

Sustainable Development: Conventional versus emergent alternative wisdom

DAVID C. KORTEN¹

ABSTRACT *To open the Dialogue section of Volume 48, we start with two pieces by David C. Korten, a leading 'alternative' writer. The first was written in 1993 to present his then current thoughts on the conventional and alternative wisdom on sustainable development. That most of its arguments remain relevant nearly twelve years later is a useful reminder of how little the basic frame of the sustainable development debate has changed during this period. The second is his reflection on the piece written for this journal issue. He shares his own history and emerging vision as he explores, with others, the possibilities and problems of alternative thinking for diverse economies in theory and practice for today and the future.*

KEYWORDS *sustainable development; structural adjustment; environment; equality; global civil society; neo-liberalism; development alternatives*

Introduction

An important starting point in any discussion of sustainable development is to clarify the basic assumptions we each bring to the table. While the views on sustainable development cover a broad spectrum, the following contrast of the conventional wisdom and the emergent alternative wisdom on this subject helps to define the range. Most of the economists, governments and official agencies (including the World Bank, IMF, and the GATT) that define national and global policies profess the conventional wisdom. A growing number of alternative economists, independent thinkers, and citizen organizations concerned with economic justice and environmental issues are engaged in articulating and elaborating the alternative wisdom as the foundation for policies they hope will prove to be more people and environment friendly. Which best captures your view of sustainable development?

Sustainable development

Conventional: Sustainable development is about achieving the sustained economic growth needed to meet human needs, improve living standards, and provide the financial resources that make environmental protection possible.

Alternative: Little of the growth of the past 20 years has improved the quality of human life. Most of the benefit has gone to the very wealthy and the remainder has been offset by the costs of resource depletion, social stress, and environmental health and other problems caused by growth. Sustainable development is about creating: (1) sustainable economies that equitably meet human needs without extracting resource inputs or expelling wastes in excess of the environment's regenerative capacity; and (2) sustainable human institutions that assure both security and opportunity for social, intellectual, and spiritual growth.

Sustainable lifestyles

Conventional: Adopting less resource intensive lifestyles means going backwards, accepting a lowered standard of living. Given the current trend toward declining rates of population growth, any apparent limits to growth will be eliminated by continuing technological advance and the operation of market mechanisms. Responding to ill-advised calls to end growth is not necessary and would be a tragic error condemning billions of people to perpetual poverty.

Alternative: Consumption of environmental resources already exceeds sustainable limits. The central task of development must be to reallocate the use of sustainable resource flows. This will require that current high consumers significantly reduce their per capita resource consumption. This may reduce their standard of living as defined purely by physical consumption, but it also offers opportunities for an improved *quality* of personal, family, and community life. Necessary reductions can be accomplished in part by reforming production systems to maximize recycling and minimize dependence on inputs from and waste disposal to the environment. Some nonessential forms of consumption may need to be eliminated.

Helping poor countries become sustainable

Conventional: Once poor countries are on the path to sustainable growth an expanding

economic pie will allow them to address a wide range of needs, including environmental protection and the elimination of poverty. Achieving sustainable growth in the South depends on accelerating economic growth in the North to spur demand for southern exports and thus stimulate southern economies. Of course, if it is to fully benefit the South, accelerated growth in the North must be combined with the removal of trade barriers and increases in foreign investment and foreign aid – including environmental lending.

Alternative: Environmental problems are in large part a consequence of northern countries exporting their ecological deficits to the South through trade and investment. The appropriation of environmental resources and sinks to service northern overconsumption limits the per capita shares of these resources available in southern countries to meet domestic needs and pushes the economically weak to marginal ecological areas. Much of existing foreign aid, loans and investment, create southern economies that are deeply in debt to the North and dependent on the continuing import of Northern technology and products. This creates demands for ever greater foreign exchange earnings that can be obtained only through further depletion and export of environmental resources to finance imports, debt service and repatriation of profits by foreign investors. Sustainable development in poor countries depends on: (1) increasing the availability, accessibility, and quality of sustainable natural resource flows to meet the basic human needs of their own people; and (2) the political, institutional, and technical capacity to use their resources efficiently and sustainably and to distribute the benefits equitably among all members of current and future generations. Northern countries best contribute to achieving this outcome in southern countries by: (1) limiting their own consumption to reduce northern dependence on environmental subsidies extracted from the South and release resources for use by the poor to meet their basic needs; and (2) facilitating unrestricted southern access to socially and environmentally beneficial technologies.

