المؤسسة الدولية من أجل تنمية بديلة
international foundation for development alternatives
fundación internacional para alternativas de desarrollo
fondation internationale pour un autre développement

IFDA DOSSIER 8 . JUNE 1979

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IFDA DOSSIER 8 , JUNE 1979

INTRODUCTORY NOTE

The IFDA third system project benefits from the advice of a Steering Committee 1/ which meets for the fifth time at the end of June. It will then consider projects completed (essentially those reflected in the *building blocks* section of the *Dossier*) and interim reports on on-going projects. In order to facilitate the integration of this material, contributions will be grouped in four principal clusters: strategies of transition to another development - in the North and in the South; people's self-mobilization for development; Third World collective self-reliance; and the new United Nations International Development Strategy.

A first attempt at clustering implied the compilation of an index of papers published so far. It appeared that it might be of wider interest and that readers of the *Dossier* might like to take stock with us of what has been done so far. Some newcomers to the IFDA mailing list might also seize this opportunity to request back issues. Mailing costs being very high, people in industrialized countries may not mind contributing to them (see *index* for details).

The index suggests that through *building blocks* , *markings* and *interactions*, the discussion has started. However, these inputs are certainly not comprehensive. Since the stage of "commissioning" activities is over (in fact, it has been over since last October), readers, while bearing in mind the list of on-going projects which appeared in *Dossiers* 2 and 4, may wish to contribute to the interaction through sending us short pieces on topics they feel have escaped or not received adequate attention. However, there is only one year to go. Estimates suggest that 8 more *Dossiers* will be necessary to submit for discussion the already expected papers, as well as those in the growing pipeline. If you want to provide "food for thought" and participate in the discussion on another development strategy, please do not wait too long.

1/ Its members are Ismail-Sabri Abdalla (Egypt), Richard Falk (USA), Godfrey Gunatilleke (Sri Lanka), Martin Huslid (Norway), Charles Jeanneret-Grosjean (Canada), Cheikh Hamidou Kane (Senegal), Marc Nerfin (Switzerland), Ngo Manh Lan (Viet Nam), Jan Pronk (The Netherlands), Philippe de Seynes (UNITAR) and Juan Somavia (Chile).

DOCUMENTOS FIPAD 8 . JUNIO 1979
LADRILLOS

ESTRATEGIA INTERNACIONAL DEL DESARROLLO Y COMUNICACION* PERSPECTIVAS PARA LOS AÑOS 80

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AN INTERNATIONAL DEVELOPMENT STRATEGY AND COMMUNICATIONS PERSPECTIVES FOR THE 80s

Abstract: In considering a new International Development Strategy (IDS), communications emerges as a new and unavoidable theme which, in the past two UN strategies, was not comprehensively examined despite its fundamental role in implementing strategies.

The 70s demonstrated that efforts to carry out the already feeble objectives of the IDS have been confronted at the global level by an alternative proposal: the transnational model of development. While governments agreed on a strategy, the transnational communications structure addressed itself directly to people and offered its own development model. Its global capacity covering news agencies, magazines circulated world-wide, data banks, cinema and television productions, books, etc., permits it to socialize, in alliance with local groups, its own "desirable" vision of development which at times utilises or contradicts the small changes proposed by the IDS.

Information is one particular sector which ratifies the transnational model. The apparent neutrality and objectivity of technology and knowledge veils and maintains the transnational interest. The criteria for selection, organization and classification of information responds to concrete interests which highlights certain problems and minimises others.

The evident injustice which characterises the present international structure of communications has forged the need for a new international information order as integral and complementary to the NIEO. One cannot hope to modify the economic order without modifying the information order.

It becomes urgent therefore to promote the democratization of the communications process nationally and internationally and to strip it of its commercial content and orientation. Proposals are made in this direction including:

- creating institutional mechanisms and fora for debate so that communications can be analysed in light of its contribution to the interaction between societies;
- promoting collaboration between Third World countries;

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* Synthesis of a more elaborate document available from ILET

. stimulating interaction between mass media and alternative forms;

. utilizing existing technological capacity in a development dialogue;

. encouraging education and conscientization on communications;

. developing national policies on communications sytems appropriate to the local development needs.

In all this, contributions should be utilized from those being made to the NIEO/ NIIO debate, both in the intergovernmental fora (Non-aligned and UNESCO), as well as the Third System from which has emerged a conceptual and political platform to make information a social good rather than a product for commercial use.

STRATÉGIE INTERNATIONALE DE DÉVELOPPEMENT ET COMMUNICATIONS* PERSPECTIVES POUR LES ANNÉES 80

La réflexion sur le contenu de la prochaine stratégie internationale de développement (SID) impose un thème nouveau et inévitable : les communications. Ni la première, ni la deuxième stratégies n'ont pris sérieusement ce thème en considération, malgré son rôle fondamental dans la mise en oeuvre de toute stratégie.

Les années 70 ont montré que les efforts pour mettre en oeuvre les objectifs, au demeurant insuffisants, de la SID se sont heurtés à une alternative globale : le modèle transnational de "développement". Alors que les gouvernements se mirent d'accord sur une stratégie, la structure transnationale de communication s'adressait directement aux peuples et leur proposait son propre modèle. Sa capacité globale - agences de presse, revues à diffusion mondiale, informatique et télématique, cinéma, tv et livres - lui permirent de diffuser, en accord avec des groupes locaux dans chaque pays, sa propre vision d'un développement "désirable", tantôt utilisant, tantôt contredisant, les modestes changements proposés par la stratégie des Nations Unies.

Les intérêts transnationaux sont masqués derrière l'apparence de la neutralité et de l'objectivité de la technique et de la connaissance qui sert en fait à assurer la perpétuation de ces intérêts. Les critères de sélection, d'organisation et de classification de l'information répondent à des intérêts concrets qui mettent en valeur certains faits et en minimisent d'autres.

L'évidente injustice qui caractérise les structures actuelles des communications internationales a rendu nécessaire un nouvel ordre international de l'information en tant qu'élément et complément du Nouvel Ordre Economique International. On ne saurait en effet modifier l'ordre économique sans modifier l'ordre de l'information.

Il est devenu urgent de promouvoir la démocratisation du processus de communication tant au plan national qu'au plan international de manière à le débarrasser de son contenu et de son orientation mercantils. A cet effet, le document propose certaines mesures, et en particulier :

(cont. page 11)

* Synthèse d'un document plus complet élaboré par l'ILET

Estrategia Internacional del Desarrollo y Comunicación*
Perspectivas para los años 80

1. EID y comunicación: el vacío de la última década

Al pensar lo que debe ser el contenido de la estrategia internacional para el desarrollo de Naciones Unidas en la década de los 80, surge un tema nuevo e inevitable: las comunicaciones. Ni la estrategia de la primera, ni la segunda década consideraron esta materia en sus diversas y complejas dimensiones. Tan solo se limitaron a resaltar la importancia de movilizar la opinión pública tras sus objetivos. Ambas estrategias se concentraron en proponer medidas en el terreno económico, olvidando o soslayando el contenido cultural y político de todo proceso de desarrollo y la función primoridal que desempeñan los medios de comunicación en su ejecución. Este vacío se hace particularmente evidente porque a través de la EID de la Segunda Década se tratan temas y se proponen vías de acción que llevan implícitas una presencia concomitante de la estructura de comunicaciones. Pero nada se dice de ello. Surgen asi continuas contradicciones entre el postulado de determinados objetivos y la función orientadora o deformadora que pueden ejercer las comunicaciones respecto de esos mismos objetivos.

2. EID y comunicación: las contradicciones internas

Así se encuentran múltiples afirmaciones que al no abordar el impacto de su correlato comunicativo no penetran realmente el fenómeno social que se pretende modificar. Entre ellos:

a) "todo país tiene el derecho y el deber de desarrollar sus recursos humanos", o sea de elevar los niveles de preparación, tecnificación y educación. Sin embargo se hace difícil lograr este objetivo con procesos de comunicación "verticales" en donde unos pocos vinculados al poder económico o al poder burocrático controlan los flujos informativos en que los receptores son entes pasivos sin posibilidad de participación en la organización, procesamiento y transmisión de los mensajes. No puede haber desarrollo real de los recursos humanos sin una participación de los grupos sociales en la comunicación;

b) "los gobiernos se comprometen individual y colectivamente a seguir políticas destinadas a crear un orden económico más justo y más racional". Ello lleva implícito modificaciones estructurales nacionales e internacionales profundas. Supone también afectar intereses existentes. Requiere apoyo de base para los cambios perseguidos. No obstante, ¿quién genera la imagen de lo que es "justo" y lo que es "racional"? Nos encontramos con que los poderes que controlan la estructura transnacional de comunicaciones promueven conceptos de lo justo y racional muy distintos de aquellos que tienen los pueblos oprimidos del Tercer Mundo;

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* Síntesis de un documento preparado por ILET sobre la Estrategia Internacional para el Desarrollo y Comunicación. El documento se elaboró en un taller de trabajo interno con la participación de: Eduardo Andión, Victoria Brocca, Magdalena Brockmann, Nicolás Casullo, Paz Alicia Garciadiego, Noreene Janus, Consuelo Méndez, Fernando Reyes Matta, José Saúl Rodríguez, Juan Somavía y Hernán Uribe.

c) "la finalidad del desarrollo es dar a todos mayores oportunidades de vida mejor", o sea se busca democratizar las bases económicas, sociales, políticas y culturales del desarrollo. No obstante, nos encontramos con que de una manera generalizada las imágenes de lo que podría llamarse una "vida mejor" han sido transmitidas por el aparato publicitario vinculado a los modelos de desarrollo consumista. Se impone en la práctica un modelo dominante de lo que debe considerarse como "vida mejor" que es etnocéntrico, extranjerizante y elitista. Se consolida así la búsqueda de un ideal de existencia más vinculado a la mantención del statu quo dentro de una "imagen" de cambio que a las modificaciones estructurales profundas al interior de las sociedades dependientes;

d) "los países en desarrollo formularán y aplicarán programas de enseñanza tomando en cuenta sus necesidades de desarrollo", y se explicitan un conjunto de medios de acción. Nada se dice de la comunicación y de la función que los medios desempeñan como "escuela paralela". Para sectores cada vez más amplios y dada la velocidad de la historia contemporánea, la estructura transnacional de comunicaciones y sus expresiones nacionales están cumpliendo, en la práctica, una función educativa central en las sociedades del Tercer Mundo;

e) "los países en desarrollo adoptarán políticas nacionales adecuadas para que los niños y los jóvenes participen en el proceso de desarrollo y para garantizar que sus necesidades se satisfagan de una manera integrada". En la práctica lo que ha ocurrido es que la publicidad transnacional ha definido a los niños y jóvenes como consumidores privilegiados de la entretención, la creación musical industrializada y la información proponiéndoles participar en una "vida mejor" desvinculados de los cambios futuros, en que ellos debieran ser partícipes y actores. La publicidad y la estructura transnacional de comunicaciones desvía hacia el consumismo el potencial revolucionario de los jóvenes. Igual fenómeno ocurre con la participación de la mujer en el desarrollo de las sociedades del Tercer Mundo, y en particular de América Latina. La comunicación transnacional y sus apéndices locales promueven un modelo femenino en lo físico, cultural, político, sexual, maternal y matrimonial que desvincula a la mujer de la sociedad real en que vive.

Los ejemplos anteriores indican la imposibilidad política y conceptual de abordar temas de tal trascendencia como los mencionados sin considerar paralelamente el impacto que sobre estos objetivos tiene la estrucutra transnacional de comunicaciones y la irrelevancia en que puede caer la Tercera Década para el Desarrollo si no los considera frontalmente.

3. EID y modelo transnacional de desarrollo

La experiencia ha demostrado que en la década de los 70 los esfuerzoas por poner en ejecución los ya tibios objetivos de la EID se han enfrentado a nivel global con una propuesta alternativa: el modelo transnacional de desarrollo. Mientras los gobiernos acordaron una estrategia (cuyo cumplimiento, por lo demás, no se persiguió con particular prioridad) la estructura transnacional de comunicaciones se dirigió directamente a los pueblos y les propuso su propio modelo de

desarrollo. Su capacidad global y totalizante que maneja: agencias de noticias, revistas de circulación mundial, bancos de datos, informática y telemática, producción de cine y televisión, libros y otros, le permite socializar, en alianza con grupos locales en cada país, su propia visión del desarrollo "deseable" que a veces utiliza y a veces contradice los pequeños cambios propuestos por la EID.

Así, en sociedades dependientes los medios de comunicación cumplen la función de distribuir a lo largo de toda su estructura social un determinado modelo de desarrollo consumista y una serie de valoraciones implícitas referidas a él que a través de la reiteración pasan a quedar incluídas en el ámbito de lo cotidiano. De tal manera, el consumo deja de ser exclusivamente un consumo de objetos, para pasar a serlo también de ideas, imágenes, signos que envueltos en la lógica mercantil dotan al objeto con un "poder de compra" que va más allá de la simple satisfacción física de necesidades.

Este consumo tipificado y específico, tanto de objetos como de símbolos, puede apreciarse muy claramente en el proceso publicitario, donde además de la función explícita de promover la venta de un producto, éste tiende a ser al mismo tiempo un pretexto. En su promoción e imagen se lleva a cabo una operación de integración a una forma específica de concebir las relaciones económicas y sociales, y de sus actores y beneficiarios, representados por las clases medias de los conglomerados urbanos.

En el marco anterior es necesario añadir que muchos de los contenidos que integran los cursos de las escuelas de comunicación, plantean modelos que no observan el fenómeno comunicativo desde una perspectiva endógena y relacionada con las condiciones y necesidades de los países en desarrollo. Mas bien se le concibe como un instrumento eficaz para "modernizar", en una visión esquemática y mecanicista del proceso social de la comunicación. Por otro lado la misma área de comunicación es expresión de las teorías dominantes sobre el papel que la comunicación tiene en el proceso global de los países en desarrollo.

La informática es otro sector que ratifica el modelo transnacional. Los intereses transnacionales se ocultan bajo la apariencia de neutralidad y objetividad de la tecnología y del conocimiento. Tal neutralidad no es sino la manera como la ideología dominate vela por la mantención de sus intereses. Los criterios de selección, organización y clasificación de la información responden a intereses concretos que relevan ciertos problemas y minimizan otros. La falacia de la objetividad del conocimiento especializado, por arriba de los intereses sociales en los que se asienta, es la base en la que se sustentan la organización y control de los Data Bank.

