THE SOCIAL AND ENVIRONMENTAL COSTS OF THE GLOBAL ECONOMY
Lessons from Ladakh

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Summary

Traditional ways of life in Ladakh and many other countries are being destroyed by conventional 'progress' and 'development', with their lure of riches and comfort for all. Direct or indirect subsidies from government or international aid result in local traditional products from staple food crops to specialised crafts being undercut and marginalised by large scale production elsewhere; control passes to national or multinational organisations; and local culture is homogenised with a global TV mediocrity.

Virtually every political leader today, in both the North and the South, believes that the goals of society are best met if the economy keeps growing. Most support the notion that continued growth can be achieved by internationalising the economy and liberalising trade. Around the world, this globalisation — which means tying ever more people and cultures into a single, centralised world economic system — is seen as a means of reviving ailing, bankrupt economies.

From a social and ecological point of view, however, this is a disastrous course. Rather than curing present problems, the globalisation of the economy will accelerate social and environmental breakdown. It will mean a dramatic increase in environmental pollution, a further erosion of family and community ties, and a marked weakening of real democracy. Instead, strengthening and diversifying local, regional and national economies should be high on the agenda of developed and developing countries alike.

My perspective is based on studying many societies at different levels of industrialisation. This has revealed the extent to which the complex interactions between technology and economics inherent in the industrial model affect not only the environment, but our culture and world view as well. I have lived and studied in America, where industrialisation has proceeded furthest; in Sweden, with its socialist
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variant of industrial society; in Innsbruck Austria, 25 years ago, when it was relatively uninfluenced by economic development; and in rural Spain, where Common Market trading policies have had a profound impact on rural life.

Most importantly, I have had the rare opportunity over the past two decades to observe firsthand the effects of development on Ladakh. The changes that occurred there in this period are roughly equivalent to those that occurred over a period of 500 years or so in many other cultures. The situation in Ladakh thus can help to illustrate the impact of the West, from the conquistadors to colonialism and development, on other cultures.

Twenty years ago, life in Ladakhi villages was still based on the same foundations it had been for centuries. The economy was primarily based on subsistence farming, with trade limited to luxuries. Cultural practices (in particular, fraternal polyandry and monasticism) as well as an awareness of resource limits kept population within the bounds that the land could support. There was virtually no waste or pollution. Within the decentralised village structure the household was the centre of economic activity, and the status of women was high; in many cases they were the decision-makers. The old remained respected and productive members of society throughout their lives. Crime, unemployment and homelessness were essentially unknown. Thanks to an intimate, location-specific knowledge of their ecosystem, the Ladakhis had prospered, providing all their material needs, as well as beautiful works of art, drama and music, while having far more time for friends and leisure activities than the average Westerner.

The traditional way of life in Ladakh was certainly not perfect. However, it is clear that the changes wrought by development have not, on balance, been an improvement. As Ladakh is steadily tied into the global economy, the gap between rich and poor is widening; waste and pollution are rapidly increasing; the status of women is declining; the old are being forgotten and the young are growing ashamed of their own culture. A once self-reliant people is becoming increasingly dependent on imported resources over which they have no control, and is relying ever more upon a distant bureaucracy for needs once provided by their own community. By almost any meaningful measure, the quality of life is declining. And yet because of a reliance on narrow economic yardsticks, the destructive changes occurring in Ladakh are generally seen as mere side effects of the positive transformation called 'development.'

The promise of conventional development is that by following in the footsteps of the 'developed' countries of the world, the 'underdeveloped' countries can become rich and comfortable too. Poverty
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will be eliminated, and the problems of overpopulation and environmental degradation will be solved. This argument contains an inherent flaw, even deception. The fact is that the developed nations are consuming essential resources in such a way and at such a rate that it is impossible for 'underdeveloped' areas of the world to follow in their footsteps. When one-quarter of the world's population consumes three-quarters of the world's resources, and then in effect turns around and tells the others to do as they do, it is little short of a hoax. Development is all too often a euphemism for exploitation, a new colonialism. The forces of development and modernisation have pulled most people away from a sure subsistence and got them to chase after an illusion, only to fall flat on their faces, materially impoverished and psychologically disoriented. A majority are turned into slum dwellers, having left the land and their local economy to end up in the shadow of an urban dream that can never be realised.

