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

### **"Global Perspectives: The North/South Imbalance" by Timothy A. Wise**

"The proliferation of ... international treaties and negotiations has meant an inevitable loss of national sovereignty. Governments across the world must understand that for global cooperation on such issues to continue, this loss of sovereignty has to be shared by all countries. Cooperation cannot be sustained in a situation where some countries are expected to sacrifice their sovereignty, while others use their economic might to preserve their autonomy."

-Anil Agarwal, et al., *Statement of Shared Concern*<sup>1</sup>

In recent years, world leaders have engaged in an unprecedented series of international negotiations on a variety of environmental issues, including climate change, hazardous waste, biodiversity, and ozone depletion. Many of these negotiations have broken down over tensions between the industrialized North and the less developed South. While Northern representatives cite planetary concerns and shared responsibilities, their Southern counterparts respond that they, too, have the right to development, and that the Northern societies whose over-consumption is destroying the environment have to take major responsibility for cleaning up the mess.

North-South tensions are rooted in the historic power imbalance between North and South. This, of course, is strongly related to the history of colonialism, and it is expressed today in the wealth disparities between Northern developed countries and the nations of the global South, the vast majority still in varying states of underdevelopment. In seeking paths toward sustainable human and economic development, this imbalance remains a formidable obstacle.

This essay examines the North-South imbalance from a variety of perspectives. After tracing the Southern origins of some prominent schools of development thought, it looks at global inequality with particular attention to the persistence of developing-country debt as an unsustainable South-North drain on resources. The essay then turns to contemporary issues, starting with the most explosive North-South environmental issue to date: the population-consumption debate. After sampling other controversies, such as that over biodiversity, it concludes with an analysis of global negotiations over environmental issues. It finds reason for hope that pressure from grassroots constituencies in both the North and the South can move government negotiators beyond gridlock.

## THE “OBJECT” OF DEVELOPMENT

“Scarcely twenty years were enough to make a billion people define themselves as underdeveloped.” (Ivan Illich, 1981)

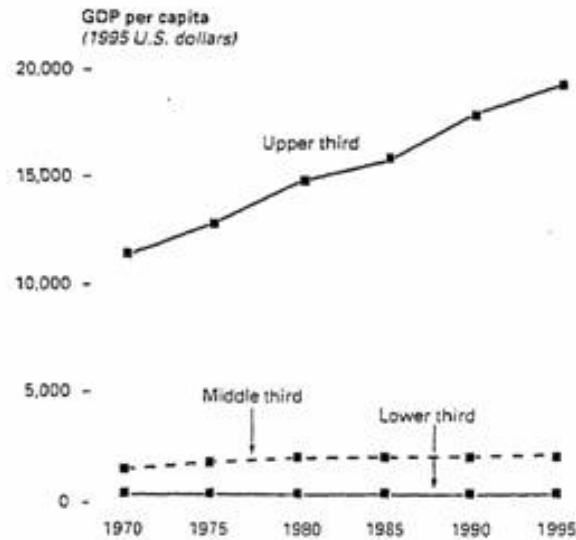
“They train you to be paralyzed, then they sell you crutches.” (Eduardo Galeano, 1993)

Development theory came into the world with both a subject and an object. As is often the case, the subject was also its creator – the industrialized world. As is also common, the creator theorized a world in its own image, a world in which non-industrialized countries, many emerging from colonialism, needed only to emulate their former colonial masters in order to industrialize, raise standards of living, and join the ranks of the “developed.” Such development would be achieved through the global expansion of the market and through actions by the industrialized countries aimed at those countries deemed “underdeveloped.” The declarative sentence was complete: The industrialized would develop the underdeveloped.

Not surprisingly, not all those deemed underdeveloped accepted their assigned lot in the development process, and alternative theories of development soon followed. Common to them all was their grasp of one central feature of international economic development: the penetration of market relations and industrialization into non-capitalist or pre-industrial societies will often produce economic processes quite different from those seen in the places where market relations and industrialization are more advanced. Put more simply, being first is a tremendous advantage when it comes to capitalist development, a fact that significantly limits the choices open to those who follow.

While this seems a truism even to the most casual observer of international affairs, it is a contentious assertion within the field of economics. Mainstream economics has stood fast by policies that assume that countries and regions will develop and prosper only if they allow market forces to determine their comparative advantages in the international marketplace and if they resist the temptations to steer their economies in other directions or regulate the development process through state intervention. Standard economic theories, in fact, would predict that poor countries grow faster than rich ones (World Bank, 2000: 14).