Las implicaciones políticas de las situaciones descritas son claves para la comprensión del desarrollo en el Tercer Mundo. El diseño transnacional sugiere una apariencia de participación, en tanto su interés primordial es atenuar los datos de la realidad económica y social a modificar y de los conflictos de intereses al interior de las sociedades. Recrea diariamente una inserción pasiva por parte del receptor a través de un mensaje que busca fijar una imagen de lo "normal" en donde se obscurecen los conflictos reales y se reducen las contradicciones, se tiende así a desmobilizar la reacción política de las bases sociales.

4. NOEI y NOII

Las constataciones anteriores y la evidente injusticia que desde una perspectiva del Tercer Mundo caracteriza las actuales estructuras internacionales de comunicación han llevado a plantear la necesidad de un Nuevo Orden Informativo Internacional como elemento integrante y a la vez complementario del Nuevo Orden Económico Internacional. No se puede pretender modificar el orden económico sin modificar el orden informativo. En un contexto más amplio la lucha por la autonomía política y económica del Tercer Mundo se ha extendido a la lucha por su autonomía cultural, sin la cual las dos anteriores pierden mucho de su contenido real. Este es el marco político dentro del cual hay que visualizar la inserción de las comunicaciones dentro de la Tercera Década para el desarrollo.

5. De la comunicación mercantil a la verdadera comunicación social

Al término de la Segunda Década para el desarrollo se asiste a la paradoja siguiente: mientras más son los medios tecnológicos de comunicación y más se incrementa su uso, menos son los que participan en la decisión sobre selección y contenido de mensajes sin que se hayan generalizado estructuras de respuesta de los grupos sociales organizados a la multiplicidad de mensajes que reciben. Pareciera que mientras más se sabe menos se entiende. Se plantea así la impostergable exigencia de promover la democratización del proceso comunicativo tanto a nivel nacional como internacional y a despojarlo de su contenido y orientación mercantil. Ello supone entre otros aspectos:

a) reconocer que la información es un bien social y no una mercancía;

b) aceptar que la función de informar es un servicio público que se presta a la sociedad y no un negocio determinado exclusivamente por el lucro;

c) enfrentar el hecho que la información dominante y los medios que utiliza se han constituido en un instrumento de penetración cultural;

d) desarrollar las posibilidades comunicacionales existentes fuera de los "mass media" por parte de diversos sectores y grupos sociales, junto con una reformulación en el uso de los instrumentos industriales avanzados;

e) promover la "desconcentración" del control informativo actualmente radicado en los países industrializados;

f) impulsar formas de organización del proceso comunicativo que estimulen una presencia generalizada de la participación popular en la propiedad, orientación y política de acción de los instrumentos de comunicación, promoviendo un adecuado pluralismo que refleje el consenso democrático de cada sociedad;

g) reglamentar el impacto cultural-ideológico y económico de la publicidad;

h) definir las necesidades nacionales, regionales e internacionales de la organización de la informática y su uso y función en los modelos de desarrollo;

i) promover la formulación de políticas nacionales de comunicación.

6. Objetivos para la próxima década

A la luz del análisis planteado previamente, surge como una necesidad fundamental incluir la comunicación -en su infraestructura, estructura profesional y estructura social- dentro de los postulados de la EID para la Tercera Década. En este sentido, la tarea debiera realizarse con vista a lograr, entre otros, por lo menos los siguientes objetivos:

a) Introducir una visión estratégica de los sistemas informativos nacionales e internacionales, y sus consecuencias comunicativas, también nacionales e internacionales, en el texto general de la próxima EID. Este planteamiento debe superar de una manera sustancial el enfoque contenido en el párrafo 84 del anterior EID que sólo tocó aspectos relacionados con la movilización de la opinión pública.

b) Crear los mecanismos institucionales y los ámbitos de debate adecuados para que la comunicación sea analizada a la luz de la contribución que ella hace a la interacción de una sociedad y a la relación de un pueblo con otros.

c) Promover en el campo específico de los comunicadores una revisión crítica de los principios y marcos profesionales y sociales con que han realizado hasta ahora su tarea. Ello tiene especial importancia en el caso de los profesionales cuyo trabajo se realice dentro de medios informativos proclives al modelo transnacional de comunicación.

d) Recoger los aportes surgidos en el debate de la década anterior que han establecido la relación entre el Nuevo Orden Económico Internacional y el establecimiento de un Nuevo Orden Informativo Internacional. Tanto del ámbito intergubernamental (No-Alineados y UNESCO) como del ámbito del "tercer sector" (instituciones no gubernamentales) ha surgido una amplia plataforma conceptual y política para hacer de la información un bien social más que un producto de uso mercantil.

e) Impulsar la interacción entre las formas de comunicación masiva (generalmente vinculadas a un modelo hegemónico de desarrollo) y las formas de comunicación alternativas o de base (generalmente expresión de las aspiraciones de desarrollo de los sectores postergados de la sociedad). La conjunción de ambas expresiones comunicativas puede crear un flujo enriquecedor que articule las mejores cualidades de ambos sistemas impulsando la participación y acceso de amplios sectores sociales en el proceso comunicativo.

f) Promover que el acceso a la tecnología de la comunicación se haga a partir de considerar el aporte que ella pueda hacer al diálogo por el desarrollo y entender que la tecnología puede alcanzar en los países de la periferia usos distintos de aquellos propuestos por sus inventores en el centro.

g) Adoptar todas las medidas de planificación que sean necesarias para crear flujos multidireccionales y multidimensionales a través de los distintos

medios de comunicación. Especial importancia tiene en este campo el que se creen las articulaciones administrativas y técnicas para que las agencias nacionales e internacionales de noticias y otros medios puedan crear un todo informativo pluralista, participativo y complementario entre sí.

h) Promover la puesta en marcha y desarrollo de políticas de comunicación que sirvan de marco para la interacción de emisores y receptores dentro de una sociedad considerando los fenómenos de la comunicación alternativa o tradicional y de la comunicación especializada, con especial referencia a los problemas derivados de la expansión de la publicidad y la informática.

i) Impulsar dentro de la planificación educativa la inserción de sistemas curriculares que permitan generar una toma de conciencia sobre los problemas y posibilidades de la comunicación, especialmente en niños, jóvenes y sectores sociales de base. Todo ello debe ser estructurado tanto al interior de la escuela como en los propios medios masivos para crear las más amplias posibilidades de acceso y participación en el proceso comunicativo.

j) Legitimar la presencia y acción en el proceso comunicativo a los actores centrales del desarrollo: sindicatos, universidades, campesinado, centros profesionales, escuelas, instituciones públicas, núcleos culturales y artísticos; transformado la complejidad informativa en una auténtica producción ampliada y de carácter nacional que promueva el diálogo, la discusión, la cita de diversos planteos, la búsqueda de síntesis reales y el verdadero pluralismo consensual.

7. Areas de acción concreta

Entre las líneas de trabajo a impulsar en el contexto de la próxima estrategia internacional para el desarrollo caben mencionar las siguientes:

a) Cambios en los valores noticiosos

Es evidente que las conductas profesionales vigentes en el campo periodístico han hecho que los temas del desarrollo aparezcan con una connotación informativa menospreciable. Es necesario organizar encuentros periodísticos donde los profesionales que actúan como "gate keepers" en los distintos medios se relacionen para romper con el actual círculo de ratificación mutua que les hace perseguir los hechos noticiosos a partir de su fuerza conflictiva y de su potencialidad mercantil. De igual manera deben crearse mecanismos de encuentros entre sectores públicos, de decisión política, de representatividad de los grupos sociales amplios y de los periodistas, para evaluar entre emisores y receptores el aporte que significa la noticia en su concepción actual y lo que ésta podría otorgar con otro enfoque.

b) Creación e interacción de agencias informativas y otros medios

En la década de los ochenta se deberá reforzar el proceso iniciado durante la Segunda Década para que tanto en el marco nacional como regional,

se creen agencias de noticias y otros medios que contribuyan a producir una información pluralista, participativa y complementaria. En la medida que existan distintas voces en el análisis informativo será posible que, tanto en el mundo industrializado como en el mundo en desarrollo se produzca un enriquecimiento en la compresión de la actualidad y de los hechos reflejados en ella. Las líneas de intercambio para producir un auténtico diálogo por el desarrollo deben darse en un incremento, tanto en la relación Norte-Sur como en el nivel Sur-Sur. Cada una desarrollada exclusivamente en desmedro de la otra serían una solución parcial a la actual situación informativa.

c) La interacción de comunicación masiva y comunicación alternativa

Una gran riqueza de formas de comunicación se ha generado en las experiencias sociales de base. En varios países del Tercer Mundo se ha demostrado la eficiencia de las formas comunicativas tradicionales. A la vez, se ha producido una interesante reformulación en el uso de tecnologías de un consumo amplio posible, todo ello, sin embargo, sigue una línea de acción paralela a la creatividad que surge dentro de los medios masivos de comunicación, los cuales de manera fundamental son expresión de una forma de comunicación muy poco participativa. Una tarea fundamental de los comunicadores en distintos niveles de decisión —y de los planificadores vinculados a la comunicación— será lograr una efectiva interacción entre la comunicación masiva y la comunicación alternativa o de base. Si un sociodrama, por ejemplo, puede ser una eficiente forma por la cual una comunidad se expresa y se refleja a sí misma, mucho más fuerte será su impacto si esa creación se produce bajo las cámaras de la televisión que multiplican su mensaje y su impacto.

d) Recursos tecnológicos y diálogo para el desarrollo

Las posibilidades tecnológicas existentes al final de la Segunda Década demuestran que no existen obstáculos para producir una amplia interacción comunicativa al interior de las realidades nacionales, como en la relación entre los pueblos de la periferia y de éstos con los del centro. No obstante, esa potencialidad tecnológica no aparece utilizada como apoyo a un auténtico diálogo por el desarrollo. Un avance sustantivo en la próxima década será crear los mecanismos de relación para que personas y pueblos puedan hablar entre sí, sobre la mutua experiencia de avanzar en el cambio de su medio y el mejoramiento en la calidad de la vida. El diálogo por el desarrollo significa reconocer que las formas de buscar ese cambio y ese mejoramiento pueden ser diversas, y que de hecho los diversos modelos de desarrollo que existen son un reflejo de la pluralidad cultural. La próxima década plantea el desafío de producir un avance importante en el común denominador de progreso —el concepto de homogenización sin dominador— y a la vez respetar la diversidad de pueblos y culturas para alcanzar su progreso propio.

e) Educación para la comunicación

La participación en el proceso comunicativo y el sentido crítico respecto al orden informativo vigente requiere de una conciencia sobre lo que éste

significa y puede significar. En ese sentido, el proceso informativo aparece como una meta fundamental en una planificación de mediano y largo plazo. Es necesario, tanto en los países desarrollados como en desarrollo, activar un adecuado curriculum para que los más amplios sectores sociales adquieran un conocimiento de lo que la comunicación es en si misma y de lo que puede significar en sus dimensiones políticas y sociales. Fundamentalmente, esta tarea se realizará en el sistema educacional formal, pero también deben crearse fórmulas atractivas por las cuales a través de los propios medios de comunicación se haga conciencia en distintos sectores sociales de lo que ello significa.

La libertad de información anteriormente se entendía como el derecho a publicar lo que se pensaba, actualmente dicha concepción sólo representa una parte de este derecho fundamental. El complemento de la libertad de comunicación se encuentra en el derecho del pueblo a estar bien informado, lo que implica la educación para comprender la información que recibe, y así formarse una concepción del sentido de ésta y del papel de los medios como transmisores de conocimientos inscritos en el contexto social.

Para lograr estos cambios, se debe comenzar por una reestructuración de los sistemas educativos. En segundo lugar por una concientización de los maestros mediante cursos de capacitación. En tercer lugar, la creación de programas de enseñanaza que contengan y contemplen en los aspectos estructurales y de contenidos de los medios de comunicación. En cuarto lugar, la preparación de material adecuado a los intereses de cada país para llevar a ejecución un programa integral en el estudio de los medios de comunicación en las escuelas de educación básica y media superior. En quinto lugar, proporcionar a los jóvenes modelos en los que se identifiquen de acuerdo a su formación e instrumentos que les permitan tener un acceso directo y una participación en prensa juvenil, publicación de sus trabajos, etc. En la medida que se comprenda que la comunicación debe ser parte de toda estrategia de desarrollo, el aspecto formativo aquí descrito adquiere toda su dimensión.

8. Políticas de comunicación

Los objetivos señalados para la próxima década y las áreas de acción concreta mencionadas deben incorporarse en políticas de comunicación definidas a nivel nacional, regional, interregional e internacional. El punto de partida debe ser la capacidad nacional para dotarse de orientaciones propias en la materia. Cada Estado cuando es expresión, participativa y democrática de la sociedad, debe definir los sistemas de comunicación adecuados a las necesidades de desarrollo de esa nación. Dicha política debe constituir un conjunto integrado, explícito y duradero de políticas parciales de comunicación, emanadas de la legislación particular a cada medio, y armonizadas en un cuerpo coherente de principios y normas destinadas a orientar los usos y las funciones de los órganos e instituciones de comunicación que actúan en un país determinado. Debe también ofrecer un marco de referencia para la elaboración de estrategias nacionales tendientes al establecimiento de infraestructuras de comunicación que tengan una función que cumplir en el desarrollo educativo, cultural, económico y social.

Entre los objetivos generales que deberán incluirse, cabe mencionar los siguientes:

a) Determinar los derechos y responsabilidades de los comunicadores del sector público y privado.

b) Extender los servicios que sean deficitarios para lograr una cobertura total de usuarios.

c) Promover la creación de medios alternativos al sistema transnacional.

d) Establecer políticas de participación popular en la comunicación.

e) Promover la colaboración entre países del Tercer Mundo.

f) Garantizar a los medios de comunicación el pleno ejercicio del derecho de opinión.

g) Asegurar la pluralidad de las fuentes de información así como de los medios de comunicación, para lograr el ejercicio del derecho de opción.

h) Actualizar y desarrollar las estructuras técnicas.

i) Fomentar el uso de los medios de comunicación con fines educativos.

j) Estructurar sistemas comunicacionales abiertos que impidan que la información se convierta en un retroalimentador de grupos de poder minoritarios.

9. Especificación de actividades

Cada uno de los objetivos indicados en el párrafo 6, las áreas de acción concreta referidas en el párrafo 7 y los objetivos de las políticas nacionales en el párrafo 8 son susceptibles de analizarse con más detalle en el documento general que sirve de base a esta síntesis denominado: Estrategia internacional para el desarrollo y comunicación: perspectivas para la Tercera Década.

