

**DEVELOPMENT
ESSENTIALS**



THE MYTH OF DEVELOPMENT

Non-viable Economies and the Crisis of Civilization

OSWALDO DE RIVERO

About the author

Oswaldo de Rivero is a Diplomat, Ambassador (retired) with the Foreign Service of Peru. He has served in London, Moscow, Geneva and New York; as Peru's Permanent Representative to the World Trade Organization (WTO), to the United Nations Offices in Geneva and New York and on the United Nations Security Council. He has written numerous essays and articles in *Le Monde Diplomatique*, *The UNESCO Courier*, as well as the written press in Geneva and Latin America.

THE MYTH OF DEVELOPMENT
Non-Viable Economies and the
Crisis of Civilization

Second edition

Oswaldo de Rivero

Translated by Claudia Encinas and Janet Herrick Encinas

ZED

The Myth of Development: Non-Viable Economies and the Crisis of Civilization, second edition, was first published in 2010 by Zed Books Ltd, The Foundry, 17 Oval Way, London SE11 5RR, UK

The first edition, *The Myth of Development: Non-Viable Economies of the 21st Century*, was first published in 2001 and the second edition in 2010

www.zedbooks.co.uk

Copyright © Oswaldo de Rivero 2010 and 2019

Translation copyright © Zed Books

The right of Oswaldo de Rivero to be identified as the author of this work has been asserted by him in accordance with the Copyright, Designs and Patents Act, 1988

Typeset by KnowledgeWorks Global Ltd., Chennai, India

Index by Rohan Bolton, Rohan.Indexing@gmail.com

Cover designed by Kika Sroka-Miller

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying or otherwise, without the prior permission of Zed Books Ltd.

A catalogue record for this book is available from the British Library

ISBN 978-1-78699-760-9 hb

ISBN 978-1-78699-761-6 pb

ISBN 978-1-78699-762-3 ePub

ISBN 978-1-78699-763-0 PDF

ISBN 978-1-78699-764-7 Mobi

Printed and bound by CPI Group (UK) Ltd, Croydon, CR0 4YY



to Penelope

Contents

Preface 2019 | viii

Introduction | 1

Excerpt from the Introduction to the First Edition, 2001 | 4

1 The Twilight of the Nation-State 6

2 Global Empowerment and National Impoverishment . . 28

3 International Darwinism 51

4 The Search for El Dorado 71

5 Human and Natural Depredation 92

6 The Crisis of the California Model. 121

Notes | 148

Select Bibliography | 152

Index | 156

Preface to *The Myth of Development*, 2019

Oswaldo de Rivero

After more than sixty years of development theories and policies, only two city states, Singapore and Hong Kong, and two nation states, South Korea and Taiwan, are considered to have moved from “developing” to “developed”. Today, the only nation state that is in a rapid process of unsustainable development is China.

Owing to climate change, today more than ever, development is a myth, because all countries (developed as well the so-called, erroneously, “developing countries”) are mired in a crisis of civilization.

This crisis of civilization is due to the fact that all countries in the world are in a process of unsustainable urbanization, following what I have called the “California model”. This consists of an urban expansion, as has happened in California, using fossil fuels that emit millions of tons of CO₂ to the atmosphere, adding to global warming. Furthermore, this urban expansion destroys agricultural land and diverts water resources intended for farming to the ever-expanding urban centers.

Today, the Californian model of urban expansion is, to a lesser or greater degree, the global paradigm of urbanization and civilization. All the world’s cities expand by pouring cement; by destroying agricultural lands and biodiversity; by insatiably devouring water, food and petroleum; and by turning the private automobile with its combustion engine into the transport king, spewing into the atmosphere tons of CO₂ and other greenhouse gases, polluting the air and compounding global warming.