There can be little doubt that the vast benefits of economic growth have accrued mainly to the North. World income inequalities have been rising steadily for nearly two centuries; by one estimate the ratio of per capita GDP for the richest and poorest countries in the world grew from 3-1 in 1820 to 72-1 in 1992 (UNDP, 1999: 38). While there are countries like Japan and S. Korea that have significantly caught up through their development processes, many more have lagged behind, and the poorest countries have stagnated. Since 1970 the wealthiest third of the world’s countries showed dramatic growth while the middle and lower thirds exhibited little or no income growth (see Figure III.1), leaving the poorest third with per capita incomes just 1.9% that of the wealthiest third (World Bank, 2000: 14).



**Figure III.1. Incomes of Rich and Poor Countries Continue to Diverge.**  
*Source: The World Bank, World Development Indicators, 1999.*

Mainstream development theory rests on a number of inaccuracies, particularly in relation to the role of the state. The history of capitalist development in what are now called the developed countries was characterized not by free markets but generally by active state intervention, protection of nascent industries through tariffs, and military action, where necessary, to protect or expand market access for national firms. Moreover, there is ample evidence to suggest that today's developing countries require even more active state intervention, including protectionist measures, if they are to clear any of the additional hurdles placed in their paths by development processes that have come before. (See the overview essay in Section 9 for a brief review of this literature, as well as the summary of Amsden, 1992, in the same section.)

When decolonization following World War II produced not a convergence in economic development but greater disparities between industrialized countries and the developing world, theorists from the global South emerged to assert alternative theories. **Philip Porter and Eric Sheppard**, in an article summarized in this section, trace the evolution of those theories. They identify two distinct phases. The first, led by Raul Prebisch, Celso Furtado, Andre Gunder Frank, Samir Amin, Dadabhai Naoroji, and others, came to be known as "dependency theory." It held that countries and peoples on the "periphery" of world capitalism were being actively "underdeveloped" by their structural relationship to "core" interests, which extracted resources for their own enrichment. The second, grounded in post-modernism, rejected the entire concept of development as a First World construct. Its leading theorists, such as Arturo Escobar, V.Y. Mudimbe, Edward Said, and Vandana Shiva, likened First World development theory to destructive logging practices, eliminating diversity of indigenous thought and practice just as logging exterminates species of tropical hardwood.

While Porter and Sheppard present a remarkably comprehensive overview of dissident theories, they can offer only a schematic picture of the wide range of current development

thinking. Bhalla (1995), for example, examines the concept of “uneven development” with particular reference to India and China, studying unevenness in the form of unbalanced growth in the composition of industries, the urban and industrial bias in relation to rural agriculture, and unequal international terms of trade. Bruton (1998) calls for a reconsideration of what he sees as an oversimplified choice between the failures of import substitution and the promise of outward economic orientation.

### **THIRD WORLD DEBT: A LIEN ON PROGRESS**

“If the Amazon is the lungs of the world, then the debt is its pneumonia.” (Luis Agnacio da Silva, Brazilian labor leader and presidential candidate, cited in George, 1992)

The Third World debt crisis largely faded from view in the 1990s. This reflected not an amelioration of the debt problems facing many Third World countries but the resolution of the crisis facing First World banks. Creditors’ problems were at least temporarily solved thanks to a generous dose of liquidity from the IMF and other international lenders and significant restructuring of repayment schedules, bolstered by new loans to bring some of the nonperforming loans out of arrears. The packages involved little actual forgiveness of debt, but rather a stretching out of the debt burden over a longer period of time.

In fact, between 1990 and 1997 total external debt in low- and middle-income countries increased over 50%, from \$1.5 trillion to \$2.3 trillion (World Bank, 2000). During that same time period, developing countries paid out more in debt service than they received in new loans, a \$77 billion transfer of wealth from South to North.<sup>2</sup>

Only at century’s end did debt come back onto the public radar screen, this time because of an unprecedented international campaign for debt relief under the banner “Jubilee 2000.” Citing the biblical principle of “jubilee” – debt cancellation to allow new beginnings – the campaign called for massive debt forgiveness for the world’s poorest countries. The campaign posed the issue as a matter of sustainable development: “The debt burden inhibits the social and economic development that is needed to lift people out of poverty.” (Jubilee 2000/USA, 1998) The campaign called for cancellation of external debt for 52 highly indebted poor countries, which in 1996 had \$370 billion in outstanding debt -- \$377 per person in countries with per capita incomes of just \$425.<sup>3</sup>

