THE TWO FACES OF ASIA

WHAT IS HAPPENING IN ASIA?

In his introduction to State of the World 1991, Lester Brown makes the insightful observation that there are two very different prevailing views of our world. One is the world of money, international investment, high technology, supermarkets, modern media, jet travel and transnational corporations. This world is populated by people who read the financial pages, follow the stock market and regularly watch CNN - society's political and economic power holders. They may be troubled by fluctuating oil prices and Third World debt, but from their vantage point, things are going fairly well and the future looks bright. They look forward to new technologies to resolve the environmental problem and open new investment opportunities in the process. The inhabitants of this world expect these and other technologies to open a new era of universal prosperity.

The other is the world of ecology. It is a world of deteriorating soils, disappearing forests, climatic and hydrological disruption, and accumulating poisons. The reality of this world is most directly experienced by people who lack sufficient resources to insulate themselves against the consequences of ecological disasters: the slum dwellers without adequate water and sanitation facilities, the small fisherfolk whose coastal fisheries yield a declining catch, the farmers whose lands produce less each year, the people whose communities host hazardous waste dumps, the agricultural laborer who is gradually being poisoned by insecticides, and the internal refugees of Bangladesh who have nowhere else to go except to the coastal flood plains and islands that are regularly swept bare by raging typhoons.

It is the world of the poor and powerless who, pressed to the margins of the ecology, struggle for survival in the midst of growing social violence and environmental degradation. It is a world of limits, growing social tension and conflict, broken families, homeless children, and despair. The number of people who live in this world is growing rapidly, the gap between the poor and the fortunate few of the financial world is also growing, and the poor see the future as increasingly bleak. People whose consciousness is shaped by their awareness of this world generally conclude that technology alone can not resolve the crisis in the absence of fundamental social and institutional change.

Unfortunately for us all, the second world is the real world, the physical world, the living world of soil, air, water, plants, animals, and people. The power of the first world is built on and sustained by an insubstantial abstraction - small bits of paper and electronic trades called money that flow instantaneously around the world between computer data banks. One day the world will realize that there is not one among us who can eat, drink or breathe money.

No region of the world reveals more starkly the contrasting reality of these two worlds, the gap between them, than does Asia. There are literally two Asias, existing side by side.

One is Asia, home of the world's most populous and rapidly growing markets, the world's most sophisticated and popular consumer technology, and the world's most widely-touted miracle economies. A region rich in resources and low-cost labor, the booming investment frontier of transnational capital.

Asia is also home of the majority of the world's desperately poor, a region on a collision course between exploding populations and disintegrating ecosystems, a region torn by armed conflict and religious and ethnic tensions.

The phenomenon of poverty has overshadowed all other development issues in Asia. Asia has more than half of the estimated 1.1 billion poor people in the world. Studies show that two-thirds of the world's poor live in rural Asia. And that the relative weight of the poor among the total rural population has been increasing in the majority of the developing countries of Asia. The Asian experience shows that a high GNP is not necessarily correlated with the reduction of poverty. Ironically, the current development experience - instituted by governments, business, and international financial agencies - has had an adverse impact on the cultural, social and political fabric of Asian rural communities. The overall effects are increasing poverty, worsening violence and unabated ecological degradation.

Yet, it is also in Asia where examples of enormous quantitative and qualitative change in economy and society can be found. As a case in point, Japan's development from an agricultural to an industrial, then to a post-industrial society took place over a short period of time (within the span of 100 years) and given very little space.

Only 2.3 percent of the total world population resides on the land of Japan, which represents about 0.3 percent of the world's total land area. However, 20 percent of the total shipping volume of the global ocean cargo passes through Japan. About 700 million tons of imports enter the country each year while exports are estimated at 70 million. What is shipped in terms of raw materials and other resources inevitably waste. In 1985, for instance, Japan generated 300 million tons of waste. Japan's waste management records in 1989 showed that it recycled about one-third of its waste and incinerated another one-third but left the remainder undisposed.

Japan is an affluent society that is dependent on the resource base, mostly rural and agricultural, of its neighbors. Philippine, Indonesian and Malaysian timber have found their way into Japan since the 1960s. Japan accounts for 40 percent of the total annual world trade in shrimps. Shrimp farming is detrimental to the natural mangrove environment and to many fishing villages of the Asian region. The large Japanese ecological footprint - soil erosion, siltation of waterways and the coastal areas, loss of biodiversity, and loss of the traditional sources of food, medicine and shelter material - have left deep impressions on countries stripped of forest covers.

Typical of a modern society, Japan is being maintained through the consumption of great amounts of commodities to keep the production system going. Similar to the rest of the world's agricultural lands, Japanese farms are like big junkies, conditioned to need ever-larger doses of petrochemical inputs. Mass production, mass consumption and massive waste are part of a lethal loop that will ultimately cause the collapse of the resource base and render false all claims to sustainability. Japan has become a case in point, cited by converts and critics alike, of the current economic development paradigm.