(Résumé ../cont. de p.2)

- la création de mécanismes institutionnels et de fora permettant l'analyse des communications en fonction de leur contribution à l'interaction entre sociétés;
- la collaboration entre pays du Tiers Monde;
- stimulation de l'interaction entre les mass media (généralement liées à un modèle de développement hégémonique) et des formes de communications alternatives (plus proches des aspirations populaires);
- utilisation de l'éducation pour favoriser la prise de conscience sur les problèmes et les possibilités de la communication;
- formulation de politiques de la communication répondant aux besoins locaux.

Peuvent contribuer à la définition et à la mise en oeuvre de ces objectifs, les débats en cours au sujet du nouvel ordre international, aussi bien au plan intergouvernemental (Mouvement des Non-alignés, UNESCO) qu'à celui du Tiers Système d'où a émergé une plateforme conceptuelle et politique tendant à faire de l'information un bien social et non plus une marchandise.

AN INTERACTION

THE FUNCTIONING OF THE INTERNATIONAL MASS MEDIA

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To make public opinion aware of the intrinsic relationship between poverty, malnutrition and maldevelopment - a plague which afflicts a good quarter of the world population - is a task which has not been successfully accomplished in the last thirty years. Many are the reasons for this state of affairs: the sensationalist character of the market-oriented mass media, ethnocentric biases and the "objective" difficulty to interest readers and viewers in problems of people who are geographically, culturally and economically so distant. The effectiveness in this field of the public information activities of the UN system has also to be rated quite low.

It is only an infinitesimal part of the public which is informed, i.e. aware about the state of the world in respect of problems like economic and ecological interdependence and dependence; unequal growth and, even more so, unequal distribution of wealth; the real balance sheet of international assistance, the so-called "aid"; the historical and present reasons of economic underdevelopment; the role of the transnational corporations in the world economy; etc. Particular ignorance reigns in respect of the rural poor of the Third World, the ones whose voice is the weakest thus the less heard, of the structural obstacles which impede their access to land, water and credit, appropriate education, health and shelter.

Knowing about all these facts will not change by itself the situation of the underprivileged countries and social strata. It is evident that the changes have to take place from inside these societies as a result of the historical process called development. But a well-informed public opinion of the materially happier part of the world can influence its own governments' attitudes in relation to the development process in the Third World. The influence from outside can promote or hinder progress, assist those most in need or the already wealthy. But most important, it can promote active solidarity among people and thus contribute to the gradual extinction of superiority complexes, the main source of racialism. It can contribute to the development of democratic, participatory movements, perhaps the only real impediment to military adventures. The better people understand the need for cooperation and interdependence, and hence become more active factors of a more just world order, the better the chances of this order to come to life soon.

Three fields

In the realm of international information we have to distinguish three main fields in which the action is taking place or should be taking place:

- the professional mass media - press, radio, TV, publishing, film, records, cassettes, etc., - producing for the market;
- governmental information and education catering to more specialized sectorial and age groups;

. nongovernmental or peoples' organizations grouping large masses of voluntary members in ideologically and/or profesionally determined associations.

Each of these categories influence the receiver of information, i.e. the general public separately and/or in their totality.

The mass media: Particularly since the "massification" of television, it is not a daring affirmation to suggest that the mass media has become the main, if not the only, source of information and education received by people above school age. Their role in the formation of youth is too well known to deserve further demonstration. Oral communication, the prevalent medium of the past, is shrinking in importance in proportion to the growing privatization of the individual. The latter fact has to be emphasized as the passivity of the receiver of information expands in proportion to the technical sophistication of the medium, demanding the strain of more and more senses in order to catch the message. The speed with which information is transmitted is also dictated by the broadcaster without giving any chance to the receiver to interfere. Thus the participation of the receiver in the flow of information, so important in creating effective awareness, is constantly losing ground. This is most anachronistic as the technological revolution of the last decades has "massified" the private ownership of media equipment (tape recorders, film and still cameras, xeroxes, etc.) capable of "massifying" centres of production and dissemination of information. Legal and/or political restrictions, existing market mechanisms and the passivity of the mesmerized public explain why the real communication explosion has not yet occured.

In the field of international, particularly Third World, information the picture is quite unfavourable. The main sources, the so-called "Four Sisters" (UP, AP, AFP, Reuters') of the communications business are ruling the international news market and imposing their interpretation of the events. Even in the Third World media it is they who furnish 80% of the printed or broadcasted news[1/]. Specialized research in Britain has shown that, compared to their colleagues in other fields, foreign correspondents are less autonomous in the choice of which stories should be covered[2/], and that the news processors or gatekeepers, being the organization's men, "align themselves with the overall (revenue) goals" of the organization (ibid). These two factual findings suffice to cast doubt about the freedom of the flow of information. Commercial, professional, but especially political cum cultural biases, are incessantly permeating the published material. Competition, speed requirements and sensationalism are the major elements of the other main fault of international information, i.e. superficiality. Events are not put into context, nor is it explained that some "exotic" manifestations of other cultures or societies cannot be understood or appreciated with criteria which are supposedly universal but in fact ethno-centric or, more precisely, euro-centric.

But if one turns to the hardware of international communication and looks into the "consciousness industry"[3/], it appears that the Four Sisters are the poor

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1/ Fernando Reyes Mata, "The Information Bedazzlement in Latin America", Development Dialogue (1976:2), p.32

2/ Jeremy Tunstall, "News Organization Goals and Specialist Newsgathering Journalists", Sociology of Mass Communication (London: Penguin, 1976), p.259

3/ Term coined by Hans Magnus Enzensberger in "The Consciousness Industry...", New Left Review (1970, no.64)

relations of the family (see Table). The transnational companies which produce, own, programme and distribute the whole spectrum of productions, from telecommunication satellites to comic books, are unifying and uniformizing the world under the aegis of the standardized values and criteria of the technically most avanced society. The role of communications in management, production, organization, in social and natural sciences as well as in military matters, has gained considerable momenutm. Not only has it become a flourishing business activity but, in view of the special character of the commodity being sold (the discrepancy between the exchange and use value of this commodity is much bigger than in the case of, probably, any other commodity), the non-quantifiable returns are much more important than the quantifiable.

Table: The transnational corporations controlling up to 75% of the flow of international communication

Rank	Corporation	Type	Sales	Employees
1	I.B.M. (USA)	computers	14,436	288,647
2	General Electric (USA)	electronics	13,399	375,000
3	I.T.T. (USA)	telecomm.	11,367	376,000
4	Philips (Netherlands)	electronics	10,746	397,000
5	Siemens (FRG)	electronics	7,759	296,000
6	Western Electric (USA)	electronics	6,590	152,677
7	G.T.E. (USA)	telecomm.	5,948	187,170
8	Westinghouse (USA)	electronics/ broadcasting	5,862	166,048
9	AEG-Telefunken (FRG)	electronics	5,187	162,100
10	Rockwell Int. (USA)	satellites	4,943	122,789
11	R.C.A. (USA)	electronics/ broadcasting/ publishing	4,789	113,000
12	Matsushita (Japan)	electronics	4,677	82,869
13	L.T.V. (USA)	satellites	4,312	60,400
14	Xerox (USA)	electronics	4,094	93,532
15	C.G.E. (France)	telecomm.	4,072	131,000
...				
...				
...				
77	Associated Press (USA)	news agency	78(1973)	2,000(1973)
78	United Press Int. (USA)	news agency	60(1973)	2,000(1973)
79	Reuters (UK)	news agency		
80	Agence France Press (France)	news agency		
81	Visnews (UK)	film agency		

Source: Cees Hemelink, The Corporate Village (Rome: IDOC Europe Dossier 4, 1977)

The Third World's dependency in terms of technology and hardware is total, but similarly is the situation concerning software. From 35 to 80% of the TV and radio programmes are imported[4/]. Thus the latest "hit" produced in Los Angeles or London is whistled simultaneously by schoolboys in Lagos and in the rice fields of the Philippines. There is no harm at all in this simple fact if a whole way of life and consumption, alien and unattainable, would not have been transmitted and would not have contributed to a growing frustration leading to depreciation of the native and longing for the foreign.

In conclusion, the consciousness industry mis- or under-informing at home about the Third World is the primary Trojan horse employed in the latter to spread overtly and in a subliminal way the model of social, cultural and economic development. It is thus not surprising that bitter debate (UNESCO conferences Nairobi 1976, Paris 1978, and other fora) has met the attempt to make part and parcle of the New International Order the question of international information. A more just world order will have, inter alia, to limit the negative effects of this industry, and by opening access to alternative views and voices, to contribute to a much more horizontal relationship among equals.

Governments got the upper hand over a decisive factor in the field of international information, i.e. formal education. It is not only the amount and depth of factual information about the Third World transmitted to the pupils which is in question, but the values underlying this educational process which will be determining their further behaviour in this field. The way to teach the colonial conquest, the explanations and reasons given for these events, the description of the colonized, will have created in the receiver of that information attitudes and ways to look at "the other" of today. The extremely eventful last three decades, the process of political decolonization leading to the multiplication of national sovereignties, the variety of emerging political regimes and cultural values offer a privileged terrain for curricula. Despite positive changes in recent years in these curricula, the teaching about the majority of mankind is still reflecting ethno-centric biases.

The knowledge of the public about its government's performance in the area of international cooperation, particularly with Third World countries, is in general quite low[5/]. This for several reasons, among them the malfunctioning of the media analysed above, but equally the low priority given by governments themselves to this topic. At times of budget discussions there is usually information about amounts voted for so-called development aid. In the best of cases the proportions among military and non-military aid are stated, but no detailed and no meaningful information is furnished to the taxpayer as to the utilisation of amounts disbursed, to whom and why. Only if the target of 0.7% of the GNP is achieved or approached is there any reference to this internationally accepted obligation. More important, the governmental information services are not promoting analytical and in-depth coverage of the projects supported by the country. These projects would be excellent themes to present the complex, contradictory character of the development process and to present to the public

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4/ Peter Schenkel, "La estructura de poder de los medios do difusion", CIESPAL, Sept. 1973, quoted in Cess Hamelink, The Corporate Village (op.cit.)

5/ Beatrix Mulhethaler, Die Dritte Welt im Spiegel der Schweizer Presse (Freibourg:Universitatsverlag: 1976)

objectively the "other", his specificities and similarities, his participation in the nation-building process in the framework of dependency. But public relations considerations prevail upon information-education tasks.

The UN system and other intergovernmental organizations, normally on the opposite side of the fence, pushing for more development aid, thus for their own bureaucratic growth, have also failed to perform effectively. Most of the scarce and shrinking information budgets are earmarket for staff costs and not for operational activities. The reporting on institutional events represents the lion's share of the overall information activity, the so-often criticized "press-release-itis". Development information and education, a statutory task of the UN system, similarly to national governments, has low priority.

Peoples' organizations or the "third system": The greatest variety characterizes this system. At one end of the spectrum there are extremely active, religious, political, or small youth groups, who devote all their efforts to conscientizing their members and the public, and at the other end one finds the huge trade unions with millions of members, whose attitude is often more negative in this area than that of governments. In the middle stand the specialized academic and research institutions, who disseminate their findings among restricted professional circles. This system has not made headway either in convincing public opinion. The smaller groups often preach to the converted. The trade unions in some traditional trades, like textile, shoe and garment industry, see in Third World export liberalization an immediate threat. Farmers organizations are not always in favour of growth of production in a Third World country when the commodity in question can become competitive.

The communication-information-education work in this sytem can be of the utmost importance as there is a favourable prejudice among voluntary members vis à vis the information materials disseminated by their own organizations or their international unions.

What to do?

The bleak picture described above has to be tempered by the most important change in the history of the last thirty years, i.e. the coming to life of the hundred off countries constituting the Third World. Their sheer existence and international visibility forces the public opinion of the industrialized world to take notice of the changed situation. In this respect the OPEC action in changing in its favour oil prices has done much more for the education of the public than any propaganda campaign could have done. The question to ask is: will the new world order be born through painful confrontations or is there a peaceful path through cooperation and mutual understanding? The main task seems to be to personalize the common man and woman of the Third World in the eyes of public opinion, to bring him/her in palpable distance, and to try to look at the world, for once, with the eyes of the "other". In other words, more human, meaningful information and less global figures.

Adequately informing the public opinion will, however, not be achieved without drastic changes in the existing information order. A moral code of professional communicators as well as other legal measures seem necessary. It is not a series of limitative or coercive measures which will bring about the new order but a freer access to the dissemination of information; greater freedom of impression and expression, broadcasting and reception; new ways of communication between individuals and communities.

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BUILDING BLOCKS

FINANCING THE DEVELOPMENT OF SCIENCE AND TECHNOLOGY IN THE THIRD WORLD

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Abstract: Third World countries must undertake a major programme of financial investments in the creation of endogenous S&T capabilities. Government budgetary allocations for S&T should at least reach a level of 2 to 3 percent of the total budget. Funds for this purpose could be generated both internally and externally. Countries like Peru, Argentina, and South Korea have established mechanisms to generate resources internally; Peru by levying a cess on industrial enterprises, and South Korea in allocating for R&D an amount equivalent to royalty payments. Internationally, both bilateral and multilateral agencies could explore a variety of devices to transfer resources to Third World countries with this specific objective in view. Multilateral financial agencies, for example, could have as their target the allocation of 10 percent of their total disbursements for the generation of local S&T capacity. There could also be a system to raise resources more authomatically by levies on military expenditures, trade in technology-intensive goods and so on.

FINANCEMENT DU DEVELOPPEMENT DE LA SCIENCE ET DE LA TECHNIQUE DANS LE TIERS MONDE

Résumé: La création d'une capacité endogène pour la science et le technique dans le Tiers Monde implique des investissements considérables. La part du budget national consacrée à la science et à la technique doit atteindre au moins 2 à 3% du total. Les ressources nécessaires peuvent provenir soit de l'extérieur soit de l'intérieur. Des pays comme le Pérou, l'Argentine, la Corée du Sud, ont mis en place des mechanismes permettant de mobiliser ces ressources dans le pays même. Le Pérou prélève un impôt payé par les entreprises; la Corée du Sud attribue à la 'recherche-développement' un montant équivalent aux redevances perçues. Au plan international les agences bilatérales et multilatérales d'aide pourraient étudier toute une gamme de moyens de transférer des ressources spécialement affectées à ces activités. Les agences multilatérales, par exemple, pourraient allouer 10% de leurs transferts à la création d'une capacité nationale pour la science et le technique. On pourrait aussi examiner des moyens de mobiliser des ressources automatiquement, par exemple au moyen d'une taxe sur les dépenses militaires, le commerce de la technologie ou des biens incorporant un fort élément technologique.