There has been remarkably little academic research on the debt issue in recent years, with the exception of occasional case studies. This is unfortunate, given the enormity of the burden on many impoverished countries. Figure III.2 shows the extent of that burden on seven heavily indebted countries. As the figures show, debt service payments, which often do little to reduce outstanding principal, continue to sap remarkably large portions of government budgets. Because public investment is needed to address both environmental and social issues, the debt burden in many countries may represent the largest obstacle to the adoption of sustainable practices. In many countries, governments devote a larger share of their budgets to debt service payments than they do to education or health care (Jubilee 2000/USA, 1998: 2). Because debt

repayments must be in hard currency, they also reduce countries' capacity to import needed goods.



Figure III.2. Government Spending on Foreign Debt and Social Services (selected countries, 1995).

Source: *New Internationalist*, May 1999, based on data from the World Bank, World Development Report 1998-99.

There are additional ways in which debt is unsustainable. Debt restructuring generally comes with a package of structural reforms mandated by international creditors, which contribute to poverty and reduce the government's ability to respond to the needs and desires of its citizens. Susan George (1992) has linked high debt burdens to rates of deforestation, as structural adjustment programs put added pressure on fragile ecosystems by encouraging destructive extractive industries and forcing impoverished farmers onto more marginal lands. (See the summarized article by David Reed in Part 7 for a discussion of structural adjustment programs and sustainability). High levels of indebtedness have also been shown to deter foreign direct investment. Over the long term, debt represents a significant form of wealth extraction from the South by the North.

From the creditors' perspective, the main issue seems to be not sustainable development but sustained loan payments. (A popular Brazilian refrain of the 1980s stated that Brazil had borrowed \$100 billion, repaid \$100 billion, and still owed \$100 billion.) The concrete proposals for debt forgiveness, espoused by major international lending institutions such as the Highly Indebted Poor Country Initiative, call not for a new beginning but the reduction of debt to a "sustainable" level. Interestingly, their definition of sustainable debt is 20-25% of export earnings, a figure more than double the ratio applied to Germany after World War II.<sup>4</sup>

## THE POPULATION-CONSUMPTION CONTROVERSY

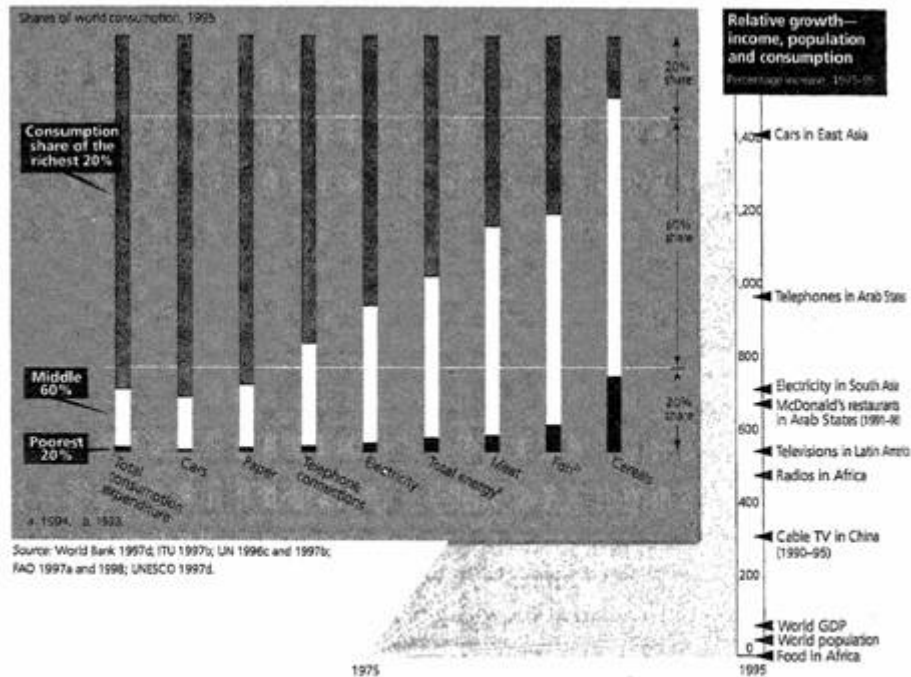
"Consumption clearly contributes to human development when it enlarges the capabilities of people without adversely affecting the well-being of others, when it is as fair to future generations as to the present ones, when it respects the carrying capacity of the planet and when it encourages the emergence of lively and creative communities." (*Human Development Report*, 1998: 38)