WHAT IS THE PROBLEM?

The current economic development paradigm pursued by governments, business and international financial institutions has failed to address the basic issues of unemployment, poverty and malnutrition and is unlikely to live up to its claim of sustainability. It is an economic paradigm that has failed to benefit the poor, two-thirds of whom live in the rural areas.

This economic paradigm is directly responsible for the creation of the following negative features that can now be found in all Asian societies and is responsible for the poverty of the majority:

1. Monopoly control and ownership of productive natural resources by the economically powerful, resulting in the concentration of local and national decision-making in the elite;
2. Decreasing livelihood opportunities in the rural areas due to the failure of the Green Revolution with its emphasis on high-input agriculture, leading to an increasing rate of rural-urban migration;
3. Deterioration of Asian community values as citizens of the South indiscriminately embrace western culture and lifestyle;
4. Failure of market forces to provide for the basic needs of poor communities; and,
5. Imposition of an inappropriate development agenda by international financial institutions

resulting in overexploitation of natural and human resources to repay debts.

We shall now examine each of these features and their effects on the poor of Asian countries.

❑ Monopoly Control and Ownership of Productive Resources

Surveying the ecological plunder unleashed by every society that aspired to economic progress, one can only speculate that nature and wealth-seeking humans can not peacefully co-exist. Especially in recent years, man's relentless pursuit of economic growth has unfailingly been accompanied by remorseless pillage of the environment.

Elites as super resource-lords. The concentration of economic and political control in the hands of the elite has enabled these groups to appropriate much of the natural wealth of their and other countries through the monopoly powers of the corporations and the state. Instead of enhancing the productivity of available resources, elites have set themselves up as a super resource-lord, extracting "economic rents" that lead to resource expropriation and overexploitation of natural resources and cheap labor-power.

Driven by need, groups in marginal sectors of less developed countries have themselves fallen upon an already-beleaguered environment, taking as much as they can get, but much more than nature can bear. This, together with the systematic - and infinitely larger-scale - plunder done in the name of economic growth, has sent the planet to the brink of total collapse. In what amounts to a war of attrition, modern men and women are destroying the very world on which their survival depends, while nature - pushed to the limits of endurance - is fighting back by dying.

At the same time, ecological resources, which serve as the economic base from which the impoverished majority generate meager earnings, are increasingly being degraded and depleted. The consequences are evident everywhere around us. Pollutants in the earth's atmosphere are thinning the ozone layer and threatening massive climate changes, such as drought and periodic flash floods. The soils that produce food are gradually being degraded while the world's per capita food production has been falling. Fish yields are declining, forests are disappearing and garbage is accumulating. These are evidenced in dwindling fuelwood supplies and increased numbers of dried-up wells, polluted rivers, farms turning into wastelands, and empty fishing grounds.

Environmental degradation in Asia. For countries in Asia, the major environmental threats are deforestation, desertification and damage to the genetic and aquatic environment. In Indonesia, a forest fire that raged for six months destroyed 3.5 million hectares of forest land. Some 10,000 square kilometers of watersheds in Nepal are now devoid of vegetation showing signs of desertification. In Pakistan, over 17 million acres of agricultural land are water-logged. Some 6,000 million tons of fertile top soil are lost annually in India. Mangrove forests in the Philippines have decreased by 50 percent in over 12 years. And in Thailand, the total forested area has declined from 53 percent to 31 percent in just two decades.

In short, the few who exercise monopoly control over natural resources are forcing the whole of humanity to expand beyond its ecological niche. Ironically, governments which are set up as the sole authority in matters pertaining to natural resource management, have become among the biggest stumbling blocks to the protection and regeneration of natural resources. In most instances, governments do not acknowledge the capacity nor the right of local people's organizations to manage and control their own resources. As a result, governments have become a kind of overlord, holding monopoly rights to their country's natural wealth.

One day, the world will realize that there is not one among us who can eat, drink or breathe money.

In Thailand, for instance, "the Royal Forestry Department (RFD) considers all forests its property, to be utilized and exploited as it sees fit." For many years, it earned windfall profits from extensive logging operations and cash crop cultivation on clear-cut land. When the forests were depleted, the RFD clamped down with a nationwide logging ban and declared the remaining forested areas as reservations. As many as 250,000 peasant households are expected to be evicted from their homes to make way for the RFD's new source of income -- large-scale eucalyptus tree cultivation and paper pulp operations. In Pakistan, where government inefficiency has failed to stem the loss of irrigation water, the government has done little to mobilize the communities to make the necessary improvements on the watercourses.