Responsibility for environmental problems

Conventional: Poverty is the primary cause of environmental problems. Because of lack of education and economic opportunities, the poor have too many children and lack the sensitivity and resources to provide the care for their environment that wealthier people and countries do. Environmental quality is a low priority among people whose survival is in question. They will become concerned about and invest in environmental conservation only once a certain level of income is attained. Stimulating economic growth to increase employment opportunities and incomes must be the foundation of environmental protection. (There is not a clear alternative consensus. Alternative I is the more prevalent among alternative thinkers, particularly in the South.)

Alternative I: The overconsumption of Northern countries is the problem. Therefore, *Northern* population growth is an issue because of the substantial consumption each additional Northerner adds. The poor consume very little so their numbers are not environmentally important and Southern population growth is not a consequential issue.

Alternative II: Inequality is the fundamental cause of environmental problems. Because of their much greater relative power in a market economy, the wealthy are able to pass on the social and ecological costs of their overconsumption to the poor. Since the poor are the first to suffer from environmental degradation, they are in many localities becoming leading advocates of more environmentally responsible resource management practices. Where poverty appears to be the cause of environmental destruction, it is usually because the poor have been deprived of other means of livelihood and thus have been pushed in desperation to over exploit environmentally fragile lands. Often their lack of any other source of security creates an incentive to have many children. Eliminating inequality by distributing resource control more equitably is a fundamental condition for sustainability.

Population

Conventional: Population will stabilize naturally at somewhere between 12 and 15 billion people. While this will create some strains, with adequate economic growth it should not be a consequential problem.

Alternative: In the absence of radical economic reforms intended to rapidly accelerate reductions in fertility by increasing equity, social security, and investment in female education, female livelihood opportunities, health, and family planning services, the global population will be naturally stabilized well below twelve billion by catastrophic events as social and ecological stress result in mass starvation and violence. Given current dependence on the depletion of nonrenewable ecological reserves to maintain current levels of consumption, it is doubtful that even the world's current population is truly sustainable if minimum acceptable levels of consumption are to be maintained.

Economic management goals

Conventional: The primary goal of economic policy is to maximize the efficient allocation of financial resources by maximizing returns to financial capital.

Alternative: There are three basic goals that economic policy must seek to optimize. In order of relative importance, these are: a scale of resource use consistent with ecological regenerative capacities, a fair distribution of resources, and maximum efficiency in the allocation of natural resources to meet human needs. Efficient market allocation requires the internalization of *all* costs of production, including the social and environmental costs.

Jobs

Conventional: Jobs are created through economic growth.

Alternative: We have entered an era of jobless growth in which technology and reorganization

Development 48(1): Dialogue

are eliminating good jobs faster than growth is creating them. The new jobs being created are often low paying, temporary, and without benefits – creating an underlying sense of insecurity throughout society that deeply stresses the social fabric. Furthermore, many of the jobs provided by the conventional economy are based on unsustainable rates of resource extraction and are therefore temporary in nature. We must begin to think in terms of providing people with sustainable livelihoods based on sustainable production for sustainable markets to support sustainable lifestyles. There is a great deal of useful, environmentally friendly work that needs to be done that could readily eliminate involuntary unemployment if we chose to fund it. Furthermore, in most instances sustainable production methods and technologies provide more livelihood opportunities than do their more resource extravagant alternatives.