Development and the corporate-led trend toward globalisation depend upon continuous government investments. They require the building-up of a large-scale industrial infrastructure, including roads, mass communications facilities, energy installations, and schools for specialised education. Among other things, this heavily subsidised infrastructure allows goods produced on a large scale and transported long distances to be sold at artificially low prices, in many cases at lower prices than goods produced locally. In Ladakh, the Indian government is not only subsidising roads, schools and energy installations, it is also bringing in subsidised food from India's breadbasket, the Punjab. The food arriving in lorries by the tonne is cheaper in the local bazaar than food grown five minutes walk away. Although Ladakh's local economy has provided enough food for its people for 2000 years, many Ladakhis no longer find it worthwhile to continue farming.

This same process is affecting not just food, but a whole range of products, from clothes to household utensils to building materials. Goods imported to Ladakh from distant parts of India can often be produced and distributed at prices far lower than those produced locally, again, because of a heavily subsidised industrial infrastructure. The end result of all this long-distance transport of subsidised goods is that Ladakh's local economy is being steadily dismantled, and with it the local community that was once tied together by bonds of interdependence.

This trend is exacerbated by other changes that have accompanied economic development. Traditionally, children learned how to farm from relatives and neighbours; now they are put into Western-style schools that prepare them for specialised jobs in an
industrial economy. In Ladakh, these jobs are very few and far between. As more and more people are pulled off the land, the number of unemployed Ladakhis competing with each other for these scarce jobs is growing exponentially. What's more, the course of the economy, once controlled locally, is increasingly dominated by distant market forces and anonymous bureaucracies. The result has been a growing insecurity and competitiveness — even leading to ethnic conflict, and in 1989, violence — amongst a once secure and cooperative people. A range of related social problems has appeared almost overnight, including crime, family breakup and homelessness. And as the Ladakhis have become separated from the land, their awareness of the limits of local resources has dimmed. Pollution is on the increase, and the population is growing at unsustainable rates.

Economists would dismiss these negative impacts, which are not so easily quantifiable as the monetary transactions that are the goal of economic development. Yet the situation in Ladakh vividly illustrates the shortcomings of defining human welfare in terms of economic growth and its main indicator, GDP (Gross Domestic Product). In traditional parts of Ladakh, the standard of living is actually quite high when compared with most of the Third World. Yet because people provide for almost all their needs outside the cash economy, the GDP is virtually zero; Ladakh appears to be at the very bottom of the economic order, in dire need of economic development. In effect this means that no distinction is made between self-sufficient Ladakhi farmers and the homeless on the streets of New York. In both cases there may be no income, but the reality behind the statistics is as different as day and night.

In Ladakh and elsewhere in the Third World, farmers once grew a variety of crops and kept a few animals to provide for themselves, either directly or through the local economy. Now, development is encouraging these farmers to grow cash crops for distant markets. As a result, they are becoming dependent on forces beyond their control: huge transportation networks, oil and agrochemical markets, the fluctuations of international finance. Over the course of time, inflation obliges them to produce more and more to secure the income that they now need in order to buy what they used to grow themselves. Throughout the world, development has thus displaced and marginalised self-reliant local economies in general, and small farmers in particular.

I should point out that it is not only the South that is affected by this process. The pressures of economic and technological change are bearing down even on the industrialised societies in a similar way; we too are being 'developed'. Today, even though only 2 or 3 percent
of the population is left on the land, small farmers are still being squeezed out of existence; and even though industrialisation has pared the extended family down to a small nuclear unit, our economy is still chipping away at it. Technological advance is continuing to speed life up, while robbing people of time. Increased trade and ever greater mobility are furthering anonymity and a breakdown of community. In the West, these trends are labelled 'progress' rather than development, but they emanate from the same process of industrialisation that inevitably leads to centralisation, social degradation, and the wasteful use of resources.

'Progress' based on economic and technological development has reached an advanced stage in the West. Wherever we look, we can see its inexorable logic at work, replacing people with machines, local interdependence with global markets, country lanes with freeways, and the corner shop with a supermarket. Governments around the world — regardless of their political hue — are encouraging an acceleration in these changes through support for a globalised economy. Long-distance trade, in particular, receives heavy subsidies to maintain and expand networks of communication and transportation. Meanwhile, trade agreements like NAFTA, GATT and Maastricht, justified by the rhetoric of 'free trade', are leading to ever greater centralisation of economic and political power. Local communities are rapidly losing control over their own destinies, and even national governments are handing over control to supranational institutions such as the European Community, The World Bank, and now the WTO. Such organisations are so far removed from the people they are supposed to represent that they are incapable of responding to their diverse interests.