When governments appear to make concessions to people's demand for local control, their interventions have often proved to be inappropriate. In Bangladesh, upazilas working to regenerate their sal forest have been largely left alone by the forestry department in spite of opposition from government-protected timber traders in the area. On the other hand, the government refused to enter into any benefit-sharing arrangement with the upazilas. The lack of tenurial security has fostered a sense of uncertainty among the participating groups and discouraged others from undertaking similar initiatives elsewhere. Meanwhile, in Sri Lanka, there are at least 40 statutes dealing directly with environmental conservation, and as many as 60 others indirectly related to this purpose. The poor implementation of these laws, however, has resulted in inadequate protection for the environment.

Security of land tenure is a basic precondition of sustainable land resource use. In many countries in Asia, one of the most formidable tasks is to dismantle monopoly control of privately-owned land. In the Philippines, for instance, of the ten million Filipinos comprising the agricultural labor force, only 15% are owner-cultivators while 85% have no control over the land they till. With the double cost-price squeeze, the lack of credit facilities and perpetual indebtedness, poverty has become endemic to farming.

Elite interests hinder the sustainable use of natural resources in other ways. Local people's organizations engaged in agroforestry constantly run up against companies engaged in the illegal lumber trade; communities working to preserve and replant their mangrove forests are turned back by operators of aquaculture farms; fisherfolk disciplining their ranks against overfishing and the use of destructive fishing methods watch helplessly as trawlers and dynamiters sweep the bottoms clean.

<u>Government complicity</u>. These larcenous attacks on local resources are not unknown to the government; government officials sanction it in exchange for a portion of the booty. In Sharanpur, India, poor people who depend on Bhabbar grass to make rope have been all but cut off from their supply by a forest policy under which a major part of the Bhabbar harvest is sold to paper mills at much lower prices. In the Bhagalpur district of Bihar, a high court ruled in favor of two waterlords controlling an 80-kilometer stretch of a river in spite of laws abolishing the waterlord system and to the detriment of many fisherfolk.

In Indonesia, 35 hectares of land being cultivated by farmers of Rarahan kampung were selected by the provincial government for conversion into a golf course. In Paikpara, Bangladesh, local landlords and timber traders dispatched mercenaries to terrorize a group of villagers protecting the forests from lumber pilferage. This act of harassment was done with the tacit consent of local government officials.

Government's complicity in these illegal acts legitimizes big-time environmental theft and discourages marginalized people from making further painful sacrifices in the name of sustainability.

❑ *The Failure of Green Revolution Agriculture*

Food used to be a simple affair: what you needed, you grew; what was left over, you bartered for something else. Later, when food began to be traded, the matter became less straightforward: what you didn't need, you grew anyway, and what you really needed, you bought. Today, food has become far more complex: in many developed countries, tons of food are grown - but not to be eaten.

In the USA and Europe, farmers grow enormous amounts of fruits, cereals and vegetables, then burn most of it to keep prices from falling. For the same reason, US ranchers have been known to slaughter hundreds of heads of livestock, only to bury the carcasses in huge pits, their meat untouched. Food has become not only a commodity to be hoarded, but a weapon to be stockpiled. This has contributed to the current worldwide crisis in agriculture.

Misplaced faith in Green Revolution Agriculture. In the struggle to feed millions of people adequately, Asian governments have increasingly adopted high-yield, high-input agriculture systems practiced in the West. Economists, bureaucrats and multinational corporations have promoted the widespread use of hybrid seeds, chemical inputs and pesticides.

And yet, mounting evidence collected over the last few decades points to the fact that Third World confidence in high-yield, variety-based agriculture may have been cruelly misplaced. After experiencing dramatic increases in yields, Asian farmers soon realized that they needed ever-increasing doses of chemical fertilizers to maintain the same harvest levels since these very same chemicals reduce the soil's nutritive capacity. The introduction of highly toxic pesticides also brought collateral damage - killing beneficial organisms, polluting vital drinking water supplies and impairing human health.

Asian farmers have been affected in other ways: (i) the Western model of high-yield agriculture has necessitated larger-scale farming, and (ii) the lure of fast-track economic gain enticed entrepreneurs to replace household food crops with high-value cash crops for export. These have served to drive away growing numbers of the rural poor population from their lands and reduced the already-meager food on their tables. Consumers have not been spared as chemicals have found their way up the food chain. Fast-foods have replaced traditional food; cultures and nutrition have been sacrificed for commerce.

Initially, the Green Revolution was hailed as the program that would solve the problems of low productivity and hunger and move the world towards the goal of food security. Instead of enhancing food security, however, the program has clearly accomplished the opposite. The benefits of the Green Revolution have not been realized by the rural poor who have remained poor, if not become poorer.