FORMENTO PARA EL DESARROLLO DE LA CIENCIA Y TECNOLOGIA EN EL TERCER MUNDO

Resumen: Los países del Tercer Mundo deben emprender un programa de fomento de capacidades endógenas de Ciencia y Tecnología. Designaciones del presupuesto gubernamental para la ciencia y tecnología deben alcanzar por lo menos una proporción de 2 a 3 por ciento del presupuesto total. Fondos para este fin se engendrarian tanto dentro como fuera del país. Países como el Perú , Argentina y la Corea del Sur han establecido mecanismos para crear recursos internos destinados a fomentar la Ciencia y Tecnología local. El Perú recauda de las empresas industriales un impuesto especial y Corea del Sur destina a la investigación para el desarrollo una suma equivalente a los pagos de royalties. Con el mismo fin, agencias internacionales, bilaterales y multilaterales,pudieran explorar una variedad de mecanismos para transferir recursos destinados a fomentar el desarrollo de la S&T en el Tercer Mundo. Agencias financieras multilaterales pudieran tener como objetivo fijar el 10 por ciento de sus transferencias para la creación de ciencia y tecnología local. También se podría crear un sistema para reunir recursos de una manera más automática, cobrando impuestos sobre gastos militares o sobre el comercio de tecnología o de mercancias de elevado valor tecnológico.

Francisco R. Sagasti**

FINANCING THE DEVELOPMENT OF SCIENCE AND TECHNOLOGY IN THE THIRD WORLD

INTRODUCTION

While there are many indicators of the state of technological underdevelopment of the Third World, one of the most striking is the difference in allocation of financial resources to research and development (R&D). In a survey of world R&D expenditures sponsored by the OECD Development Centre, it was found that in 1973 out of the US $96.5 billion spent at the world level, the Third World countries accounted for less than US $2.8 billion. Furthermore, these disparities in financial allocations have been maintained for a long time, giving rise to cumulative differences of even greater magnitude.

Regardless of good intentions or of well formulated programs and plans to put science and technology at the service of development, in the last analysis it will be necessary to increase substantially the availability of funds to back those programs. Even if human resources are considered a more serious bottleneck in the short-term, financing is also required to expand the higher education system and to produce the necessary number of qualified scientists and engineers.

But investments in the development of scientific and technological capabilities are rather difficult to assess and justify, particularly if the conventional concepts of project formulation, appraisal and monitoring are applied. Considering the serious economic difficulties that most Third World countries are undergoing and the impact and urgency of short-run problems, it is perhaps too much to expect that they would focus attention on the relatively long-term and uncertain task of developing endogenous scientific and technological capabilities.

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* For a full report on this subject see the document of the same title published by UNITAR as N° 6 of its "Science and Technology Working Paper Series".

** International Development Research Centre. The views are the author's personal responsibility.

Nevertheless, Third World countries must invest in science and technology, for there is no escape from the condition of underdevelopment unless endogenous S&T capabilities are acquired. To complement these efforts, there must also be a massive transfer of resources for science and technology from the industrialized countries to the Third World.

The forthcoming United Nations Conference on Science and Technology for Development and the preparations associated with the formulation of a new International Development Strategy for the Third UN Development Decade provide an opportunity to highlight the importance of science and technology for development in general, and for examining the ways and means to augment significantly financial resources for S&T in the Third World. It is clear that existing financial mechanisms should be improved and expanded and that a series of new financial mechanisms should be created, particularly for channeling the support of industrialized to Third World countries.

CHARACTERISTICS OF S&T FINANCING MECHANISMS

There are several premises that can be interpreted as guiding principles for the organization of efforts to increase the allocation of financial resources for S&T development. A brief summary follows:

(1) Financing the development of endogenous S&T capabilities is primarily a national responsibility and a task for the state in the Third World countries. To a large extent, this amounts to a recognition of the existing state of affairs, for government agencies in Third World countries account for the majority of S&T expenditures, given the combination of weakness and unwillingness of the private sector to participate actively in the development of endogenous S&T capabilities. But beyond this accidental reason, it is clear that market mechanisms on their own do not conduce to the development of endogenous S&T capabilities. Government intervention, particularly through financing mechanisms, is required also because of the relatively long-term nature of the task, the "externalities" involved, and the uncertainties associated with investments in S&T.

(2) When establishing financing mechanisms and deciding on the allocation of funds, it is necessary to define problem areas, programs and projects in which to invest, even though it is not necessary that detailed specific projects and programs be always defined in advance. This is one of the most difficult problems to solve, and there have been cases in which resources were available but projects could not be formulated. Furthermore, when determining the level of financing for a certain set of

activities, it is necessary to define at least two sets of parameters: the lower limits for financial allocations derived from the minimum critical mass necessary for the performance of S&T activities (in quantitative, qualitative and interphase terms); and the upper limits, derived from the absorption capacity of the institutions involved in the performance of S&T activities (existing infrastructure and possibilities for expansion). This also underscores the need for a gradual and cumulative build-up of the human resources base and for a careful definition of priorities.

(3) Financing should be provided for a broad range of S&T activities and not only for research and development, as has been traditionally done. In addition to research and development, S&T training programs, adaptation of technology, search for technologies to import, disaggregation of the technological package, consulting and engineering design, risk capital to stimulate innovation, S&T information networks, quality control and standardization, registries of licensing agreements and patents, among others, are activities that need to be incorporated within a comprehensive scheme for financing endogenous S&T development. Furthermore, these activities require automatic, continuous and predictable financing, preferably free from the vagaries of periodic budgetary negotiations and from the instability of voluntary contributions.

(4) Closely linked to the broad range of S&T activities to finance, there is a need for a multiplicity of institutional arrangements. Experience has shown that it is not possible to use a unique system of financing for the whole range of activities and problem areas related to S&T development and that there is a need for a variety of sources of priorities for programs and projects.

(5) Cooperation among Third World countries at the subregional, regional and interregional levels is an essential component of endogenous S&T development. In addition to the need to achieve the minimum critical mass necessary in some fields of S&T, and to benefit from economies of scale and to confront the pressures of industrialized countries and transnational corporations, the fact that Third World countries share common perceptions of the problems of putting science and technology at the service of development, share a common historical legacy with regard to the lack of an endogenous scientific and technological base, and also share many problems for which there does not exist adequate S&T responses, all contribute to make S&T cooperation among Third World countries an urgent imperative.

Finally, it is also necessary to define priorities and projects

for endogenous S&T development in the Third World, considering the national, subregional, regional and international levels. This is a rather difficult problem, for frequently the lack of S&T capabilities precludes the clear identification of priorities and the definition of projects, thus leading to a vicious circle: there is no capacity to define projects because there are no S&T capabilities, and the latter cannot be developed because programs and projects cannot be identified. While external assistance can help in many cases, it is neither possible nor desirable to rely exclusively on it, otherwise the learning component involved in the autonomous definition of S&T projects would be lost.

However, the need to define and identify projects and programs should not be confused with endless requests for detailed and very specific project proposals that could delay indefinitely the allocation of funds. Financial institutions should take greater risks and change their point of view, so as to allow for greater freedom and flexibility in the part of the recipients, even if projects are not formulated with the usual degree of detail to which development bankers are accustomed.

FINANCING MECHANISMS AT THE NATIONAL LEVEL

Accepting that financing the development of endogenous S&T capabilities is primarily a national responsibility, Third World countries should raise the level of their allocations to S&T from the 0.2 - 0.5 percent of their Gross Domestic Product prevailing in the early 1970s, to at least 0.7 or 1.0 percent, using a variety of financial mechanisms to reach these targets.

A first mechanism would consist in expanding government budgetary allocations for science and technology to a level of at least 2.0 to 3.0 percent of government expenditures. Table 1, in the following page, provides some estimates for Third World countries.

In addition to budgetary provisions, there are several possible schemes that could lead to an increased flow of resources for S&T at the national level. A brief description follows:

- Cess on a percentage of net income before taxes. This approach, known as "ITINTEC system", has been put into effect by the Peruvian Government since 1970. In the case of the Industrial Technology Institute (ITINTEC), all industrial enterprises in Perú, regardless of their ownership, must set aside 2 percent of net income before taxes for the performance of technological research. If this mechanism were adopted in Latin America around US $200 million per year could be generated. Other countries are now considering the establishment of similar systems, and the Indian Industries Development and Regulation Act contains provisions enabling the government to establish such a Cess.

TABLE NO. 1

Gross Domestic Product, Government Expenditures and Targets for Allocation for Science and Technology, 1976

	% Targets of Gross Domestic Products		% Targets of Government Expenditures	
	0.7%	1.0%	2.0%	3.0%
Latin America and The Caribbean	2,361.83	3,741.36	1,015.75	1,519.08
Asia and West Asia	1,424.46	2,034.91	806.85	1,210.29
South and Southeast Asia	1,695.40	2,422.04	490.14	735.24
Africa	877.52	1,233.51	434.78	652.17
Total for the Third World	6,358.71	9,431.82	2,747.52	4,116.78

- Allocating for R&D the same amount as royalty payments. This approach, followed in South Korea for several years, stipulates that all industrial enterprises have to set aside an amount for the performance of S&T activities equivalent to their royalty payments. On the basis of payments made during various years by selected Latin American countries for which data are available, more than US $500 million could be generated annually through this mechanism.

- Percentage of direct foreign investment flows. While this approach has not been made law in any country, there are many agreements between Governments and foreign investors that stipulate the latter's contribution towards scientific and technological activities. For example, an agreement between the Peruvian Government and the Swedish firm Volvo specified that the latter would set up a testing and quality control laboratory as part of this investment in an engine manufacturing plant. Assuming as a rough estimate that 1 percent of foreign investment flows would be allocated to S&T, around US $100 million could have been generated in Latin American countries between 1970 and 1975.

- Percentage of sales by transnational corporations. Another mechanism could be established specifying that subsidiaries of transnational corporations should spend in S&T activities in the host country the same percentage of sales as they spend in their home country. If subsidiaries of American transnational corporations in Latin America were considered, and the average for all American industry in 1976 were applied (R&D expenditures represented 1.9 percent of total sales) it would be possible to generate approximately US $500 million.

- Percentage of loans awarded by local development banks. This mechanism, tried in Argentina by the National Industrial Technology Institute (INTI) for more than one decade, involves setting aside for the performance of S&T activities a certain percentage of the loans given by development financing institutions to industrial enterprises. In the case of INTI, this percentage is 0.25, and the funds are provided as matching grants to industrial firms in order to set up technological centers in particular branches. A similar mechanism has been recently established in Brazil, where State financing organizations have to set aside 2 percent of their gross income to support S&T activities. While figures would vary from country to country, depending on the relative weight of development financing agencies on total financing, it is clear that contributions could be substantial.

There are also other procedures that have been tried to increase the allocations for S&T, such as the provision of tax incentives. However, the effectiveness of such incentives has been questioned in many instances and there is a need for examining closely the impact of fiscal incentives for research and development. Preliminary studies show that their influence on increasing R&D expenditures is, at best, inconclusive. Finally, there is also the possibility of setting up governmental and non-governmental foundations, funds at the regional and state level, project financing institutions, etc., as has been done in Brazil, Mexico, India and many other countries.

The main point to emphasize is that there are many possible national sources to generate funds for the development of endogenous S&T capabilities, and that a variety of institutional and organizational arrangements is required. Furthermore, all of these possible sources of funds can be established through national decisions and legislation, without the need for international agreements. This is particularly important when dealing with S&T financing schemes that may affect subsidiaries of transnational corporations, and even more so when obligatory contributions related to the local operations of these corporations are contemplated. However, it could be possible for a group of Third World countries to agree on establishing similar systems at the national level and to coordinate their operation.

INTERNATIONAL FINANCING MECHANISMS

International financing mechanisms should complement the resources allocated at the national level and, for the reasons mentioned earlier in the paper, there should be a massive transfer of financial resources for endogenous S&T development from the industrialized to the Third World countries. While there are a variety of schemes to channel international financing for S&T in the developing, countries, some of which have been in operation for some time , the resources transferred specifically for S&T development in the past have been relatively small, and it is necessary to devise and establish new mechanisms that would increase substantially the resources and that could be more effective in providing financing support for endogenous S&T development in the Third World.

First, there are the official bilateral assistance channels, which involve in most cases tied aid. The idea would be to provide at least 25 percent of all aid funds without any ties, allowing the recipient countries to make their own decisions with regards to the projects, the purchases and, in general, with regards to the use of the funds. This would allow the recipient countries to "unpackage" the technology they receive in projects financed with official development assistance funds, improving the choice of technology and increasing decision autonomy on technological matters. Furthermore, 5 percent could be specifically earmarked for S&T development purposes; and if this were done, around US $800 million would be generated per year. To channel these portions of bilateral development assistance earmarked for S&T development, special purpose institutions, such as the Canadian International Development Research Centre (IDRC) and the Swedish Agency for Research Cooperation with Developing Countries (SAREC), could be created. The United States and other Western industrialized countries are contemplating the establishment of similar agencies, although it is essential that they remain very flexible in their operating procedures to be of any assistance to the Third World.

A second channel for industrialized countries' support of endogenous S&T development in the Third World involves a variety of private agencies and institutions. In addition to the Foundations that have been traditionally involved in supporting research and training (Ford Foundation, Rockefeller Foundation, Friedrich Ebert Foundation, International Foundation for Science, etc.), it is necessary to explore new mechanisms in which transnational corporations and international banks could participate, but with the explicit objective of developing the autonomous S&T capabilities of Third World countries. Few constructive ideas have been put forward in this regard, and transnational corporations -- which have been so innovative in many other areas-- should cer-

tainly exert ingenuity and creativity in this field (not that we are very optimistic in this regard!).

A third channel to finance the development of S&T capabilities in the Third World involves the multilateral financial agencies that have been established during the last twenty years. In addition to the United Nations Development Program, there is the World Bank, the regional development banks, and the regional organizations such as the UN Regional Economic Commissions, the organization of American States, the Andean Pact, the Association of South-East Asian Nations (ASEAN), the Arab Education, Culture and Science Organization (ALECSO), and the Organization of African Unity (OAU). Considering the activities of multilateral financial institutions, 10 percent of all their loans could be specifically allocated to the development of endogenous S&T capabilities in Third World countries, encompassing the range of activities that was described earlier in this paper. This could generate approximately US $450 million per year. Furthermore, it could be possible to establish a series of regional funds for S&T development, which would receive contributions from a variety of sources. Finally, in addition to the regional funds, a series of funding consortia could be established, along the lines of the Consultative Group on International Agricultural Research, and the International Program of Research on Tropical Diseases, to obtain contributions from a variety of sources and from multilateral agencies in particular.