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Even though the phrase 'think globally, act locally' is heard frequently these days, the thrust of development and progress is entirely in the direction of globalisation. Local cultures and economies are rapidly disappearing, taking animal and plant species with them. In the process, our very existence is threatened.

In the natural world, diversity is an inescapable fact of life. We are just beginning to discover how important even the most 'insignificant' insect or plant can be for our survival. The accelerating pace at which diverse species of life are being eradicated has, in fact, become a major issue. Cultural diversity is as important as diversity in the natural world and, in fact, follows directly from it. Traditional cultures mirrored their particular environments, deriving their food, clothing, and shelter from local resources. Even in the most
developed parts of the world today, there are still remnants of local adaptation to diversity. In the American Southwest, for example, you find flat-roofed adobe houses, ideally suited to the extremes of the desert climate; in New England, houses are made of locally abundant wood, and have peaked roofs designed to shed the rain and snow. The cuisines of different cultures still reflect local food sources, from the olive oil prevalent in Mediterranean cooking to the oatmeal and kippered herring on the Scotsman’s breakfast table.

The emerging world economy and the growing domination of science and technology are breaking down this natural and cultural diversity by remaking the cultures of the South so as to conform to a single monoculture. Both globalisation and development are based on the assumption that needs are everywhere essentially the same, that everyone needs to eat the same food, to live in the same type of house, to wear the same clothes. The same cement buildings, the same films and television programmes find their way to the most remote corners of the world. Across the world, "Dallas" beams into people’s homes, and pinstripes suits are de rigueur. Lingonberry and pineapple juice are giving way to Coca Cola; woolen robes and cotton saris are being replaced by blue jeans; and yaks and highland cattle are disappearing in favour of Jersey cows. Virtually identical toy shops — in Ladakh, in Beijing, in remote mountain villages in Spain — sell the same blonde, blue-eyed Barbie dolls and Rambo with machine guns. Even language is being homogenised, since English is the lingua franca of the modern "global community".

The breakdown of cultural diversity throughout the South is accelerated by grossly distorted impressions of modern life. The predominant image is one of ease and glamour: everyone is beautiful, everyone is rich. People see the fast cars, the microwaves, and the video machines. Advertising and the media are telling them what to do, in fact telling them what to be: modern, civilised and rich. What isn’t seen are the ’side-effects’ of this way of life: the environmental deterioration, the psychological stress, the drug addiction, the homelessness. People who have been presented with only one side of the development coin are left vulnerable and eager for modernisation.

In this way, diverse cultures from Alaska to Australia are being overrun by the industrial monoculture. This is a tragedy of many dimensions. With the destruction of each culture, we are erasing centuries of accumulated knowledge. And as diverse ethnic groups feel their identity threatened, conflict and social breakdown almost inevitably follow.

Today, these trends are supported by government spending, a large portion of which is devoted to expanding transport and
communication infrastructures, enlarging global markets and supporting the demands of large-scale producers. In Ladakh and throughout the developing world, money flows freely into huge projects aimed at increasing market transactions and boosting GDP. Heavy subsidies are available for huge dams and nuclear energy installations, television and radio facilities. Billions of dollars are poured into building roads, dams, fertiliser plants and airports, all of which serve to reinforce dependence on centralised systems. The pattern is the same in the industrialised nations as well. Government and industry continue to push towards larger scale, greater centralisation, and a further dependence on the multinational corporations which produce and deliver the goods that are traded world-wide.

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Reversing these trends and solving today’s social and environmental crises will require active steps towards decentralisation. This does not mean retreating into cultural or economic isolationism, but rather reducing the influence of powerful global economic forces so as to allow each region to nourish its own economy and its own traditions. Since extreme dependence has already been created on both national and international levels, it would be irresponsible to 'delink' economies from one day to the next. Countries in the North cannot, for example, suddenly halt their purchase of coffee or cotton from those countries in the South whose economies totally depend on such trade. But they can immediately begin supporting aid programmes that will enable people to provide basic needs for themselves - ensuring, for instance, that the production of food for local consumption has priority over exports to the West. Small and medium size producers the world over would be better off as a result. They would also benefit if their products did not have to compete with those shipped great distances via subsidised transport networks, and if support were given to developing technologies appropriate for local conditions, rather than labour-displacing, capital-intensive equipment suited to large-scale industry and agribusiness.