Continuing decline in soil fertility. After years of heavy use of chemical fertilizers, the soil's fertility has declined. Progressively more fertilizer had to be applied to obtain the same farm yields. The effects of pesticides were even more sinister. Beneficial insects and organisms, which help control the proliferation of destructive pests, were needlessly exterminated while the offending insects soon became immune to the toxic chemicals. With the monocropped fields providing an ideal breeding ground for the pesticide-resistant insects, crops became even more vulnerable to infestation despite increasing applications of pesticides.

Intensive use of agrochemicals has also caused varying degrees of soil erosion. About 8.1 million hectares of Philippine croplands are eroded; of this, only 5.8 million hectares are still considered to be suitable for cultivation. In Thailand, 39 million rai (over a quarter of total agricultural land) suffer from severe to very severe erosion. India's problem is just as serious: 6,000 tons of precious topsoil are lost every year to erosion, and with it, an estimated 5.37 million tons of chemical fertilizers. Meanwhile, the new seed's huge demand for water has resulted in waterlogging, increased soil salinity and, in extreme cases, desertification.

The sustainability of agriculture as a means of livelihood for thousands of small farmers is in serious doubt under the HYV (high-yielding varieties) regime. After almost three decades of the Green Revolution, Asian farmers have become poorer than ever. With yields falling and production costs rising, the "miracle seeds" have become a millstone around the necks of small farmers and tenants struggling to keep afloat in a sea of debt.

In Isan in Northern Thailand, the poorest region of the country, up to 85% of the population earn less than they need to survive; hence, about two million of them leave homes each year during the dry season to find work elsewhere. In the Philippines, half of the rural families earn incomes below the poverty level and two-thirds of them are undernourished. In Sri Lanka, a country believed to have a large smallholder sector, the majority of the rural population now work as wage earners in plantations and export crop farms or in public works and housing construction projects. Their wages have fallen so low while their numbers have increased so much that the poverty of the sector has been cited to explain the magnitude of poverty as a whole.

Genetic erosion. Part of the price that we have paid for the Green Revolution is the cost of extinction. Within the few years of its adoption in the Third World, the Green Revolution has decimated scores of indigenous crop varieties and rare plant breeds that have evolved over thousands of years, and which represent the life's work of many generations of Third World Farmers. For example, only 10 of the 5,000 indigenous rice varieties grown in Thailand before the introduction of HYVs can still be found in the country. The many wild and locally-developed varieties of durian, bananas, mangoes and other fruits have disappeared as have hundreds of medicinal plants. The same is true in the Philippines and Sri Lanka where only a few remain of the almost 3,000 rice varieties that existed before the Green Revolution.

The implications of this genetic erosion on the future of agriculture in Asia and the rest of the world can not be over-emphasized. When we talk about traditional varieties and rare breeds disappearing, we are talking about extinction. Sometimes, the very genes that plant breeders may need now, or a hundred years from now, to rescue a crop from disease or adapt the crop to new human needs. The loss of genetic diversity limits the evolution and development of agricultural crops. It narrows and eliminates options for the future.

❑ *Development as Purely Business Enterprise*

Growth-led development. The growth-led development vision defines progress almost entirely in terms of the economic value of production output. Since poverty is seen merely to be a result of inadequate economic growth, proponents of growth-led development focus their efforts almost exclusively on enlarging the economic pie, leaving the distribution of benefits to unseen market forces.

The relentless pursuit of economic growth and the unhampered intrusion of capital into investment areas have uprooted people from their livelihood and communities. There has been a breakdown in community life as traditional bonds are replaced by consumerist values. People have become increasingly alienated from their spiritual connection to nature and community. The process has set people apart from nature and legitimized the view that humanity has not only the right but also the obligation to exploit nature's bounty.

The growth paradigm is rooted in the institution of money, which has created a powerful illusion that everything has a price. As such, most people today no longer produce anything to satisfy their own needs. Practically everything people want must be bought, and everything people produce must be sold. Work becomes a chore that is paid, rather than an expression of creativity or as community service.

GNP as the measure of development. Current economics is based on the performance of business enterprises. The aggregation of business activities is treated as the basis of a country's development and measured by a national accounting system known as the gross national product (GNP). However, GNP as measure of development has been found to be inappropriate for Asian countries. For example:

1. The measurement of business-enterprise economics relates only to the formal sector. This means that subsistence production, household labor, sidewalk vending and similar unrecorded activities - in short, those activities on which most of the world's poor depend for their livelihood - are excluded from GNP accounting.

2. Business entities do not internalize the social and environmental costs of their production activities. GNP takes no account of the loss of environmental resources or the deterioration of the education level of the workforce over time. It only looks at the financial and economic side of human activity and focuses mainly on the generation or loss of income by the enterprise. This fails to consider the effects of economic activities on the welfare of the environment and society.