The year 2010 will be remembered as historic for humankind: for the first time since the Neolithic Era began, more than 50 per cent of the planet's population were living in cities. In the year 2050, the planet will be super-urbanized, with more than 80 per cent of its inhabitants living in sixty megalopolises and hundreds of cities of roughly 1 million inhabitants each. The greater part of this planetary urbanization is occurring in the underdeveloped countries. Thus the cities of Latin America, the Middle East, Asia and Africa are expanding, like those of California, over agricultural lands and forests, consuming the water that should be used for food production, clogging their streets with automobile traffic and its pollution and adding more CO₂ and other greenhouse gases to those already accumulated in the atmosphere since the industrial revolutions of the developed countries.

According to United Nations statistics, urban expansion in the underdeveloped countries is adding half a million people per week to their cities. By 2020, the population of the underdeveloped countries will have reached 6 billion, the great majority of whom will be living in cities. Such a mass of humanity will consume millions of liters of water, tons of food and incalculable amounts of energy. Following the present trend, these vital resources will be ever more limited and expensive. At that point, what I call a physical-social imbalance will emerge between the available supplies of water, food and energy on one hand, and the poor countries' burgeoning urban populations on the other.

The world today has many cultures but only one civilization: the global urban California model that is present to some degree in all countries. This urban civilization model has reached a crisis: so far, due to ethical, political or technological factors, it has been incapable of solving two problems that are fundamental for its sustained existence. First, it has been unable to substitute its dirty fossil fuels, such as coal, petroleum and gas, causing the threat of global warming. Second, it cannot change its consumption patterns, plundering the earth's resources and converting it into a gigantic garbage dump.

A great many economists and politicians do not realize that the present crisis afflicting the world is a crisis of civilization. It is a

crisis of the style of urban life – consumerist, free spending, environmentally unsustainable – of the California model, which has ended in unstoppable global warming.

However, it is very common today to hear the concept of “sustainable development” recommended as a panacea to solve this civilization’s crisis. In fact, the proposed “sustainable development” is an oxymoron, since development cannot be sustainable, because, today, not even a combination of many renewable energies could replace the daily requirement for 90 million barrels of petroleum to generate the 320 billion kilowatt-hours that produce the \$60 trillion worth of goods and services of the global economy. Currently, more than 75 per cent of the energy used globally is in the form of petroleum, coal and gas. At present, our civilization is still far from capable of living without these polluting energies.

The only renewable energy source that is totally clean and perpetual, and could replace petroleum and coal, is hydrogen fusion. Achieving this energy would be like finding the holy grail of lasting, clean energy, or like the energy of the sun being produced on the earth, with no danger of radioactivity. Fusion energy is still a project that needs vast research and development as well as billions of dollars. The experts believe that it would take another twenty years of research to make it feasible.

In any case, if we are to escape the crisis of our civilization, it is urgent that we continue developing more efficient and less costly sources of renewable energy, not only because global warming must be stopped, but also because the petroleum that moves the global economy at present is not infinite. Studies and the opinions of qualified experts agree that the world’s reserves of petroleum are running out; its production has already reached its peak and will begin its inexorable decline within fifteen years.

Nevertheless, it is not sufficient to change energy use patterns with a view to overcoming our civilization’s crisis. We must also begin to change our patterns of consumption, which are polluting our cities, oceans and rivers, destroying biodiversity and the forests and converting the planet into a gigantic garbage dump. What would happen if the 5 billion inhabitants of the poor countries consumed as much as the Californians? According to Professor

Jared Diamond, this would be equivalent to a world population of 72 billion inhabitants – a mass that the earth could not sustain. We would have to buy ourselves another planet.

While scientists agree that our consumption patterns must change, no one has the magic formula. Change in our consumption implies, above all, an ethical change. We need an ethical renaissance to modify our hostile relationship with our planet, and that is a tall order. It cannot be achieved overnight. In any case, history teaches us that *Homo sapiens* changes not through virtue, but through fear or suffering in the face of great threats or tragedies which endanger human existence. This could occur when we are confronted with recurrent environmental catastrophes.

