



“Summary of article by David C. Korten: International Assistance: A Problem Posing as a Solution” in Frontier Issues in Economic Thought, Volume 1: A Survey of Ecological Economics, Island Press: Washington DC, 1995. pp. 299-302

Social Science Library: Frontier Thinking in Sustainable Development and Human Well-being

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A common measure for assessing the aid performance of high income countries is the total aid given as a proportion of GNP. The accepted target among international agencies is currently 0.7 per cent, although in 1988 the actual average for OECD countries was only 0.36 percent. The prevailing assumption is that more is better. However, despite total aid levels reaching \$60 billion in 1988, as we enter the fourth official United Nations Development Decade we are confronted with several harsh realities: more people live in desperate poverty now than ever before; environmental destruction has reached crisis proportions; the number of economic and environmental refugees is increasing; and many southern economies are saddled with debilitating debts. Something is terribly wrong, and official assistance is not fixing it.

GROWTH - SOLUTION OR PROBLEM

Most development strategies are driven by the underlying premise that the central task of development is to increase output. Growth is viewed as the key to creating jobs for the poor and generating surplus to clean up the environment and control crime and violence. Unfortunately this logic seems flawed. The Worldwatch Institute calculates that global production has increased four-fold since 1950, with no measurable impact in terms of reducing poverty, stabilizing the environment, or eliminating the causes of violence. The reasons for this can be readily identified:

- 1) increased output increases strains on the environment;
- 2) when economic and political power are already concentrated, increases in wealth tend to flow to the already wealthy; and
- 3) treating labor as a commodity forces people to place impersonal employment above all else, with negative implications for family, community and culture.

In the 1980s we have begun to confront the ecological limitations on this approach, not so much in terms of oil or mineral resources supplies as in terms of the limits on both the demands we can place on water and soil systems, and on the disposal of wastes in the air, water and soils. We have completed the transition from an open, frontier system to a closed, zero-sum system; we can no longer treat the earth's ecological system as an expanding pie. Today, one person's increase in wealth comes at the expense of another's impoverishment. To complicate matters further, at this same time a new institutional force has been created: the transnationalization of

capital. This force transcends the state and threatens the ability of people to control their own affairs and to demand accountability from the state.

Many of the official international development agencies have been instrumental in bringing about these processes of change, steadfastly promoting growth as the solution to global problems. They continue to fund large projects that displace the poor and destroy the ecosystem in order to enable the more privileged to expand their consumption, and they perpetuate the South's ecological subsidies to support the North's unsustainable overconsumption. Created to serve such a growth-centered development vision, these institutions have been reluctant to challenge the basic premises of that vision, because to do so would challenge their legitimacy and acknowledge that their very existence may be part of the problem.

SUSTAINING OVERCONSUMPTION

The industrial nations, with roughly 20% of the world's population, consume two-thirds of the world's important metals, and three-fourths of the world's energy. Their economies are overwhelmingly responsible for the pollutants that are depleting the ozone, causing acid rain, producing greenhouse warming, and otherwise threatening the global ecosystem. Northern lifestyles depend upon the South both for extraction of a disproportionate share of its mineral and ecological resources, and for absorption of a disproportionate share of the wastes. This North-South expropriation is a component of many development projects subsidized and managed by development assistance. As the poor are evicted to make room for industrial parks, power plants, and commercial agricultural, timber or fishery projects, their welfare is sacrificed to benefit those already better off. Furthermore, the debt taken on by the South to finance these projects allows the North to dictate economic policies to the South. Southern poverty is therefore not the consequence of inadequate charity from the North, but a result of the North's expropriation of its ecological surplus.

The market is a powerful force of both technological and economic progress, and of political pluralism. However, when unrestrained, market forces can become destructive and oppressive; they must be balanced by the power of the state and of civil society. Unfortunately, the fall of the communist regimes has strengthened the position of the ideological extremists who advocate all power to the market, and the international institutions have followed this trend. In addition, the market itself is changing, as firms become increasingly remote from the communities in which they function, and transnational corporations move ever further beyond the reach of national governments and civil power. These trends erode the legitimacy of laissez-faire capitalism.

Even those few nations that have experienced a degree of success in achieving economic development by pursuing export oriented strategies - specifically Japan, South Korea and Taiwan - are not the free market miracles that they are often touted as. In fact, they all began by implementing radical land reform, while accepting substantial government guidance and protection to shape their economic growth trajectories. Even so, they are confronting real difficulties today with respect to the sustainability of their economies. The international assistance agencies continue to push free market strategies on developing nations, emphasizing production for global markets and dismantling trade barriers. However, this is not the path

traveled by the Asian examples cited above; rather, in pursuing these policies, the agencies are aggressively aligning themselves with the interests of transnational capital.

Whether or not international assistance contributes to self sufficiency depends in large part upon the discipline with which it is used by the recipient. Assistance applied appropriately can boost productivity in ways that enhance local control and self-reliance. Where discipline is lacking, however, assistance is more likely to produce profits for suppliers and contractors, subsidize the expropriation of resources, aid capital flight, mask economic mismanagement, and make governments dependent on foreign interests. Under these conditions, aid is often counterproductive.

INTERNATIONAL COOPERATION: AGENDA FOR THE 1990s

The days of international assistance via capital transfers have passed. We cannot buy our way out of the current global crisis. Most of the conventional assistance organizations have become a problem posing as a solution, actively blocking more constructive approaches to these problems. It is time to sharply reduce their roles, and to consider the possibility that many of them ought to be eliminated. We must come to terms with global realities and learn to live in constructive balance with the earth's ecology, achieving a semblance of economic justice and bringing the forces of transnational capital under human control.

The essential task is to reduce the flow of environmental resources from the South to the North so that they may be used to improve the South's quality of life. To accomplish this, Northern lifestyles must be brought into line with ecological realities. This effort must be accompanied by negotiations to substantially reduce the current debt burden and to begin holding transnational capital accountable. This is no small task, and it will require an enormous investment of intelligence and personal energy to make it happen. One of the major challenges of the current decade will be creating, strengthening and shaping appropriate institutions to become a support system for global development and cooperation.