Friends of the Earth-Netherlands (FOE-N) is engaged in calculating the sustainable levels of various kinds of resource use on a global scale. FOE-N divides available resources by present and future population estimates to arrive at the equitable per capita share of the ecosystem that is the birthright of every human being. The concept of per capita share is a powerful way of thinking about what sustainability means on a resource-scarce world. When the rich overconsume, they are depriving others of the means to meet their basic needs. When either rich or poor breed beyond the replacement rate, they are reducing the per capita share of the resources that are potentially available to each individual. Both overconsumption and overpopulation can be traced to the dynamics of alienation.

<u>*Alienation*</u>. The behavior of both rich and poor exacerbate the sustainability crisis: the rich by their overconsumption of resources beyond what the ecosystem can sustain; the poor by having large families that increase the number of human claims that future generations will make against whatever resources remain. Each is responding to the alienation process in terms of their own experience and the opportunities available to them. Overconsumption is symptomatic of the alienation of the wealthy as excess fertility is symptomatic of the alienation of the poor.

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The wealthy seek to fill their social and spiritual emptiness by consuming the material goods that advertisers claim will provide them with a sense of identity, empowerment, popularity and meaning. The poor seek to reduce the overwhelming sense of insecurity created by loss of community and rights to ecological space by having children, the one thing that they can call their own and the only prospective source of care in their hour of need.

<u>*Transnational corporations*</u>. The business corporation is a curious creature. Under the law, it has a legal personality with rights, privileges, assets and liabilities apart from those of its human members. The corporation is rapidly surpassing government as society's most powerful instrument for wealth accumulation and concentration of economic power. Through this artificial persona, a few individuals, acting in the capacity of directors and managers, invoke that persona's right of private property to exercise control over huge numbers of financial credits belonging to thousands or even millions of other individuals.

A lifeless legal persona that exists beyond the reach of the nation state, the transnational corporation represents the ultimate accumulation and alienation of economic power from obligation to place or community - the ultimate triumph of money over spirit. Because these corporations have vast financial resources to favor politicians and the media and their financial success figures prominently in GNP accounting, their well-being enjoys disproportionate favor when governments formulate their economic policies.

The transnational banks are the purest and most advanced expression of the separation of economic power from any human or natural reality. They operate in a world constructed almost solely of numbers and electronics to facilitate the movement of financial credits to wherever they have the greatest opportunity to replicate themselves without regard for social or ecological consequences.

Homogenizing cultures. The corporation also has another alienating role. In its drive for economic efficiency, it has homogenized cultures through the use of mass media to create mass markets for the products of mass production. This homogenization inevitably weakens the sources of connections and means that people enjoy by participating in a distinctive culture.

Globalization of the economy facilitates both the concentration of unaccountable economic power in the institutions of transnational capital and the homogenization of cultures. These are the central processes of an economics of alienation and a major source of the spiritual alienation that underlies unsustainability.

Both capitalism and socialism embraced the growth-centered vision.

As markets become globalized, the homogenization process becomes similarly globalized. The same drive for efficiency and market expansion pushes the corporation to demand the homogenization of labor, environmental and other standards to their lowest common denominator, ostensibly to strengthen international competitiveness and create a level playing field but actually, to simplify corporate activities allowing the global standardization of its operations.

❑ *An Inappropriate Development Paradigm*

In 1944, the allied nations led by the United States and Britain created the "twin sister" institutions of the World Bank (WB) and the International Monetary Fund (IMF) in response to the devastation caused by World War II. The WB was established to provide assistance to its member-governments in rebuilding their war-devastated economies. The IMF, on the other hand, was charged with the responsibility of fostering stability and security in the global monetary system. In short, the WB and the IMF became the primary global ministers of post-war reconstruction and development.

The WB agencies, together with the regional development banks - i.e., , Asian Development Bank, Inter-American Development Bank, African Development Bank, European Bank for Reconstruction and Development - comprise the multilateral development bank (MDB) system.

As trade among countries expanded, the production of goods became increasingly specialized: components and raw materials from one country were shipped to other countries for assembly and processing then returned to their country of origin or re-exported elsewhere. This led to the creation of international mechanisms promoting trade among countries -- the International Trade Organization (ITO) and the General Agreement on Tariffs and Trade (GATT).

WB Influence on Third World development. Whenever a Third World Country applies for a loan from the World Bank, the latter demands certain conditionalities for compliance by the borrower. In most instances, these conditionalities have adverse effects on the poor. The so-called "Letter of Intent," which contains the list of actions to be adhered to by the government, is purposely withheld from the public to prevent popular opposition during implementation.