No issue suffuses North-South debates on the environment more than the controversy over which constitutes the greater threat to the global environment, Northern over-consumption or high population growth rates in the South. While people on both sides generally acknowledge that both issues need attention if we are to move toward sustainability, in matters of international negotiation the divide often undercuts needed consensus.

On one side, Northern negotiators warn that the underlying cause of many urgent environmental problems – from deforestation to toxic waste, from climate change to soil depletion – is the growing pressure of large and rising Southern populations on scarce resources. Though they often acknowledge the role of Northern consumption in environmental degradation, they argue that any constraints on growth or consumption – such as limitations on greenhouse gas emissions – must be shared by those in the South, whose numbers are far greater.

Southerners often respond by invoking the “polluter pays” principle – that those who made the mess are responsible for cleaning it up. They note that Northern consumption and production have generated the vast majority of lasting damage to the planet. And they insist on the “right to development” – the right of their populations, long excluded from the benefits of growth, to many of the same privileges Northerners take for granted. Why should China give up tapping its massive reserves of coal for electrification simply because the United States has already done so, in the process creating the environmental problem all are now supposed to solve? (For an overview of the relatively recent assertion of the “right to development” see Nanda, 1993.) While they too will acknowledge that population control is a worthy goal, they assert that it can only come with economic development.

Part IV of this book examines the population issue in more detail. Here we seek to examine the North-South consumption imbalance and its implications. The starting point must be an acknowledgment that there are two distinct consumption problems: over-consumption, largely in the North, and under-consumption, largely in the South. While those in the global North are consuming the lion’s share of the earth’s resources, over one-fifth of the world’s people are in desperate need of increased consumption to survive. As Part II showed, 1.2 billion people live on less than one dollar per day; half the world’s people live on less than two dollars a day. Figure III.3 illustrates the disparities in world consumption between the rich and the poor. The richest 20% account for 86% of global consumption, while the poorest 20% account for only 1.3%. Only in the case of cereals, a food less desired in the diets of the well-off, is there anything close to parity in direct consumption levels, and even this is misleading, as Northern meat consumption indirectly consumes large quantities of cereals in the form of feed grains (Harris, 1996).



**Figure III.3. Rapid Consumption Growth for Some, Stagnation for Others, Inequality for all—with Mounting Environmental Costs.**  
*Source:* World Bank 1997d; ITU 1997b; UN 1996c and 1997b; FAO 1997a and 1998; UNESCO 1997d.

Massoud Karshenas (1994) goes so far as to introduce a new concept of sustainable development that distinguishes between environmental problems associated with high incomes and advanced technology and those related to underdevelopment and technological stagnation. He notes that in the latter case, increasing consumption can often reduce environmental destruction. Others stress the importance of distinguishing between those in the South who can consume at will – generally the small minority – and those who are largely excluded from consumption – often the overwhelming majority (Camacho, 1998). Parikh (1996) concurs, arguing that Northern consumption is clearly “the driving force of economic stress” and that there will be significant environmental benefits to increasing consumption among the world’s poorest people. Among them is the well-noted tendency for population growth rates to decline with increases in economic security. Hammond (1998) notes that many of the raw materials needed to feed Northern appetites, such as metals, are disproportionately located in the South, and this is where the greatest environmental damage is often done.

Nathan Keyfitz (1998), like many writers on the subject, acknowledges the need both to reduce population growth in the South and to alter consumption patterns, not just in the North but also in the aspirations of those in the South for high-consumption lifestyles. Alan Durning, one of the leading advocates of reductions in consumerism, points out both the hypocrisy and impracticality of demanding reductions in consumption in poor countries. “Limiting the consumer life-style to those who have already attained it is not politically possible, morally defensible, or ecologically sufficient.” (Durning, 1994, 46)

