.e. the non-privileged social groups in the North and the South which constitute the vast majority of the world population, would force the “New North”, i.e. the small (but powerful, because of its monopolisation of all effective means of power) minority, to realise the simple fact that the fundamental cause of the present economic, ecological

⁸³ Takis Fotopoulos, “The end of socialist statism”, *Society and Nature*, Vol. 2, No. 3.

⁸⁴ See e.g. Ted Trainer, “What is development” in this issue of *Society and Nature*.

and social crisis is the oligarchic political and economic structures that secure the maintenance and reproduction of its privileges.-