In 1980 the WB initiated Structural Adjustment Loans (SALs) to Third World countries; SALs have accounted for about 25 percent of the Bank's lending operations. Though Structural Adjustment Programs (SAPs) introduced by the IMF and WB differ slightly from country to country, these typically involve three types of broad policies:

1. *Expenditure-reducing policies,* or those aimed at removing the country's external and internal deficits by reducing domestic spending (e.g., wage control, reduction in government spending, reduction in the amount of credit made available to the public);

2. Expenditure-switching policies focused at changing the basic structure of the economy by shifting the country's economic resources from "non-tradeable goods and services" (e.g., subsistence crops or public services like health and education) towards export commodities; and

3. Institutional policy reforms, which are generally outward-oriented and aimed at achieving efficiency (e.g., trade liberalization, privatization and fiscal reform).

Through these programs, the IMF and WB have been able to remold a country's economy and administrative processes to conform to their economic and political agenda. Many government development programs financed by international assistance agencies, tend to assist people in urban areas more than those in the rural areas. Hence, the continuing disparity between the rural and urban sectors. This has widened the gap between the rich and the poor, preserving the dualistic economy.

Similarly, Multilateral Finance Institutions (MFIs) exert increasing influence over society, to the point of reducing people's countervailing power to control them. There is too much planning from the center, tending to assist mainly the urban areas. Hence, the outer regions, i.e., the rural areas, surrounding the capital receive less support and resources.

With the end of the Cold War in the early 1990s, MDBs became perhaps the most potent inter-governmental institutions influencing Third World development, putting greater intervention over governance processes of low-income borrower countries. MDBs have shaped the directions of public spending and borrowing, often requiring developing member countries (DMCs) to modify their domestic policies and priorities. Substantial amounts of the national budget of DMCs have been allocated for debt repayments to the North, leaving these countries with fewer resources to finance their national development. Further, the intrusion of foreigners in the local economy through economic privatization and global market integration, has weakened the people's control over their resources.

National governments conforming to the conditionalities of these institutions have isolated communities by increasing state power while decreasing people's participation. This has led to increasing poverty among the rural populace, further erosion of the natural resource base, greater food insecurity and the loss of indigenous culture and identity. Women are especially affected in their traditional capacities as food producers, health care givers, home workers and community managers. Governments have also engaged in questionable activities in the name of public interest. Among others, these include national security arrangements and defense and multilateral agreements.

General Agreement on Tariffs and Trade. A case in point is the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) that has marched triumphantly throughout Asia, clinching ratification in one country after another.

While GATT proponents claim that it is the best thing that has ever happened to Asia's economy, the GATT agricultural regime, far from being benign in its effects, is likely to sweep the Asian countryside like a typhoon, transforming it in ways more destructive than constructive. Among other things, it will mean the end of food self-sufficiency, even at the level of rural communities. It will frustrate aspirations for food security that seek to minimize dependence on food imports. It will usher in closer integration of Asian agriculture, including the food crop sector, into the global market where prosperity or bankruptcy will be determined by impersonal market forces and by how well Asian farmers adopt their production to the narrow criteria of "efficiency" and profitability.

The GATT regime is likely to deal the death blow to the South Korean agricultural system, which has long been subjected to strong bilateral pressures to liberalize from the United States. GATT comes on the heels of three decades of U.S. agricultural penetration through such programs as Public Law (PL) 480, which is a massive grain dumping program masquerading as a foreign aid program. The lower prices triggered by these imports discouraged domestic production and led to the drop in the food self-sufficiency ratio from 27 percent in 1965 to 6 percent in 1983 for wheat; from 36 percent to 2.7 percent for corn; and from 100 percent to 25.7 percent for beans.

Korea is now the third largest importer of U.S. agricultural products, with imports rising to $5 billion by the end of 1991 from only $1.8 billion in 1986. Under GATT, Korea is faced with no less than the disintegration of the rice-farming household. This is no exaggeration for the 92 percent of the agricultural work force which derives more than half of its income from producing rice that costs seven times more than foreign rice.

A similar crisis in agriculture is likely to occur in the Philippines where 16 percent of the labor force continues to work on the land. Even before GATT came to the Philippines, technocrats had diagnosed that the main problem of Philippine agriculture was its highly protected character and believed that the path to dynamism lay in eliminating protection, deregulating markets, and reducing the weight of traditional crops like rice and corn, which employ the bulk of rural producers. The Department of Agriculture, for instance, has sought to take 2 million out of the total 3.5 million hectares of land from rice production to raising cattle. Other proposals called for export-oriented, high-value added agriculture, such as cutflowers, asparagus and similar crops.

This view clashed directly with most farming groups who pointed out that one of the greatest disincentives to production was the depression of the price of agricultural goods relative to manufactured goods. Moreover, investments in agricultural infrastructure, extension and research and development had been negligible. Finally, land reform, one of the most effective incentives for efficient production, had been systematically derailed despite the fact that the Philippines had more land reform laws than most other countries.