As Julka puts it, we face a clear choice between “marketism and sustainable development.” “The market has been lauded as an engine of economic growth, the motivator of production. We know that production is meant to be a process of satisfying wants. But if in the process of production, a single satisfied want entails scores of unsatisfied wants, the process has a built-in accelerator. And, to the extent that production ultimately draws from nature, increasing production implies greater and greater demands on nature. The questions of resource exhaustion and ecological disruption would then be inescapable.” (Julka, 1997: 47)

Juliet Schor (1991) has pointed out that reductions in Northern consumption need not mean reductions in the quality of life. If productivity growth were channeled into shorter working hours instead of increased consumption, there could be a distinct improvement in both the quality of life and the impact of Northern lifestyles on the environment. (See the second volume in the Frontiers series, *The Consumer Society* by Goodwin, et al., 1995, for a more complete discussion of the consumption issue.)

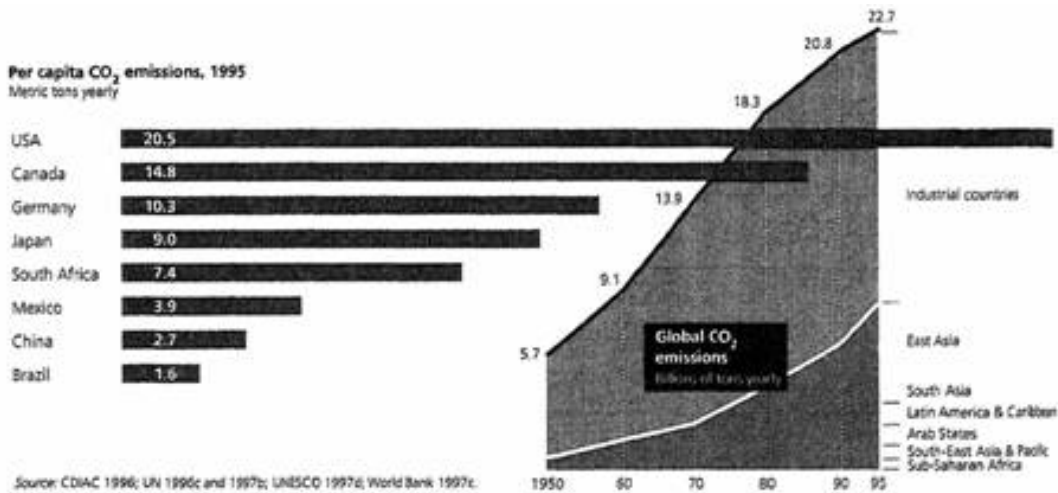
To be sure, there are many who still argue that there is no need to place limits on consumption in the North. Vincent and Panayotou, for example, state: “The root cause of environmental degradation is not the level of consumption, but rather market and policy failures that cause consumers and producers to ignore the full social costs of their decisions.” (1997: 56) They urge continued economic and political liberalization combined with policy reform to reduce the environmental impacts of consumption. They argue that continued advances in technology will outpace resource depletion, particularly if externalities can be incorporated into pricing structures.

Two of the articles summarized in this chapter address the population-consumption issue as it relates to climate change. As Figure III.4 shows, there is little doubt that industrial countries, especially the United States, contribute a disproportionate share of the carbon emissions that contributes to global climate change.

**Atiq Rahman** directly challenges the “population myth,” offering a detailed critique of the formulation first advanced by Paul Ehrlich in *The Population Bomb* that environmental impact is the product of population growth, consumption, and technology. He uses the case of climate change to show that such formulas oversimplify by treating environmental degradation as a simple result of population growth rather than the product of complex qualitative processes.

**Agarwal and Narain**, of the India-based Center for Science and the Environment, offer their own critique of a much-publicized World Resources Institute study that assigned greater blame for global warming to Third World countries. The authors assert that WRI misused available data in such a way as to overstate the contributions to global warming from Third World rice cultivation and livestock programs, which produce methane, and deforestation, which is a sink for carbon dioxide.





**Figure III.4. Per Capita CO<sub>2</sub> Emissions, 1995.**  
 Source: CDIAC 1996; UN 1996c and 1997b; UNESCO 1997d; World Bank 1997c.