Trade and the environment

Conventional: Free (unregulated) trade increases economic efficiency through comparative advantage. Economic efficiency means better use of resources, which is environmentally advantageous. Increased trade also increases overall economic growth, thereby producing the financial resources needed for environmental protection. The greater the volume of trade, the greater is the benefit to the environment.

Alternative: Trade is useful where gains from comparative advantage are real. More than half of all international trade involves exchanges of the same goods (wine for wine or cars for cars), which suggests there is little or no comparative advantage involved. To be fair and economically efficient, trade must be carried out within a clear framework of rules that: (1) internalize total costs (production, social and environmental costs, including the full costs of transport); and (2) maintain balanced trade relations. *Free* (unregulated) trade leads to competition between localities for jobs by suppressing wages and allowing maximum externalization of environmental, social, and even production costs – which is both ineffi-

cient and highly damaging to the environment and to social standards.

Markets and governments

Conventional: Markets allocate resources most efficiently when there is the least government interference. Consumers express their preferences through their purchasing decisions, with the consequence that in the aggregate the market reflects the value preferences of the society as to how scarce resources are best allocated. When governments intervene they distort the price signals and allocative efficiency is reduced. In performing most any given function, markets tend to be more efficient than governments. Therefore, it is desirable to privatize functions wherever possible, while providing incentives to private investors to create jobs and increase foreign exchange earnings.

Alternative: The market is an essential institution in any workable economic allocation system. However, by its nature, the market reflects only the preferences for private goods of those who have money. Without the intervention of government and a vigilant civil society, a free (unregulated) market takes no account of optimal scale or of the needs of those without money, neglects essential needs for public goods, externalizes a significant portion of real production costs, and tends toward monopoly control of allocation decisions by the market's winners. When conventional wisdom calls for *incentives* for private investors, it is in fact calling for *subsidies* that commonly take the form of agreeing to let firms increase their private gain by transferring a larger portion of their production costs to the public. To achieve social justice and environmental sustainability, government must intervene to set a framework that assures full costs are internalized, competition is maintained, benefits are justly distributed, and necessary public goods are provided. A vigilant and vigorous civil society is required to assure the accountability of both government and market to the public interest and to provide leadership in advancing social innovation.

Scientific foundations

Conventional: The conventional wisdom is grounded in accepted theory that has stood the test of time and been validated by extensive historical observation and measurement.

Alternative: The conventional wisdom represents an ideology, not a science, and largely contradicts

both the theoretical foundations of market economics and empirical experience – which contrary to the claims of the conventional wisdom strongly favours the alternative wisdom. Indeed, the conventional wisdom may itself be the single greatest barrier we face to progress toward sustainability.

Notes

1 Originally prepared for the Office of Technology Assessment, United States Congress, Washington, DC, November 1993.

Reflection on Competing Wisdoms

DAVID C. KORTEN

ABSTRACT *In 1993, David C. Korten contrasted the key elements of an emergent alternative wisdom on sustainable development that was then emerging from a global citizen dialogue with the conventional wisdom of mainstream economists and the institutions of what we now know as the Washington consensus. Disregarding evidence that policies grounded in the conventional wisdom are devastating the environment and increasing the gap between the super rich and the desperately poor, the alternative wisdom has not gained a consequential foothold within the establishment even to this day. The alternative wisdom has, however, given birth to Ecological Economics as a new economics discipline and to global civil society as an increasingly powerful social force that is beginning to align global politics behind a new social and environmental vision.*

KEYWORDS *sustainable development; Washington Consensus; trade agreements; global civil society; inequality; empire; economic alternatives*

Introduction

I originally wrote 'Sustainable Development: Conventional versus Emergent Alternative Wisdom' in November 1993 as a technical report for a consultancy with the Office of Technology Assess-

ment (OTA) of the US Congress.¹ I had all but forgotten about the piece when Wendy Harcourt asked my permission a few months ago to reprint it in *Development* and invited me to write a reflective commentary to provide historical context.

Development (2005) 48(1), 69–74. doi:10.1057/palgrave.development.1100126