When GATT came, the proponents of agricultural modernization made glowing pronouncements that ratification of the World Trade Organization (WTO) agreement would result in the creation of 500,000 jobs annually in agriculture. Pressed for specifics, the proponents pointed to the cultivation of high-value crops such as cutflowers and asparagus for export.

It was not difficult for GATT critics to prove that these assertions were unrealistic. To be competitive in high-value crops, they pointed out, one needs years of investment in research and development. Moreover, these crops were still in an embryonic state in the Philippines, with only a handful of cutflower producers being prepared for the export market. Also, the labor absorption capacity of high-value crops is much lower than traditional field crops so that higher agricultural production rates may in fact be accompanied by increased rural unemployment and underemployment.

The GATT agricultural regime, in short, perpetuates state-subsidized American and European domination of the world agricultural trade while abolishing what little subsidies and protective mechanisms there are for Asian agriculture. The consequence is that the USA and the European Union will be able to preserve agricultural systems permanently geared to overproduction by institutionalizing their ability to subsidize their own markets and, at the same time, dump around a third of their total cereal production on world markets. As then U.S. Secretary of Agriculture John Block stated at the outset of the Uruguay Round in 1986: "The idea that developing countries should feed themselves is an anachronism from a bygone era. They could better ensure their food security by relying on U.S. agricultural products which are available, oftentimes, at lower cost."

CONCLUSION: The Fallacy of the Growth-Centered Development Vision

For decades, the great development debate was defined in terms of a choice between capitalism and socialism. However, more salient to our current world is the competition between the dominant growth-centered development paradigm and the emerging vision of people-centered development.

Indeed, both capitalism and socialism embraced the growth-centered vision. In their core economic philosophy, they differed primarily in terms of whether they favored the corporation or the state as owner of the means of production, and the market or the planner as the allocator of production's resources and bounty. In the end, each assessed its performance by the growth of its economic output.

Though to different degrees and with significant differences in their productive output, both ideologies and economic systems destroyed community and environment, alienated the individual, and catered to privilege.

The growth-centered development vision is largely the creation of economic theorists. In its pure form, it defines development and national progress almost entirely in terms of growth in a single indicator -- the economic value of productive output. The attention of economic managers is focused on the budgets of government and the production, sales, and investments of formal market sector enterprises - with special attention to transactions that flow through international markets.

While each ideology has its distinctive beliefs as to why the opposing system fails to eradicate poverty, both generally attribute persistent poverty among their own citizens to inadequate economic growth resulting from inadequate capital investment. Each economic system is so confident of the efficacy of its own distribution mechanisms that neither gives significant attention to the impediments these pose to economic justice - even while criticizing those of its competitor. Along with capital and technology, people are viewed as one input to the production-driven growth process. People's participation is defined by their roles as laborers and consumers.

Under the capitalist system, the market defines the choices available to people and sets the boundaries of their participation. For the poor, participation of any kind depends on the extent to which the market makes suitable and adequately remunerated jobs available. Those who lack jobs or other sources of financial income are excluded from any recognized form of participation.

In the classical logic of the growth-centered development vision, expenditures for education, health and other social services are treated as consumption, in contrast to expenditures for "productive" investments such as roads, factories and irrigation systems. Even under the now widely-accepted revisionist theory of "growth-with-equity," social service expenditures are expected to justify themselves on the basis of their contributions to future production - not their inherent contributions to human well-being.

Current wisdom among capitalist theorists dictate that growth objectives are best served by removing constraints to the international flow of trade and investment and by orienting domestic economies to production for export. Popularly known as export-led growth strategies, the favored package of policy prescriptions assume that the larger the flow of goods and capital through international markets, the greater the well-being of the world's people.

Natural resources in growth-centered production systems are valued according to their extraction costs and no adjustment is made in national income accounting for their depletion. This practice leads to the anomaly that the faster nonrenewable resource stocks are drawn down and consumed, the better off people are. Furthermore, since no distinction is made among different uses of economic output, the depletion of oil reserves to finance a repressive regime may be counted as a greater contribution to national well-being than the production of food, clothing and housing for those who need it simply because the former is likely to generate greater economic activity.

It has become an article of faith among most policy makers and the general public that economic growth is the key to universal prosperity and to solving nearly all social problems. Growth creates jobs for the poor and taxes for government. Growth creates the surplus needed to clean up the environment, replant forests and control crime and violence. Many people accept the growth agenda as valid and therefore hold government accountable for the performance of the national economy.