There is also a need to establish new mechanisms that would generate additional funds for endogenous S&T development in a direct, automatic and continuous way. While the political feasibility of these new mechanisms may be questionable, it is clear that they could play the major role in providing financial support. Among the proposals that have been made there is the "development tax" scheme, which would levy a tax on domestic consumption, on traded commodities, or on incomes in the developed countries. The development tax could also be based on international traded goods or on the exploitation of mineral resources of the sea-bed. There have also been suggestions to link the generation of funds for development to the creation of Special Drawing Rights (SDRs) or to the profits made from gold sales by the International Monetary Fund. A certain percentage of the funds generated with such schemes could be channeled to the development of endogenous S&T capabilities in the Third World, although no quantitative estimates can be provided at present.

Another innovative proposal is that made by Bernard Lietaer to establish a new North-South trading mechanism that would give stability to commodity prices and compensate Third World countries for losses due to inflation through a "World Development Exchange". Lietaer's proposals amount to a transfer of resources from industri-

alized to Third World countries by means of a voluntary reversal of the deterioration of the terms of trade between commodities and manufactured products. As Lietaer's proposals are linked to investments in development projects, it could be possible to add a component of scientific and technological development to his trading mechanism and World Development Exchange.

There have also been proposals made to levy a tax on military and armament expenditures by the industrialized nations. In 1975 world military expenditures were around US $350 billion, and even a small fraction of these expenditures could generate a very large amount of funds for development in general and for S&T in particular. If the figures for military R&D were considered, 5 percent of the US $30 billion spent in 1977 would have generated an additional US $1.5 billion for S&T development in the Third World. However, the difficulties in assessing military expenditures and the complications involved in collecting such tax, make this proposal one of the most difficult to define in operational terms.

There is also a proposal to establish a fund linked to the imbalance in the trade of technology-intensive goods between industrialized and Third World countries. The rationale of the proposal is based on the fact that an objective indicator of technological disparities between North and South is the imbalance in the trade of manufactured goods of a certain degree of complexity, which incorporate the results of scientific and technological research. Consequently, in order to initiate a gradual process of redistribution of the world scientific and technological effort, within the framework of more equitable world trade patterns, it is appropriate to link the transfer of resources from developed to developing countries for the development of S&T capabilities to the imbalances in trade of technology intensive products.

Estimates of the size of the fund for Latin American countries in 1975, considering trade in all manufacturing activities with the U.S.A., Japan and the European Economic Community, indicate that the trade imbalance against Latin America was approximately US $23.3 billion, and that if 2 percent of that imbalance had been contributed to the fund for S&T, US $460 million would have been generated. More detailed estimates, carried out by the Secretariat of the Andean Pact put the figures for Latin America at the level of US $217 million, considering the average trade imbalance between 1969 and 1973 and using the same 2 percent figure. The corresponding estimates for Asia and Africa for the period 1970 - 1974 lead to a contribution of the developed countries of US $248 million and US $187 million for each region respectively. The Andean Pact estimates exclude trade in armaments and also introduce a redistribution factor to reach more equitable allocations among the developing countries in a given region.

Finally, a projection of trade imbalances between the U.S.A., Japan and the European Economic Communities and all developing countries in two technology-intensive sectors has been carried out by Pizano and Perry. Their estimates for the size of the fund, based on projections of the trade imbalance in chemical and engineering products, and on the use of 2 percent as the level to determine contributions, lead to US $3.2 billion in 1980 and to US $4.2 billion in 1982.

CONCLUDING REMARKS

From the description of the various possible financing schemes for endogenous S&T development in the Third World, it is clear that a variety of mechanisms at the national, regional and international levels is required, and that a substantial increase in the level of resources allocated specifically for scientific and technological development is certainly possible. The feasibility of many schemes has already been proved in practice, and there are several others that could be established with little difficulty. Many of the mechanisms do not require international agreement and it could be possible to undertake concerted but autonomous actions in several Third World countries to establish national mechanisms of a similar type.

But even if all these mechanisms to finance the development of endogenous S&T capabilities in the Third World were put into effect simultaneously and at all levels through a miraculous exercise of coordinated political will, their impact would only be felt in the long-run, and would only just begin to alter the existing and cumulative disparities in S&T capabilities between industrialized and Third World countries. Rather than a cause for cynicism and despair, this should be taken as a challenge to be met squarely by the Third World, with or without the help of the industrialized countries, for there is no escape from the condition of underdevelopment unless endogenous scientific and technological capabilities are acquired.

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BUILDING BLOCKS

CHANGING THE POSITION OF AN UNDERDEVELOPED COUNTRY: THE CASE OF JAMAICA

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LE CHANGEMENT DE LA POSITION D'UN PAYS SOUS-DEVELOPPE : LE CAS DE LA JAMAIQUE

Résumé : Depuis qu'elle a déclaré, en 1974, son intention de développer une société démocratique et socialiste, la Jamaïque, petit pays de 2 millions d'habitants et cas typique d'une économie capitaliste périphérique, s'est appliquée à définir et à appliquer les politiques généralement recommandées pour sortir du sous-développement : changement dans les rapports de production et dans les structures de production et de consommation de manière à les rendre compatibles; internalisation du for décisionnel pour les décisions-clés; diversification des relations économiques et commerciales; satisfaction des besoins fondamentaux des masses. A une époque d'interdépendance croissante, cette action s'appuie sur une action internationale tendant à diminuer la dépendance et à accroître les relations avec les autres pays du Tiers Monde.

Ce travail a pour but d'évaluer jusqu'à quel point la Jamaïque a poursuivi une politique extérieure innovatrice et jusqu'à quel point cela a facilité sa politique intérieure de "self-reliance".

Depuis 1972, la structure de l'économie a été transformée d'une manière significative et la base de progrès ultérieurs mise en place. Du point de vue de la propriété et de la maîtrise des ressources et des institutions économiques principales, la politique du gouvernement a relativement bien réussi. Une meilleure satisfaction des besoins fondamentaux, une distribution plus équitable de la richesse et la décentralisation du pouvoir de décision sont aussi à porter au crédit de cette politique. La Jamaïque a aussi diversifié avec succès ses relations économiques et diplomatiques, notamment en direction de l'autonomie collective régionale.

En même temps, si l'on compare avec la période précédente, marquée par la croissance et une relative stabilité des prix, mais dans un contexte de dépendance externe et d'inégalité interne, les dernières années ont connu une certaine détérioration économique visible notamment au plan de la balance des paiements. Le processus de changement s'est aussi accompagné de certaines conséquences sociales négatives résultant de la peur du changement et se traduisant par la violence, la fuite des capitaux et des talents.

Ainsi les contraintes imposées à un petit pays aux ressources limitées dans un contexte international défavorable posent la question de sa capacité à éliminer les facteurs de dépendance en l'absence de transformations rapides au plan international.

EL CAMBIO EN LA POSICIÓN DE UN PAÍS SUB-DESARROLLADO: EL CASO DE JAMAICA

Resumen: Después de haber declarado su intensión, en 1974, de desarrollar una sociedad democrática y socialista, Jamaica, pequeño país de 2 millones de habitantes, un caso típico de una economía capitalista de la Periferia, se aplicó a definir y a aplicar las políticas generalemente recomendadas para salir de su estado sub-desarrollado: cambios en las interrelaciones entre el proceso de producción y las estructuras de producción y de consumo, con el fin de hacerles compatibles; control interno del fuero de decisión para las decisiones claves; diversificación de relaciones económicas y comerciales; la satisfacción de las necesidades fundamentales de las masas. En un época de interdependencia creciente, este programa se apoya en actividades internacionales que tienden a disminuir la dependencia y a aumentar las relaciones con los otros países del Tercer Mundo.

Este informe tiene como fin la evaluación del éxito que ha tenido Jamaica en su busca por una política externa inovadora y el establecimiento del punto hasta el cual éste haya facilitado su política interna de autodependencia.

Desde 1972, la estructura económica se transformó de una manera significativa y la base de progreso ulterior se puso en marcha. Desde el punto de vista del dominio y de la propiedad de los recursos, y de las instituciones económicas principales, la política del gobierno ha tenido relativamente éxito. Un mejoramiento en la satisfacción de las necesidades fundamentales, una distribución más justa de riquezas y la decentralización del poder de decisión son todos resultados de esta misma política. Jamaica también ha diversificado con éxito sus relaciones económicas y diplomáticas, sobre todo en dirección de la autodependencia colectiva regional.

Al mismi tiempo, si lo comparamos con el período anterior que fué notable por el crecimiento económico y estabilidad relativa de precios, pero en un contexto de dependencia externa y de desigualdades internas, los últimos años han conocido una cierta deteriorización económica visible sobre todo en el plan del balance de pagos. El proceso de cambio estaba acompañado de ciertas consecuencias sociales negativas que resultaron del miedo del cambio y que se manifestaron por la violencia y la huida de capital y de talentos.

Así las coacciones impuestas sobre un pequeño país de recursos limitados dentro de un contexto internacional desfavorable, nos presentan el problema de su capacidad para eliminar los factores de dependencia en la ausencia de transformaciones rápidas al nivel internacional.

Byron Blake and Kenneth Hall

CHANGING THE POSITION OF AN UNDERDEVELOPED COUNTRY : THE CASE OF JAMAICA

Introduction

In the transition from an under-developed capitalist country it has been generally "recommended" that a small country pursues a variety of internal policies designed to change the power relations; change the production relations; change the consumption and production patterns in a manner which harmonises these; internalise the locus of decision-making of pivotal or key issues; diversify economic and trading relations; and provide for the basic needs of the masses of its population. In an era of increasing interdependence, it has further been agreed that such national strategies must be supplemented by international action, in particular the mobilisation of the Third World for collective self-reliance.

Jamaica, a typical capitalist periphery economy, has, since its declaration to develop a democratic socialist economy in 1974, been active in fashioning and implementing the recommended policies and strategies at both the national and the international levels.

At the national level this meant an economic policy designed to provide adequate supply and effective and equitable distribution of necessities to the masses of the population, and a social policy aimed at providing adequate social services, together with the promotion of social justice, social and economic egalitarianism, and of participatory forms of social and economic organisations. Operationally, these strategies have been manifested in policies of land reform, worker participation, nationalisation of strategic aspects of economy, legal and other social reforms.

At the international level there has been an active and innovative foreign policy aimed at complementing the national policies. These have been manifested in initiatives for the formation, policy re-orientation, and/or reactivation of international, regional and bilateral institutions. At the regional level this has resulted in the formation of institutions such as CARICOM, SELA, CDCC; while at the inter-regional level, it has included the formation of the ACP as a group and the promotion of the non-aligned action programme. At the international level, initiatives were taken to force discussions and decisions on the New International Economic Order in a variety of fora, in particular at the Special Sessions of the UN General Assembly, UNCTAD, the Group of 77, the Law of the Sea Conference and CIEC. There were also initiatives which resulted in the convening of Special Sessions of the United Nations and the establishment of working groups on particular issues, as well as specialised such as UNEP, HABITAT, and the creation of sub-regional agencies within the UN system, such as the Caribbean Development Cooperation Committee (CDCC).

Our purpose is to indicate the extent to which Jamaica has pursued an innovative foreign policy, and the extent to which this has facilitated the internal policies for self-reliance.

THE JAMAICAN CONTEXT

Jamaica is by all definitions a small open island economy. It had an estimated population of 2.1 million an the end of 1977, of which 917,900 constituted the labour force. The major natural resources are 1.2 million acres of arable land (which has been decreasing through various incursions), non-renewable bauxite reserves of between 1.2 and 2 billion metric tons and fairly extensive natural beaches and other touristic attractions.

Jamaica is situated in close proximity of the United States of America and this placed her within the central sphere of U.S. social, economic and political influence. Jamaica has developed a pattern of trade which was heavily concentrated geographically with the United States, and the United Kingdom, supplying 55.3 per cent of her import requirements and accepting 64.3 per cent of her exports in 1973. The United States and the United Kingdom were not only sources and recipients of physical goods but were also the major sources of investment, technology, control and management. Invisible and visible trade with these countries were facilitated by a well-developed system of transportation and communication, co-existent with rudimentary and often non-existent systems with other countries.

The developement policy of the country between 1950 and 1972 was based on the doctrine of 'industrialisation by invitation'. Under this policy the country achieved the spectacular rate of growth of 6-7 per cent per annum over the period, but this was accompanied by increasing concentration and reliance on the United States and the United Kingdom for finance, capital goods and raw materials, technology and management and markets. The pattern of growth led to increasing disparities in the internal distribution of wealth and power, to conflicts over resource use and access to resource in particular land, to restraint on mass mobilisation and participation and an aura of instability. The pattern of development also created an insatiable desire for foreign exchange and kept the country linked to the international monetary system. Geo-political considerations, small size and the pattern of development forced the country to maintain a passive and adaptative foreign policy during the period after independence, 1962-1972. The main feature of foreign economic policy was to encourage foreign investment and foreign political policy was not permitted to adversely affect foreign economic policy. This type of foreign policy was not peculiar to Jamaica, but was typical of small and even large underdeveloped countries with similar geopolitical and historical considerations.

An adaptative foreign policy, a highly dependent economy, an unstable internal situation, and a 'fall-off' in the rate of foreign investment which commenced towards the end of the 1960s, were the inheritance of the new People's National Party (PNP) Government in 1972. The new government perceived the need to

radically change the structure of the economy and announced its objective to create a self-relaint society.

SELF-RELIANCE IN THE JAMAICAN CONTEXT

The new administration clearly accepted the limited resource base and structured its economic policy around land reform, control of the bauxite industry, and its social policy around redistribution of wealth and human development through literacy, free education, vocational training, worker participation together with constitutional and other legal reforms and decentralisation of the governmental process and programmes to break down psychological dependence and social differentiation.

The Land Reform Programme involved the acquisition of lands which were not in production or where there was demontrated social pressure and the allocation of these lands for productive purposes. The strategy of land allocation involved the establishment of government-owned farms (Operation Grow), the leasing of lands to individual and groups of farmers under Project Land Lease, and to Pioneer Farmers under the Pioneer Farm Programme, all with a view to increasing domestic food production, employment and broadening the ownership base.

The strategy for control of the bauxite industry involved the acquisition of lands owned by the bauxite companies, the introduction of a levy to improve the revenue take, and equity participation in the local operations (mining and where applicable, processing) of these companies.

The protection of the environment generally and the sea resources - especially beaches - was pursued through the establishment of a department with responsibility for environmental protection.