By the year 2050, the planet will have 10 billion inhabitants, most of them city-dwellers. If by that date we have not changed the pattern of our energy use or of our consumption of food and water, the planet will be a hostile place for humanity. In any event, if we fail to adapt and our species disappears one day, cosmologically nothing will happen. The earth will continue to orbit the sun, carrying various millions of animal and plant species which will have outlived humankind, because this is not our planet's crisis but our own.

Introduction

Since the Industrial Revolution and the emergence of the modern nation-state in Europe and the United States, more than 194 nation-states have been born, most of them in Latin America, Asia, the Middle East, Africa and Oceania. A type of historical 'law of diminishing returns of the possibilities of national viability' has accompanied this proliferation across the years. In reality, the majority of the nation-states that arose in the nineteenth century, such as those in Latin America, and nearly all the new nation-states formed in the twentieth century, such as the Asian and African countries, over half a century or more later could better be considered as unfinished national projects that do not develop. They are quasi nation-states.

Many African, Asian and Middle Eastern states that emerged in the middle of the twentieth century have not been bogged down in underdevelopment, like the Latin American nations. They did not even experience the prosperity enjoyed by the latter with their world exports of guano, saltpetre, rubber, coffee, sugar, cotton, meat, grains, wool, fishmeal, minerals or petrol. They simply emerged without any national development options, due to the unfortunate coincidence of their independence with a technological revolution that needs less and less of the raw materials and abundant supply of manpower that are their only comparative advantages.

In the majority of industrialized countries, national identity preceded the formation of state authority. The nation, reflected above all in the joint emergence of a middle class and a market of national dimensions, formed the basis of the modern state. In contrast, in most of the so-called developing countries, this sequence was reversed. Political authority – the state – emerged from independence before the nation, that is, before developing a true bourgeoisie and a unifying national capitalist economy. For this reason, the majority of the wrongly termed 'developing countries' are

2 | Introduction

children of their enthusiasm for freedom, but not the offspring of middle-class prosperity and scientific and technological progress. It has not been possible to replicate the developed, capitalist and democratic nation-state in most of the countries that comprise the so-called developing world. The greater part of humankind continues to exist with low incomes, in poverty, technologically backward and governed by authoritarian regimes or, at best, in low-powered democracies.

At the beginning of the twenty-first century, after more than sixty years of theories of development and development policies, some 156 countries are still ‘developing’ and only four have really achieved development: two city-states, Singapore and Hong Kong (China), and two small countries, South Korea and Taiwan. These four are the only countries where there has been a constant increase in the average rate of per capita revenue since 1960, in addition to technological modernization, a continuous process of income redistribution and a significant shift of population from poverty into the middle class. These four countries account for less than 2 per cent of the population of what the experts have, for the past fifty years, been calling the ‘developing world’.

Consequently, I am once again asserting something that surprised many ‘experts’ when *The Myth of Development* was first published, namely, that development is no more than a myth which helps underdeveloped countries to conceal their misfortune and developed countries to soothe their conscience.

This assertion is all the more true in that we have now actually seen that the biggest obstacle to development, which is what the first edition calls ‘physical-social imbalance’, takes the form of shortages of water, food and energy and rises in their price as a result of the explosive growth of the poor urban population of the underdeveloped countries.

In this new edition of *The Myth of Development*, I also discuss another enormous obstacle to development: the crisis of our civilization, which is not only, as many people believe, an economic crisis, but actually a crisis of our unsustainable urban civilization that is spreading inexorably to all parts of the planet, thus making water and food scarce and expensive and using up contaminating

fossil fuels. Our global urban civilization is incapable of recycling or replacing the fossil energy it uses and which is heating up the planet; so far, it has also been unable to change the patterns of consumption which are destroying its own habitat.

Our civilization thus operates in the same way as a cancerous cell that goes on destroying the organism off which it lives. The crisis is far-reaching in the sense that it is ethical and based on the ideology of material progress at any price, a self-destructive ideology which believes that the planet can provide us with infinite resources and absorb unlimited pollution.