One of the most effective ways of supporting local economies would be to reduce unnecessary trade. We are currently transporting across whole continents and several oceans a vast range of products, from milk to apples to furniture, that could just as easily be produced in their place of destination. By reducing and eliminating subsidies for transportation, we would cut waste and pollution, improve the position of small producers, and strengthen local economies and communities in one fell swoop.
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What exactly is 'local,' and what is 'necessary' as opposed to 'unnecessary' trade are issues that cannot be defined in absolute terms. But the crucial point is that the principle of heavily subsidised international trade is one that needs critical reassessment. The goal would not be to encourage narrow protectionism, but rather to allow for the sustainable and equitable use of natural resources worldwide. It is in robust, local-scale economies that we find genuinely 'free' markets, free of the corporate manipulation, hidden subsidies, waste, and immense promotional costs that characterise today's global market.

Parallel to economic decentralisation, the production of energy would need to be decentralised. This would be a positive step in both the North and the South, but because the energy infrastructure of most developing countries is still relatively limited, the widespread application of renewable energy technologies in these regions would be comparatively easy. Local communities and economies in the South would be better off if real support were given to small-scale projects based on locally available resources, such as village-scale hydroelectric installations, or solar ovens and water heaters for the household. Until now, however, such support has simply not materialised. Instead, the West has pushed its own industrial model, based on large-scale, centralised power production. One of the greatest scandals of development is that despite tremendous potential, not a single country in the developing world has managed to promote small-scale decentralised applications of solar energy on anything more than a token basis.

If the diverse cultures of the South are to survive the pressures leading towards global monoculturisation, another urgent requirement is a public information campaign to correct the incomplete and misleading images of the industrialised world. Information about the long-term effects of everything from powdered milk for babies to a dependence on fossil fuels tends not to reach the least developed areas of the world. The seductive images in the media and advertising that do arrive are not accompanied by warnings about toxic wastes, the erosion of farmlands, acid rain, or global warming. To reverse the pressures on people to join the wasteful consumer culture requires activities that we might term 'counter-development'.

The primary goal of counter-development would be to provide people with the means to make fully informed choices about their own future. Using every possible form of communication, from satellite television to storytelling, it should be publicised that today's capital- and energy-intensive trends are simply unsustainable. Ultimately, the aim would be to promote self-respect and self-reliance, thereby
protecting life-sustaining diversity and creating the conditions for locally based, truly sustainable development.

At the same time, counter-development would promote and popularise a new, wider, and more humane definition of progress. It would highlight some of the innumerable local initiatives in the North that are exploring more sustainable alternatives. It would point to the viability of traditional systems as well as bringing information about new trends in agriculture: about permaculture, biodynamics, and the booming movement toward organic methods of cultivation. It would report on bioregionalism and local economic systems; it would publicize the windmills in Denmark and California, and the growing demand for acupuncture, homeopathy, and other nature-based systems of health care. It would make more visible the enormous interest around the world in environmental protection, soil conservation, and air and water quality.

For the North, strengthening local economies means shortening the links between producers and consumers. Grassroots initiatives are already springing up throughout the industrialised world aimed at supporting more localised economic activity. These range from local banks and currencies, to barter and local employment trading systems, to direct links between farmers and consumers through Community Supported Agriculture schemes. Such means enable communities in the North to reduce unemployment, cut back on pollution and waste, and enhance their connection with the natural world. They also indirectly help the cultures of the South, by allowing people to produce for themselves rather than selling their resources and labour to the North at cut-rate prices.

The stronger sense of community that stems from shorter producer-consumer links in turn has important psychological benefits. Recent research has made it clear that the rise in crime, violence, depression, even divorce, is to a very great extent a consequence of the breakdown of community. Conversely, children growing up with a sense of connection to their place on the earth and to others around them, in other words, children who are imbedded in a community, grow up with a stronger sense of self-esteem and healthier identities, thereby helping to solve many of today's most pressing social problems.

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The momentum of development and progress, supported by massive investments from government and industry, are currently leading us towards a global monoculture, with potentially disastrous social and environmental consequences. A balance between the local
and the global is clearly needed that can only be reached through a significant shift in direction. Today's trends put technology and the needs of the economy at the top of the agenda. If these are replaced by respect for nature and people, then diversity, both biological and cultural, will be an inevitable consequence.