The historical dependence of the Jamaican economy on the external world and the objective reality of its limited resource base, convinced the administrators that its policy of self-reliance could not be undertaken in an autarkic manner. They seemed to have taken the view that internal policies towards self-reliance needed to be complemented by an assertive foreign policy, embracing the country's total dealings with foreign countries and international organisations. The basic strategy of foreign policy would be the diversification of foreign trade and external relations and the acceptance of new rules governing international relations (new international economic order). A central element of this strategy at the level of operations and negotiations was the strategy of collective self-reliance among Third World countries, designed to increase their bargaining power through a pooling of strengths and increasing economic and social relations among countries at a roughly similar stage of development.

In terms of increasing its bargaining power, Jamaica's external policy was built upon a series of relationships at the level of the Caribbean, Latin America, African and the whole Third World. Within the Caribbean, Jamaica participated actively in the formation of the Caribbean Community (CARICOM).

CARICOM in turn provided the basis for mobilising the African, Caribbean and Pacific States (ACP) in negotiations of the Lomé Convention with the European Community, its present arrangements with Canada as part of the Canada CARICOM Agreement, and initiatives within the Commonwealth. The initiatives within the Commonwealth led to the Commonwealth being an important forum for devising and implementing policies towards the New International Economic Order. Within the wider Caribbean and Latin America area, Jamaica played a leading role in the formation of the Latin America Economic System (SELA). The Caribbean Development Cooperation Committee (CDCC), and the Group of Latin American Sugar Exporting Countries. These initiatives, particularly SELA, provide the forum for developing and coordinating Latin American position on matters to be discussed in a variety of international forums.

At the wider level, Jamaica took the initiative in the formation of the International Bauxite Association (IBA), and has been actively involved in the development of policies and strategies within the Group of 77, the Non-Aligned Movement and the Group of 19.

The general objective of these international policy initiatives is the fundamental restructuring of the international environment in a manner which would be conductive to the full internal development of small states such as Jamaica.

The major areas of concern are arrangements for international trade and payments, finance, the transfer of resources for development, the transfer of technology, the control of transnational corporations, and the facilitation of economic cooperation among Third World countries. The solutions to these concerns which would create the so-called New International Economic Order have been pursued by Jamaica in a number of forums, such as the Commonwealth, UNCTAD, the United Nations Special Sessions and the Paris Talks. Jamaica with other Third World countries have now fully ventilated the problems and are now pursuing strategies towards their acceptance and implementation by the international community.

A major tenet of the New International Economic Order is the increase in economic transactions among Third World countries. Jamaica has pursued this objective at various levels, both bilaterally and within groups. At the level of production, a number of initiatives have been undertaken to link her bauxite production to the bauxite and energy production of other Third World countries. Specifically, she has attempted to develop a consortium with Venezuela and Mexico (JAVEMEX), with areas of activities in all three countries; also, to develop a consortium with Trinidad and Tobago and Guyana, again, with activities in all three countries. At the level of trade, she has increased the proportion of her total trade which derives from Third World countries in particular, the Caribbean, Latin America, and Africa.

At the level of infrastructure, she has actively participated in the formation of multinational shipping lines such as the West Indies Shipping Corporation (WISCo), NAMUCAR, and Jamaica Merchant Marines, as well as air links with countries such as Mexico, Venezuela, Cuba, and Nigeria.

At the level of institutions, as already mentioned, she has participated in the formation of SELA, CDCC, and CARICOM, which in turn have developed programmes to increase production, trade, and the transfer of experience.

In furthering the policy, Jamaica has also participated in a number of schemes of mutual assistance, such as the CARICOM Balance of Payments Facility, arrangements with Cuba for the promotion and development of tourism, arrangements with Venezuela for the purchase of oil and other commodities. These initiatives at the regional, inter-regional and international levels have not only provided Jamaica with additional resources, but have permitted the execution of certain key domestic policies. In this regard, one could consider for example, the case of the International Bauxite Association which, while not evincing general action, provided a measure of cover for the execution of the Bauxite levy, together with the other policies such as partial nationalisation of bauxite production designed to permit greater national control over a major national resource. The success of a national strategy on bauxite was not only assured by the IBA however, but also by the international acceptance of the principles of economic rights and justice. Another example, is Jamaica's attempt to restructure the international monetary system as it relates to the International Monetary Fund and the payments of debts. In a situation in which over 40 per cent of foreign earnings are consumed in the payment of debts and a set of development prescriptions by the International Monetary Fund are not only deflationary, but jeopardise national policies for social equality, the internal impetus is severely threatened.

The international community has so far failed to take decisions either to restructure the International Monetary Fund or to decide on a general regime for the treatment of debt payments. This failure has meant that Jamaica's internal policies have continued to suffer from both the increasing debt service requirements and the anti-developmental policies of the Fund.

PROSPECTS

Between 1972 and 1976 the structure of the internal economy changed significantly, and the basic framework for restructuring was laid. This included a variety of special social programmes aimed at redistributing income and economic benefits especially to deprived groups in the society; changes in the institutional and ownership structure of the economy to secure national and public control over export agriculture, public utilities, the importation of basic foods and bauxite mining ; and the development of new foreign economic relations with special emphasis on economic and technical cooperation with other Third World countries. In this regard it should be pointed out that the New Development Plan for the period 1978-1982 contemplated few new reforms, but emphasised growth and implementation of sectoral plans within the existing structure. Similarly, the social programmes stressed the continuation and implementation rather than significant new measures.

Significantly however, the period 1972-1976 witnessed sharp deterioration in economic conditions compared to the steady expansion and relative price and monetary stability which prevailed in the 1960s. There was negative growth in Gross Domestic Product in four of the five years, elimination of foreign exchange reserves and a reduction in the country's real capacity to import.

In addition to the economic conditions, there were also adverse social consequences resulting from the fear of change as well as the cost of change. At one level there was the spread of violence and at another there was the flight of capital, and managerial, technical and professional personnel. The effect was a further reduction of economic activity.

The impact of the adverse economic and social conditions was severe pressure on the government to maintain and manage the structure for economic and social change which it had created. In fact, the government has had to introduce a number of policy measures which, if continued for long, will erode the very structure. Two examples should illustrate this point.

The worsening balance of payments problem forced the government to introduce an increasingly stringent regime for import programming. In 1976, this reached the point where the country had to issue restrictions against imports from her CARICOM partners, the bedrock of her policy of collective self-reliance. This measure, inter alia,has impaired the functioning of CARICOM and thus weakened its ability to strengthen Jamaica's position in other areas of foreign policy.

The second also derived from the balance of payments situation. Despite its stated reservations, the government was forced, in mid 1977 to accept balance of payments support and the concomitant conditions from the International Monetary Fund, inter alia, a redistribution of national income in favour of the owners of capital and a reduction of the budgetary deficit. These conditions clearly sought to reverse earlier policies by redistributing income away from the masses and threatened economic and social programmes which were financed from the budget.

The reforms which have been undertaken and the economic problems and social instability with which they were accompanied, together with government's response, raise the question of the extent to which the objectives of a self-reliant society was achieved. Viewed from the perspective of ownership and control over resources and key economic institutions, the policy has been relatively successful. In this regard the government has now purchased controlling shares in a number of formerly private companies, for example, some of the bauxite and alumina operations, most sugar plantations, Jamaica Omnibus Services, Radio Jamaica, Barclays Bank and the Bank of London and Montreal; Jamaica Public Service Company and a significant segment of the hotel industry. Furthermore, state control has been established over essential imports through the State Trading Corporation and a proportion of the export trade, and the shipping of major commodities such as bauxite through Jamaica Merchant Marines Ltd., a joint venture with the Government of Mexico. To these new acquisitions must be added the important areas which were already under government control such as education, health, social services, infrastructure including public utilities, communication and the most important elements of public transportation and some significant elements of food and housing.

From the perspective of meeting the basic needs of the population and the equitable distribution of wealth, the achievement has been no less significant. Two examples will serve to demonstrate this point. First is the case of housing where the public sector has, through the Ministry of Housing, the Ministry of Local Government and the Ministry of Agriculture, the National Housing Trust, the National Housing Corporation, Urban Development Corporation and the Sugar Industry Authority become the major supplier of houses to the middle and lower income groups in the population. Two particularly significant programmes from the standpoint of redistribution, are the Urban Upgrading Programme and the Sites and Services Programme which are now being used as models of low cost housing in other countries of the Third World. In Education and Training, there is free education from primary school through to University; free literacy training for the adult population through the Jamaica Movement for Adult Literacy (JAMAL); free vocational and skill training through a number of vocational schools throughout the country.

In the areas of mobilisation and decentralisation of decision-making institutions, there have also been significant achievements. Major government institutions such as the Ministries of Agriculture, Youth & Sports and Parliamentary Affairs have been regionalised so as to improve their effectiveness. Perhaps of even greater significance is the movement to develop Community Councils and to give them legal status. The Community Council is a voluntary organisation accessible to all members of a community and with responsibility for coordinating activities within the community, involving monitoring Central Government programmes and projects, and organising community self-help and economic projects. With legal status, the Community Council will be empowered to own property and undertake economic activities.

At the international level, Jamaica's reputation as an advocate for fundamental restructuring of the international system is now fairly established. Specifically, Jamaica has successfully diversified its economic and diplomatic relationships. In the area of technical assistance and cooperation, it has programmes with twenty-two foreign countries, including Cuba, and three socialist countries and sixteen multilateral agencies. This compares with 1972, when technical assistance was almost exclusively from four western developed countries. The Jamaican authorities admit that some of the assistance from the non-traditional sources are a directresult of the policies for internal transformation being pursued, and is thus linked to these specific programmes. This is particularly so in the case of assistance provided by the Government of Norway and the Netherlands, for which Jamaica would otherwise not qualify.

Despite these achievements, the constraints imposed on a small country by its limited human and natural resources, together with an unfavourable international climate have raised serious doubts about its ability to break out of its state of dependency. The government was aware of the critical role that external economic factors would play in its attempts at restructuring. For this reason, its major diplomatic effort has been toward altering that factor and its increasing identification with the Third World in demanding urgent changes reflected that awareness. Unfortunately, the slow pace in the implementation of the measures for a New International Economic Order and collective self-reliance removed that as an immediate alternative to the pattern of dependence, thus the poor performan-

ce in the economy is directly traceable to maintenance of the traditional economic relations which resulted in the continued importation of inflation, instability in commodity prices and the transfer of real resources. By 1977, Jamaica appeared even more dependent than in 1974. The humiliatingly harsh conditions imposed by the International Monetary Fund not only threatened the reforms which had been undertaken, but severely restricted the government's flexibility in coping with the internal problems. Furthermore, the government in recent months has become even more dependent upon assistance from traditional sources.

The question has been raised as to whether the deteriorating economic situation is a direct result of the internal and external policies being pursued by the Government or a result of unfavourable international circumstances and activities of opponents of change internally. Critics of the government argue that the domestic policies have not only been misconceived and mismanaged, but too radical thus having the effect of creating severe internal uncertainties, hardships and waste. Further, that the foreign policy, in particular the attempts to establish relations with the socialist countries, has had the effect of scaring foreign direct investment and reducing foreign assistance from traditional sources. They argue that foreign assistance from the new sources have not compensated. Also, that the government's aggressive foreign policy has served to dissipate its energies and finances and deflect its attention from the domestic policies.

Supporters of the government have, on the other hand, justified the policies but blame the present circumstances on the failure of the international community to respond speedily to the demands of the Third World for a New International Economic Order in particular the aspects related to the restructuring of the international monetary system, debt, stability of commodity prices, protection of real earnings of exports, the development of new energy sources and the transfer of technology. They point to continued increases in the prices of petroleum and other critical commodities, sabotage by local and foreign elements hostile to change, and difficulties in implementing certain necessary administrative reforms such as the reorganisation of the bureaucracy. They argue, that despite the limited gains, the present Jamaican situation demonstrates that there is no feasible alternative to an aggressive foreign policy if the Jamaican society and economy is to be restructured.

There are undoubtely elements of truth in both positions. Regardless of which is dominant however, the crucial point is that significant change has occurred, but this has been accompanied by severe dislocations which in turn raise the issue of the permanence of the change, specifically whether in the absence of expeditious implementation of reforms at the international level, Jamaica might not be forced to abandon its efforts to change domestic conditions and return to policies of acquiescent adaptation in its foreign relations.

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AN INTERACTION

JAMAICAN FOREIGN POLICY: INTERACTION FROM AN IFDA ISLANDER

Michael Zammit-Cutajar

The concluding paragraphs of the Blake/Hall assessment of the internal benefits of Jamaica's "innovative" foreign policy leave the reader in two minds, or rather on two hands. They do not tell us which way the authors see Jamaica going.

It is without doubt prudent to examine the ground on both sides of the fence before deciding which way to jump off it, but jump one must in the end. To jump is to commit oneself, and surely it is commitment rather than self-interest which is at the origin of a foreign policy such as that pursued by the Manley government of Jamaica. Commitment to change for the better at home leads inevitably to commitment to change in the international order.

As Blake/Hall affirm, national and international change can be mutually reinforcing. Thus, for a small Third World country embarked on a process of internal restructuring, a progressive, Third World oriented foreign policy can be an important means of arousing a sense of national identity, reducing cultural and other dependences on the former imperial power, and stimulating a self-reliant national consciousness. Such benefits, however, are not pecuniary; they are not the fruits of a foreign policy based on the question "What is in it for us?".

Commitment to change leads equally inevitably to resistance by the defenders of the established order at home and abroad. But this is a risk one takes with one's eyes open. Indeed Blake/Hall tell us (p. 9) that "The Manley government was aware of the critical rôle that external economic factors would play in its attempts at restructuring". They could have mentioned political factors too. They also tell us, in so many words,(p. 10) that external factors, rather than the Jamaican electorate, may force the Jamaican government to back down. Presumably, Michael Manley's eyes were open to that risk too; after all, a classic example of "destabilization" - Chile - is not far away from him in time or in distance.

Change is a risky business and efforts to bring it about are often doomed to failure. But since when did the prospects of failure deter the committed ones? A genuinely committed government has no option but to follow its convictions, abroad as well as at home.

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BUILDING BLOCKS

AN INTEGRATED PROGRAMME FOR FINANCE AND AID

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Original language: English

Abstract: There are both quantitative and qualitative gaps in the present arrangements for the transfer of real resources to Third World countries. Not all Third World countries have equal access to credit and the poorest have only a small chance of attracting private capital.

A new International Development Organization (IDO) is therefore proposed based on resources generated from the sale of gold and now channelled through the Trust Fund and the creation of a special SDR component allocated to the IDO. The creation of new SDRs is linked to the phasing out of national reserve currencies through IMF intervention. An integrated programme for finance and aid of this nature would promote international monetary reform linked to the necessary structural changes in the world economy.