As a result of climate change, the earth has said no to this ideology. Climate change is the most clear-cut reflection of the crisis of our unstoppable urban global civilization. In view of this situation, I once again stress that the classical agenda of the wealth of nations has to be replaced by that of the survival of nations. In each underdeveloped country, a 'pact for survival' has to be adopted to achieve a physical and social balance between the urban population and the availability of water, food and renewable energies in order to avoid national inviability.

I am aware that this subject of national inviability represents a kind of taboo. By stating truths that have been studiously avoided, we run the risk of causing deep discomfort and of injuring false patriotic sentiments, which have only served to mask the historical inviability of the nation-state. I am convinced, however, that such reflection is essential in countries that have wasted the entire twentieth century without achieving development and now have to deal with the crisis of their own civilization.

Excerpt from the Introduction to the First Edition, 2001

In 1967, at the outset of my diplomatic career, I had the invaluable opportunity of participating in the Kennedy Round of negotiations under the General Agreement on Tariffs and Trade (GATT), where Peru played a leading role among the developing countries as a major producer of copper, lead, zinc, fishmeal, cotton and sugar. In those years, all of those raw materials were still very important for the industrialized countries. Thanks to that, Peru was able to gain tariff concessions without yielding a great deal in return.

Twenty years later, as head of the Peruvian delegation, I again took part in trade negotiations under the GATT. This time the matter at hand was the Uruguay Round, the largest series of trade talks of the twentieth century. Peru's main export products were virtually the same as in the previous round, but this time the negotiations centred on manufactures with high technological content and, above all, on trade in services and on standards for the protection of intellectual property. As a result, the developing countries, like Peru, that had neither increased the technological content of their exports in the previous twenty years nor developed competitive international services, nor invented anything of importance, were virtually left sitting on the sidelines in these, the grandest worldwide trade negotiations of modern times.

After more than two decades of diplomatic experience as a participant in international forums and negotiations, I was the dismayed witness to the gradual loss of Peru's negotiating power. I was ending my career as the representative of a country that was archaically inserted in the new global economy, that was still trapped in the exporting of raw materials or slightly transformed products with non-competitive prices, that was increasingly indebted, and that had doubled its population. To make matters even worse, its strategic situation was becoming critical as it switched from exporting to importing fuel and increased its food imports. At the

end of the twentieth century, the World Bank classified Peru among the twelve poorest countries in the world, with more than 40 per cent of its population living on an income of \$1 or less a day.

This inability to function in the modern global economy is hardly an exclusive trait of Peru. The history of the majority of the countries of Latin America, Africa and Asia, since their independence, has merely recorded a gradual process of dysfunction and global marginalization. In this way, a large number of misnamed 'developing countries', undergoing a veritable urban demographic explosion, are finding it difficult, if not impossible, to modernize in order to participate in a global economy that demands increasingly sophisticated manufactured goods and services and uses less of their raw materials and their abundant unskilled labour force.

Despite having been among the founders in the nineteenth century of the modern community of republican nation-states, born under the influence of the American and French revolutions, by the end of the twentieth century the Latin American countries had not been able to join the exclusive club of the developed capitalist powers, which currently has just twenty-four members. It has been said that the Latin American countries lost a decade in consequence of the debt crisis, but the truth of the matter is that they have lost fifteen decades, 150 years, without ever managing to become modern, prosperous, capitalist democracies.

Today, our countries have been overtaken in standards of living and technological modernization not only by Europe and the United States, but also by Japan, Taiwan, South Korea, Malaysia, Hong Kong, Singapore, Australia, New Zealand and Canada. In the nineteenth century, when Latin America made its historical debut, independent and rich in natural resources, those nations were either very poor, semi-feudal countries, or not very prosperous British colonies. The socio-economic landscape of Latin America 150 years ago resembled a European province or the North American frontier. By contrast, today it looks more like the poor countries of the Middle East or Asia. In less than a hundred years, Europe and the United States succeeded in eliminating virtually all their poverty, while in Latin America poverty has become practically hereditary.