The fact that a view is widely held does not, however, make it true. According to the Worldwatch Institute, the annual global economic product has increased by four times since 1950. This means that, on the average, in each of the past four decades, the world has increased total annual output by an amount equal to that achieved from the beginning of human civilization until 1950. Yet during this same forty-year period, we have seen continued increases in the numbers of absolute poor, in environmental destruction and in crime and other forms of violence.

Economic growth in itself has not eliminated these problems. Indeed, there is reason to believe that a distorted emphasis on increasing economic output has made an important contribution to these crises and, if continued, is likely to deepen them.

The presumed connection between economic growth and improved human well-being depends at the most basic level on the assumption that this growth reflects an increase in per person output and consumption. This depends on increases in productivity, which generally are achieved by substituting capital, energy and raw materials for labor, i.e., by increasing the ratio of capital and materials to labor per unit of output. This substitution process means that the same output can be produced by an ever smaller number of people, potentially resulting in the layoff of workers.

Unless overall demand in the economy induces increases in capital investment at a rate sufficient to absorb this surplus labor, unemployment will result. Unemployment means a loss of demand and the generation of savings required for new investment, creating downward pressures in the economy. Staying even is not a possibility in a competitive economy. Individual firms under competitive pressures have no choice but to seek improvements in productivity. If they don't, their competitors will drive them out of the market.

Constant growth becomes an imperative, independent of whether it contributes to meeting real human needs, and it has become government's responsibility to see that this growth is achieved.

In nature, only cancers grow without limit - until they kill their host. That is exactly what the cancer of economic growth is doing. Increasing capital intensity has resulted in more intensive use of energy and materials and greater emission of wastes into an environment already overburdened with them. The whole system becomes increasingly vulnerable to price shocks and requires greater expenditures simply to mitigate the effects of growth itself on the environment and human health. One assessment of the US economy that factors out such defensive expenditures concludes that though the per capita GNP nearly doubled between 1970 and 1990, there was little, if any, improvement in human well-being during that period.

Staying even is not a possibility in a competitive economy.

Countries that lack sufficient domestic savings to meet the capital investment required to continue increasing productivity with full employment face special problems. If they meet these requirements through foreign borrowing, every increase in capital investment creates a new claim by foreigners on their future output. Future savings must then be devoted to debt repayment rather than to new capital investment.

Unless future savings expand at a sufficient rate to meet both debt servicing and capital investment demands, the only way to avoid throwing the economy into a downward spiral is to accelerate foreign borrowing or the sale of environmental resources primarily to foreign capital. However, neither of these fiscal strategies are actual solutions and only delay the day of reckoning.

As the demand on government to improve economic performance becomes greater, its control over national economic affairs becomes more tenuous. The current trend is towards greater integration of national economies into a single global economy. According to the prevailing free market wisdom, removal of all barriers to the free flow of trade and capital increases economic efficiency and maximizes economic growth in the global system. However, the closer that countries move towards the ideal of open borders, the less control they have over their own economies and the more their fortunes become dependent on an international economy governed by market forces and the unregulated maneuvers of transnational corporations.

To be competitive in their efforts to attract the capital from global financial markets that is required to keep their labor employed, governments find they must keep labor costs (wages and benefits), taxes, and environmental regulations to a minimum, and maintain costly infrastructure services through public borrowing. Thus, the bargaining power of labor and the state relative to capital declines sharply, and the state's ability to act in response to the justified demands of citizens about deteriorating conditions is seriously eroded. After all, any increases in production costs to private investors will send capital fleeing to countries offering more favorable terms.

Transnational corporations, international investors, and high-income consumers benefit from this arrangement. The state, however, is emasculated as the environment belongs to the highest bidder and the numbers of unemployed grow, with resulting increases in social unrest.

The related breakdown of family and community ties also means that more and more of the responsibility for meeting social needs once met by these institutions is being shifted to the state, thus escalating demands for government-funded services. On all fronts, the state finds itself in a tightening fiscal bind. And, as a consequence of the growing ability of transnational corporations to avoid taxes through bookkeeping transactions and new international agreements that dramatically reduce taxes on foreign trade, many states find themselves deprived of essential tax revenues at a time when budgetary demands are growing exponentially. This puts governments in a straitjacket as they seek frantically to increase revenues from borrowings or the sale of natural resources to meet short-term deficits through means that mortgage the futures of the next generation of citizens.

While the foregoing are simplistic and partial explanations for highly complex and poorly understood systemic dynamics, they point up profound changes in our global context that invalidate much conventional economic logic and demand a search for new frameworks for economic and development policy. They also suggest some of the reasons why it is imperative that we undertake a basic rethinking of our approach to improving human welfare in line with a people-centered vision that strengthens the problem-solving role of the citizenry, seeks a balanced relationship with environmental resources, returns the control of the economy to people and strengthens the voice of the community in economic decision-making.■