UN PROGRAMME INTEGRE POUR LE FINANCEMENT DU DEVELOPPEMENT ET L'AIDE

Résumé: Les arrangements actuels pour le transfert de ressources réelles aux pays du Tiers Monde présentent des lacunes quantitatives et qualitatives. Les pays du Tiers Monde n'ont pas un accès égal au crédit et les plus pauvres d'entre eux n'ont qu'une faible chance d'attirer le capital privé.

Une nouvelle organization pour le développement international est proposée dans ce texte. Ses ressources proviendraient de la vente de l'or, dont le produit est actuellement canalisé par le 'trust fund' du Fonds monétaire international et de la création d'une partie des droits de tirage spéciaux. La création de nouveaux droits de tirage spéciaux est liée à l'élimination progressive des réserves monétaires internationales por le biais du FMI. Un programme intégré pour le financement du développement et l'aide de cette nature faciliterait la réforme monétaire internationale liée aux nécessaires changements structurels de l'économie mondiale.

UN PROGRAMA INTEGRADO DE FOMENTO Y AYUDA ECONÓMICA

Resumen: Hay lagunas tanto cantitativas como calitativas en los arreglos actuales para el traslado de recursos a los países del Tercer Mundo. No todos los países del Tercer Mundo tienen igual acceso a crédito y los más pobres tienen poca oportunidad para atraer capital privado.

(cont. en la página 8)

Graham Bird

AN INTEGRATED PROGRAMME FOR FINANCE AND AID

Introduction

The 1970s have witnessed a growing articulation and appreciation of the economic problems faced by Third World countries. The Conference on International Economic Co-operation and latterly the Brandt Commission - The Independent Commission on International Development Issues - have brought these problems into sharper focus. Third World countries are currently in pursuit of a New International Economic Order (NIEO) which they feel will provide the institutional framework within both their absolute and relative economic positions in the world economy can improve. A NIEO would encompass a number of components. One aspect which has received great attention relates to trade, and in particular the problems of commodity stabilization. In this context UNCTAD have put forward an Integrated Programme for Commodities (IPC).

This article maintains that a similar initiative to the IPC would be appropriate with regard to the complementary issues of finance and aid.

Section 2 attempts to provide a brief critical analysis of current arrangements with regard to finance and aid and to identify certain financing gaps whilst section 3 builds on this and suggests various ways in which these gaps could be closed.

GAPS IN FINANCING AND AID

Financing gaps may be of basically two non-competing types: quantitative and qualitative. Quantitative gaps exist where the nature of a particular problem has been correctly analysed and the institutional framework for its solution has been provided but insufficient funds have been forthcoming. Qualitative gaps are more fundamental in the sense that in their case the nature of the problem has not been fully appreciated nor has the institutional framework been set up. Five major qualitative shortcomings with existing arrangements may be isolated; first, the inadequacies of the compensatory financing schemes that currently operate; second, the tendency in international lending to Third World countries to favour project support in preference to programme support; third, the problems associated with private lending to Third World countries; fourth, the rather special financial difficulties faced by the poorest countries; and fifth, the problem of debt financing.

i) Compensatory financing

The two major schemes currently in existence are the IMF's Compensatory Financing Facility (CFF), and the EEC's Stabex scheme. Most drawing facilities in the Fund are based on quotas and involve some degree of conditionality - the CFF is no exception. It may be argued that quotas which are based on a member country's level of income and level of trade form an inappropriate guide to a country's need for international liquidity. Furthermore the conditions imposed by the IMF may be regarded as inappropriate by Third World countries. The IMF

tends to take a relatively short term view of an economy from the particular aspect of the balance of payments. Countries tend to view their balance of payments difficulties in a longer term developmental perspective.

More specifically the CFF may be criticized on a number of other grounds. First, it does not deal with problems created either by externally generated increases in import prices, or by bad harvests which force a country to make additional outlays on food imports. Second, it implicitly assumes that a country can reverse and offset a shortfall in export receipts within three years, whilst there appears to be no strong theoretical or empirical support for such an assumption. Third, the trade basis of the CFF implies a skewed distribution of benefits with the low income countries receiving a relatively small proportion of assistance even in relation to their GNPs.[1] Fourth, the scheme is not adequately protected against inflation. Perhaps the principal criticism of the CFF scheme however is that it fails to deal with the more fundamental long term problems which face poor countries, problems relating to the structure of production and trade and in particular the heavy concentration on the export of a few commodities.

The Stabex scheme within the EEC has similar deficiencies. It is rather narrow in its coverage both in terms of the commodities and countries included. As with the CFF the circumstances under which assistance become available are somewhat arbitrary. Anomalies can result.It is quite possible for instance, that countries which have a very highly concentrated export mix do not qualify for assistance simply because they are not sufficiently dependent on any one commodity.[2]

Both the CFF and the Stabex schemes are, in addition, quantitatively inadequate. The CFF would appear to cover between as a minimum 10 per cent and as a maximum 33 per cent of export shortfalls, whilst the Stabex scheme, the operation of which depends on funds being available, is limited to an annual budget which is only about 5 per cent of the value of the exported commodities that come within its ambit.

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[1] For confirmation of this see J. de Vries Compensatory Financing: A Quantitative Analysis, World Bank Staff Working Paper No. 228, December 1975.

[2] For further discussion see Matt McQueen's evidence to The Select Committee on Overseas Development, HMSO 1978.

ii) Project versus programme financing

Those involved in international lending to Third World countries have generally shown a clear preference for granting aid related to specific projects rather than aid related to a programme of projects or for general purposes. The reasons for such a preference are that project aid may be more easily supervised and may permit greater influence over project selection and choice of techniques. In recent years more than 95 per cent of World Bank/IDA loans have been oriented towards specific projects. Nor do other aid agencies provide any substantial programme aid. Bilateral official assistance is rather more frequently related to programme finance but such aid is somewhat uncertain and tends to be liable to continuous negotiation rather than to be available on a long term basis.

Project lending is however subject to a number of shortcomings. First, it tends to take a long time, on average about 3½ years, to organise loans. Second, borrowing countries may have only limited influence over the choice of projects to be supported and over the choice of techniques to be used; tying arrangements often create a tendency towards the adoption of capital intensive techniques. Third, it tends to encourage a relatively large number of project starts at the expense of the more efficient use of existing capacity. Fourth, it tends to create a bias in favour of large as against small projects.

Programme lending offers certain advantages over project aid. It more effectively deals with the general problem of the inadequacy of foreign exchange, and it helps to deal with situations where development has been constrained by factors other than a lack of capital.

iii) Private lending to Third World countries

There can be little doubt that in terms of enabling them to maintain economic growth certain Third World countries have benefitted from the availability, primarily through the Eurocurrency market, of private loans. It is however equally clear that there are significant problems associated with private borrowing. Countries may become overcommitted to it, not only in the sense that the economy may not be able to sustain the related debt servicing but also in the sense that necessary adjustment may be deferred. Particularly in countries where export earnings are unstable, and where loans involve floating interest rates, the ease with which debts can be serviced is difficult to forecast accurately and the risks of default may be high. Default on servicing by one country may have ramifications for others which are in fact financially better managed, since lenders may, as a direct consequence of the default, become more reluctant to lend to Third World countries as a group, or may at least be more inclined to impose some form of conditionality on loans.

The debt-servicing problems have been aggravated by the movement towards shorter maturities in the Eurocurrency market - a movement which has been particularly marked for loans to Third World countries and which reflects an attempt by banks to avoid over-exposure in their lendings to these countries. Of total Eurocurrency credits to Third World countries, the share of those with a maturity of one to six years rose from 8.1 per cent in 1973 to 74.8 per cent in 1975, whilst the share of loans with a maturity of more than ten years fell from 36.2 per cent to 1.7 per cent. A shortening of maturities creates problems for borrowers

inasmuch as it leads to a bunching of maturities and a sharp rise in repayments increases both the likelihood of default, and in turn, that of the withdrawal of commercial banks from their Third World activities

Other problems associated with commercial borrowing are that inflows of Eurocurrencies may disrupt internal monetary management through effects which they induce on the domestic money supply; and short to medium loans may be used by their recipients for longterm purposes with related illiquidity implications.

More generally, there is a problem in that the availability of Euroloans to Third World countries may not constitute a permanent feature of the international monetary system. The access which these countries have enjoyed coincided with a period of excess supply in the Eurocurrency market. As soon as the supply of funds falls, or the demand from other, industrialized country borrowers rises, Third World countries, and in particular the marginal borrowers amongst them, may find that they are squeezed out of the market, even though their demand for funds is likely to remain strong, if for no other reason than to roll over or refinance existing debt as it reaches maturity. For Third World countries with high roll-over ratios, a relatively small decline in the availability of funds from the Eurocurrency market could, other things remaining constant, imply a significant percentage reduction in net transfer, i.e. the proportion of disbursements not used for refinancing.

iv) The poorest countries

It is no longer legitimate to treat Third World countries as if they constituted one group possessing similar if not identical problems. In terms of aid and finance the problems facing the poorest countries are conspicuously more severe. This is highlighted by an examination of the destinations of private loans. With few exceptions private funds have been available only to a relatively small number of high and middle income countries. Private lending has thereby served to widen disparities between the better off and less well off Third World countries. As already noted the details of the CFF and Stabex scheme may similarly tend to discriminate against the poorest countries.

v) Debt financing

As already noted, for many Third World countries, the problems related to debt servicing are substantial. Many such problems are currently being ameliorated to an extent by means of rescheduling repayments and by arranging the roll over of debt. It remains true however that a growing proportion of new aid disbursements are being used for refinancing existing debt with a related reduction in net transfer. The difficulties associated with debt financing have increased the need for finance in many Third World countries.

It emerges from the discussion so far that a number of financing gaps may be identified. In order to maintain the momentum of development Third World countries, and in particular the poorest among them, require a significant increase in financial assistance and, indeally, assistance of a type which is not specifically related to individual capital projects.

CLOSING THE GAPS: A PROPOSAL FOR AN INTEGRATED PROGRAMME

Given the financing gaps which appear to exist what is needed is an integrated programme of policies to close them. Such an integrated programme might include some relatively minor modifications to existing arrangements, but it seems likely that in addition to such changes a major new initiative will be necessary which would probably involve the establishment of a new International Development Organisation (IDO). The terms of reference of this new organisation would be largely dictated by the nature of those financing gaps which could not be closed by modifying existing facilities.

In fact it seems possible that significant improvements could be engineered within the scope of existing arrangements. The need for compensatory finance will in principle and in any case be reduced if and when a system for commodity stabilisation is introduced, but even without this compensatory financing schemes could be modified to nullify some of their shortcomings. At a technical level the details of the schemes could be altered to remove many of the existing anomalies. The real value of the schemes could be afforded protection against the effects of inflation. The repayment period could be extended and linked to the state of the balance of payments. Access to the CFF could be made more dependent on the size of the financing problem rather than the size of the relevant quota, or alternatively the quota formula could itself be modified to allow more weight to be given to the variability of export receipts. The schemes could more generally be expanded to cover balance of payments difficulties caused by externally generated adverse movements in the terms of trade.

Again within the scope of existing arrangements the extended facility in the IMF (EFF) offers a significant advance in the provision of finance to Third World countries. The facility explicitly recognises that Third World countries may require longer term finance than is provided by conventional credit-tranche drawings. Related to this, it further recognises that many observed balance of payments difficulties may constitute the manifestation of structural misallocation. The EFF would seem to give an opportunity for closer co-operation or joint ventures between the IMF and the World Bank under which development aid provided by the World Bank would be supported by relatively long term balance of payments finance provided by the Fund. Such changes would hopefully be accompanied by an increase in the general preparedness of the IMF to view balance of payments difficulties in Third World countries in the context of development policy; and by an increase in the preparedness of the World Bank to give greater emphasis to programme aid.

Other gaps however might be less easily closed under existing arrangements. These gaps include the particular financing deficiencies with regard to the poorest countries, a deficiency emphasised by the neglect of such countries during a period of expanding commercial lending to Third World countries, and the problems of debt financing. Although the Subsidy Account and Trust Fund in the IMF give special treatment to the poorest countries it seems unlikely that these facilities could be expanded adequately to deal with the problem. A new IDO could have as its major responsibilities first the provision of largely general purpose aid to the poorest countries, those countries which find it most difficult to get financial assistance through other agencies or private credit and capital markets;

and second the provision of assistance with debt financing particularly for those countries which find it difficult to arrange a roll over of their debt with their creditors. By giving guarantees of repayments the IDO could also encourage private banks to lend to those countries previously assessed as being less creditworthy.

A grant element within the context of private loans could be provided by means of the IDO subsidising the rate of interest paid by the poorest countries. Interest rate subsidisation in as much as it would ameliorate debt problems would also serve to reduce risks to lenders.

The IDO might be funded in a number of ways. One possibility would be to raise the necessary finance through contributions. In current world economic conditions this could help serve to translate dormant saving into productive investment and thereby raise world economic growth and employment. A superior alternative however would be to provide the finance through the creation of SDRs; this would effectively introduce a link between the creation of international liquidity and the provision of aid. The aid in this instance would be multilateral and would not be subject to the vagaries that beset schemes based on contributions. Aid under an SDR financed scheme would be of a high quality since it would be concessionary, largely unconditional, and untied. The proposed link between SDRs and aid based on an IDO would differ from versions which incorporate direct country allocations and reflect existing IMF quotas in terms of the implied distribution of the aid amongst Third World countries, since under the IDO scheme a larger proportion of SDR aid would go to the poorest countries in the world - the argument being that other Third World countries find it somewhat easier to acquire financial assistance through other channels. The two methods of allocating linked SDRs are of course not mutually exclusive. It would be quite possible to have a two tier link with one part of any SDR allocation going directly to Third World countries and the other part being filtered through the IDO.

A common criticism of SDR aid link schemes is that the provision of aid embedded within them depends critically on the adequacy of international liquidity; aid will tend to dry up when extra international liquidity is not required, or if the link is operated irrespective of the needs of the international monetary system inflation will be exacerbated and the SDR downgraded as an international reserve asset.

These are valid causes for concern which have to be taken into account. Fortunately it does seem possible to deal with them satisfactorily. The current consensus on international monetary reform is moving in the direction of having the SDR as the principal reserve asset within the system; this in turn implies the eventual demonetisation of gold and the substitution of foreign exchange by SDRs. It is within the context of such reforms that an SDR financed IDO might operate.