## OTHER NORTH-SOUTH FAULT LINES

“Few of the brave words spoken in Rio have been translated into action. It remains to be seen whether the negotiations in the future can take into account the interests of the poor – their rights and entitlements, their knowledge, the environmental space they need for future growth, the resources they provide for the world economy, and the issues that concern them here and now.”  
 (Anil Agarwal, et al., *Statement of Shared Concern*, 1999)<sup>5</sup>

Climate change, of course, is not the only area in which there have been discordant international negotiations over environmental issues. North-South disagreements have derailed or significantly hampered negotiations over hazardous waste, biodiversity, ozone depletion, and world trade. **Alain Lipietz**, in an article summarized here, tries to deconstruct some of those negotiations to identify ways in which the North-South divide might be bridged. He draws an interesting parallel, likening the present conflicts over the “global commons” to the European “enclosure movement” of the 14-16th centuries. Much as peasants then were excluded from the land, he sees current efforts at “global enclosure” threatening to exclude some nations and peoples from some aspects of modernity. The biodiversity treaty negotiated in Rio de Janeiro, for example, represented a compromise acceptable to Northern and Southern elites, but effectively excluded indigenous peoples in failing to acknowledge their historic role as the “gardeners of biodiversity.”

Lipietz argues for categories that go beyond North and South, pointing out that one needs to be clear who is most threatened by the environmental problem, who is most responsible, and who will be required to make the greatest sacrifices to resolve it. He notes that in early climate change negotiations there were signs of an alliance between what he calls the “Do Something North” – Japan and Northern European countries that are technologically advanced and comparatively moderate emitters of greenhouse gases – and the “Do Something South” –

Bangladesh, India, and others who see themselves as the first victims of global warming and/or are such low emitters that any agreement would be unlikely to impinge on their development options. In the end, agreement was prevented by a “Do Nothing” bloc led by the United States, as the heaviest emitter, and some of the more rapidly industrializing developing countries, which wanted no constraints on their development. Despite the failure to achieve an implementable agreement, Lipietz sees signs of hope for breaking the traditional deadlock between Northern and Southern governments.

Interestingly, there is also reason for hope coming from some of the more critical Southern analysts. Many argue that negotiated compromises between governments violate fundamental principles of ecology and social justice. **Vandana Shiva** presents such a critique of international attempts to address issues of biodiversity. She argues that much of the planet’s remaining biodiversity resides in the South, yet plans to preserve remaining genetic material rely not on the native populations that have nurtured such living wealth but on corporations, which demand the right to patent such life forms in order to save them. While it may seem ecological to declare the South’s biodiversity “the common heritage of mankind,” as some intellectual-property proposals assert, this effectively steals the South’s accumulated biological wealth for the benefit of Northern corporations. She explains that this is not only unjust, it ignores evolutionary biological processes and thus will fail in the long run to preserve biodiversity.

**Wolfgang Sachs** makes a similar point about global environmental negotiations in general, linking the issue to economic development strategies. Current attention to sustainable development, he argues, represents an attempt to better manage development, primarily through technology, rather than an acknowledgment of the urgent need to redefine goals and reapportion power. Within the existing paradigm, negotiations become battles over who gets to exploit nature and how, when they should be concerned with redefining the goals of development and humanity’s relationship to nature. UNCED, Sachs states, was a “technical effort to keep development afloat against the drift of plunder and pollution” rather than a “cultural effort to shake off the hegemony of aging Western values and gradually retire from the development race.” (245)

A similar warning comes from the India-based Center for Science and the Environment (Agarwal, et al., 1999). They examine each of the major environmental negotiations in an attempt to demystify the politics of the environment. They argue the case for going beyond the positions of Northern and Southern governments, relying instead on the growing constituencies in Northern and Southern nations calling for sustainable practices. There is indeed the basis for a strong alliance between Northerners concerned about the environment and non-governmental organizations in the South that articulate a comprehensive vision of sustainability, one that embraces both ecological protection and social development. For such an alliance to blossom, however, it is clear that Northerners will need to acknowledge responsibility for the ecological cost of their own lifestyles as well as the urgent needs of others.

## Notes

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1. From the “Statement of Shared Concern,” issued in conjunction with the release of *Global Environmental Governance* by the Center for Science and the Environment. The statement is signed by 73 prominent researchers, policy-makers, and representatives of civil society organizations from the North and South. It is available on the CSE web site: <http://www.oneworld.org/cse/html/eyou/genlsoc.htm>.
  2. Figures are from a May 1999 special issue of *New Internationalist* magazine focused on debt. Data comes from the World Bank web site: <http://worldbank.org> or *World Development Report 1998/9*.
  3. Ibid.
  4. Ibid.
  5. From “Statement of Shared Concern,” [see note 1].