As part of a move towards an SDR-based system, official holdings of reserve currencies could be deposited with the IMF in exchange for a special issue of SDRs. In addition to paying interest on this funded debt, reserve-currency countries could then be requested to amortise the debt over time by transferring either allocated or earned SDRs to the IMF. The process of cancelling reserve-currency

balances with the IMF would imply a steady reduction in the total quantity of reserve assets in the international monetary system to the value of the SDRs transferred to the IMF by the reserve-currency countries. This destruction of SDRs could be counterbalanced by the operation of an IDO based SDR aid link. The link might work in the following manner. The unrequited export surpluses required by the reserve-currency countries in order to acquire SDRs could be channelled to Third World countries in the form of imports by means of the IMF's issuing to the IDO a special allocation of SDRs equal to the annual amortisation obligations accepted by the reserve-currency countries. By creating SDRs equivalent to the amortisation obligations of the reserve-currency countries, the IMF could both prevent the decline in international liquidity that would otherwise take place, and ensure that an aid link would be operative even in years when there was no general allocation of SDRs.

As a complementary step to the introduction of an SDR financed IDO the auctioning of gold by the IMF which is currently used to finance the Trust Fund could in part at least be used to support the IDO, thouth this would not add to the net transfer of real resources to LDCs since it would merely redirect Trust Fund finance towards the new IDO.

CONCLUDING REMARKS

Egalitarian arguments may always be put forward in favour of increasing aid. The case for taking action on aid is, however, particularly strong during a period of world economic recession since in such circumstances an increase in aid can provide, at the world level, a way of increasing aggregate demand, investment, real income and employment. Under the integrated programme put forward in this article Third World countries would benefit since many of the financing gaps which they encounter would be closed, or at least narrowed. Industrialized countries would also tend to benefit in terms of their balance of payments, levels of employment and rates of economic growth. In fact to some extent the programme hinges on the common interests of rich and poor countries in encouraging a movement towards a more rapid rate of world economic growth. The Integrated Programme for Finance and Aid (IPFA) itself integrates with proposed reforms in the international monetary system. There should therefore be no conflict between the twin objectives of increasing the net transfer of real resources to Third World countries and establishing an efficiently operating international monetary system. Indeed as a result of the IPFA both the efficiency and equity aspects of international financial relations should be improved.

(Resumen cont.)

Por conseguiente, se propone la creación de una nueva Organización para el Desarrollo Internacional (ODI) basada en recursos resultantes de la venta de oro actualmente canalizados por le "trust fund" del Fondo Monetário Internacional, y la creación de un componente especial de Derechos de Retiro Especial designado a la ODI. La creación de nuevos Derechos de Retiro Especial está ligada a la eliminación progresiva de las reservas nacionales de divisas a través del FMI. Un programa integrado de fomento y ayuda económica de esta clase promovería reformas monetarias internacionales vinculadas a los cambios estructurales necesarios en la economía mundial.

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MARKINGS

SOCIETAL FRAMEWORK FOR ECONOMIC DEVELOPMENT

by Moinuddin Baqai*/

The problems of economic development have generally been analysed in the existing literature in terms of an extension of accepted economic theory developed in the West to the special case of developing countries. The underlying assumptions of the approach based on capital formation as the key variable are derived from the well-established classical doctrine. Nurkse1/ expounded this broad approach for developing countries which was later advanced by Lewis2/ to take into account special features of unlimited supply of labour and fixed wage rates. This approach was carried further by Ranis and Fei3/ to include explicitly in the analysis the turning point at which normal response of wage rates to supply and demand conditions in the labour market would appear. Other related conceptual elaborations were reflected in the two-gap model, and the literature on the choice of investment.4/ However, broadly the emphasis was on capital formation and efficiency of investment reflected in capital output ratios.

This line of reasoning derived its main inspiration from cheap and abundant supply of labour in developing countries and the need to combine it with increasing quantities of capital. This approach was seriously called into question by Schultz5/ though he retained the accepted analytical framework while introducing

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*/ Chief Economist, Planning Commission of Pakistan. Mr. Baqai prepared this paper for the UN Committee for Development Planning, of which he is a member. He contributed it in order to explore the validity of certain thoughts and observations through discussion. He wishes to stress that the ideas put forward in the paper are preliminary and may need substantial refinement in the light of further research. The views expressed in this paper are those of the author and not necessarily those of the organization with which he is associated.

1/ Ragnar Nurkse, Problems of Capital Formation in Underdeveloped Countries (New York, Oxford University Press, 1961)

2/ W. Arthur Lewis, "Economic development with unlimited supplies of labour", Manchester School of Economic and Social Studies, vol.22, 1954; Benjamin H. Higgins, "The 'dualistic theory' of underdeveloped areas", Economic Development and Cultural Change, vol.IV, no.2 (January 1956); D.W. Jorgenson, "The development of a dual economy", Economic Journal, vol.LXXI, no.282 (June 1961)

3/ John C.H. Fei and Gustav Ranis, "A theory of economic development", American Economic Review, vol.LI, no.4 (Sept. 1961); and Development of the Labor Surplus Economy: Theory and Policy (Homewood, Illinois, R.D. Irwin, 1964)

4/ Hollis B. Chenery and Alan M. Strout, "Foreign Assistance and economic development", American Economic Review, vol.LVI, no.4, part 1 (Sept. 1966)

5/ Theodore W. Schultz, "Reflections on investment in man", Journal of Political Economy, vol.LXX, no.5, part 2 (Supplement: Oct. 1962):, and "Investment in human capital", American Economic Review, vol.LI, no.1 (March 1961)

his own modifications. Social services were to be regarded as human capital formation. Capital formation was still the real determinant, if it included human capital formation.

This entire evolution of the theory of development was in line with the original classical economics which regards labour as one of the factors of production, whose remuneration (or price) should be determined in the light of its supply and demand. Demand for labour is created by capital which is, by definition, scarce in developing countries. Return on capital should be high to reflect its scarcity value and wages should remain low as supply of labour is unlimited and because the surplus over a fixed wage can be used to increase the supply of capital and generate more demand for labour. It is hardly surprising that economic development based on such theoretical foundations tended to ignore distributional aspects. Development theory appeared to be restoring the image of economics as a "dismal science".

More important was the neglect of wider societal basis of economic development and that of the interaction of social, political, cultural and economic forces in relation to the process of economic development. Economic development, in many ways, was assumed to be taking place without reference to the specific context of the society and the diversity of relationships characterizing a societal pattern. In Asian Drama[6/] Myrdal, for the first time, gave explicit recognition to the pattern of society as an element in economic development. His analysis led him to discuss economic development in terms of the wider development of the society as a whole.

The critique of the analytical framework for the development process of the present-day developing countries initiated from Asian Drama made considerable impact on practical policy as it coincided with growing dissatisfaction with the social and distributional aspects of actual development experience in a number of countries.[7/] Much of the writing on a new development strategy has concentrated on the need to incorporate distributional goals more specifically in the development policy objectives. Major new themes are the specific recognition of anti-poverty programmes and the emergence of a Basic Needs Strategy.[8/] However, these concepts are not yet logically integrated into a comprehensive view regarding the development process.

A more recent development is the attention focused on the changes required in the international economic relations between the developed and developing countries. The catalogue of various demands is summed up under the short title -

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6/ Gunnar Myrdal, Asian Drama: An Inquiry into the Poverty of Nations, Twentieth Century Fund study (New York, Pantheon Books, 1968)

7/ Mahbub ul Haq, "Employment and income distribution in the 1970s - a new perspective", Pakistan Economic and Social Review, June-December 1976; Moin Baqai, "GNP-ism", Ceres: FAO Review, vol.5, no.4 (July-August 1972)

8/ Richard Webb, "On the statistical mapping of urban poverty and employment", World Bank Staff Working Paper no.227, Jan. 1976; International Labour Office, Employment Growth and Basic Needs: A One-World Problem (Geneva, 1976); Mahbub ul Haq, The Poverty Curtain: Choices for the Third World (New York, Columbia University Press, 1976)

New International Economic Order.[9/] It is realized that changes in the international economic system, to be acceptable for the dominant economic powers, should be accompanied by greater emphasis on sharing of economic gains within the developing countries. Thus the discussion on the New International Economic Order has added to the search for a new internal economic order which would be compatible with the former. Also, it appears logical to examine alternative approaches to economic development which had so far relied heavily on rather unstable, unreliable and shifting international economic relations between developed and developing countries. These relations were largely based on an attempt to provide concessional loans to developing countries. In retrospect, the quantum and net concessionality of such loans was not sufficient to offset the disadvantages under which the international system placed the developing countries.

In this paper an attempt has been made to initiate discussion on new approaches to economic development which would seek to place such greater reliance on developing the society, as a whole, which would then be manifest in greater economic progress as one of the facets of full-scale societal advancement. Social justice, in such an approach, does not need to be a corrective against a basic development process which logically moves by creating inequalities.

The external influences which basically inhibit the natural growth of the society and determine direction of the energies of the people in non-creative channels are seen in this approach to be too costly and not fully counterbalanced by inflow of foreign assistance. Much more emphasis, therefore, has to be placed on internalizing the process of growth in terms of encouraging the society to find growth points within its own cultural pattern. This can be attained by maintaining a life-style which is in harmony with the domestic production possibilities and pursuing technological progress in a much longer time framework without seeking short-term gains in living conditions based on imports of products and technology that promote patterns of dependency.

I

The current discussion on development issues has brought out the need for an integrated approach which recognizes the broader aspects of a comprehensive change in the society in various spheres of life. While economic factors may appear crucial, these have to be recognized as part of a wider and more comprehensive change. Traditional literature on economic development has reflected a recognition of the need for basic social changes as a pre-condition to sustained growth[10/].

9/ Jan Tinbergen, coordinator, Reshaping the International Order: A Report to the Club of Rome (New York, E.P. Dutton & CO., Inc., 1976); Mahbub ul Haq, Third World and International Economic Order, Turkeyen Third World Lecturers, Ministry of Foreign Affairs, Guyana; Moin Baqai, "Foreign assistance and the new international economic order", Pakistan Development Review, vol.XVI, no.2 (Summer 1977)

10/ Edward C. Banfield and L.F. Banfield, The Moral Basis of a Backward Society (Glencoe, Illinois, The Free Press, 1958); Berthold F. Hoselitz, Sociological Aspects of Economic Growth (Glencoe, Illinois, The Free Press, 1960); Max Weber, The Theory of Social and Economic Organization (Glencoe, Illinois, The Free Press, 1957); Everett E. Hagen, On the Theory of Social Change: How Economic Growth Begins (Homewood, Illinois, The Dorsey Press, 1962); David C. McClelland, The Achieving Society (Princeton, N.J., Van Nostrand, 1961)

Rostow[11/] specifically included a pre-condition stage in his growth analysis, but in effect it was only the necessary change required to provide for a transition in a society from low saving-investment to high saving-investment stage. The nature of social change required was thus determined by the capital formation model. It was indicated that aggressive acquisitive attitudes should be developed on the pattern which led to high capital formation and growth during the industrial revolution in the United Kingdom of Great Britain and Northern Ireland and subsequently in other countries. In practice, the formula appeared to be that an attempt should be made to recreate the conditions which led to the mergence of rapid growth in Western societies in the nineteenth and early twentieth centuries.

The approach had many flaws. Apart from the simple fact that conditions of an earlier century in another society could not be recreated in totality, there was the basic reality of a variety of cultures existing in developing countries which had evolved over the centuries and were much better equipped to respond to the particular situations prevailing in these countries. These cultures could not be easily broken and replaced by something new. It was typical of the arrogance with which the economists were offering solutions in the 1950s and the 1960s, that they assumed away the problem of existing cultures and their intimate relationship in determining production and distribution relationships. The development economics, which began with the generalizations of a few Western economists with a limited experience of work in some developing countries, showed scant respect for a cultural pattern which had allowed substantial material advancement, social harmony and artistic expression at earlier stages. The question was seldom posed in terms of improvements required in the existing patterns and to remove the distortions responsible for the malfunctioning of the system. The answer was provided in the form of new borrowed institutions grafted to the main body.

An attempt was made to break these cultures by the so-called modernization approach which, in effect, only attempted isolated transplantation of certain institutions and ideas borrowed from successful Western countries. These transplants could affect only a small class and they led to the well-known problem of duality and emergence of a number of subcultures. The way of life could not be changed for the entire society. Small islands were created where values from an alien dominant culture were transplanted. The élite were completely isolated from the mainstream of the society by their way of life, language, dress and housing. All the material and non-material rewards were reserved for those who excelled in adopting the alien culture and values. A pattern of development based on equality became almost impossible, under this division of the society. Those on the island of prosperity found themselves surrounded by a sea of poverty and a way of life which had become completely abhorrent for them. Their insecurity in a system which conferred social distinction only on the basis of property ownership, expressed in an expensive way of life, was responsible for giving rise to greed and corruption. Others, attracted by the glamour of this limited prosperity, were constantly striving to enter the charmed circle of the élite, little realizing that the character of élite enclave itself would be changed if large numbers were added.

11/ W.W. Rostow, The Stages of Economic Growth: A Non-communist Manifesto (Cambridge, Cambridge University Press, 1960); W.W. Rostow, ed., The Economics of Take-off into Sustained Growth: Proceedings of a Conference held by the International Economic Association (New York, St. Martin's Press, 1963)

Secondly, what was adopted was not a set of values designed to increase productive contribution of individuals and their active participation in production process but values directed towards higher consumption. Modern Western cultures are the only ones which can be seen and imitated. These are cultures determined by affluent societies and are oriented towards mass consumption society. Nurkse talked of "demonstration effect" as a marginal problem[12/]. In developing countries, after three decades of effort towards creating a sound process of development, major success is achieved in creating limited consumption of what are mass consumption articles in Western societies. This becomes the central element dividing the élite from the rest of the society. Development which thus involves introduction of more commodities dividing the masses and the élite is thus inevitably associated with growing tensions. Tensions arise because those unable to afford new luxuries are increasingly subjected to a sense of deprivation. Introduction of every new item of consumption, which in the Western societies creates a new wave of prosperity, pushes the mass of people in developing countries down one rung of the ladder into relative poverty. Their hard work and progress can, at best, keep them from the absolute poverty overtaking them. The deprivation is not only psychological. In a real sense the way of life dictated by the élite adds to the misery of the non-élite. For instance, the suburban style of living without an adequate public transport system makes it compulsory for people to travel daily over large distances while facing an acute shortage of the means of transportation. In the West, modern large spread-out cities developed when the production system had created a large supply of transport equipment. It is the reverse in developing countries. Even where a large number of cars are imported, these add to the congestion and the difficulties of pedestrians and cyclists.

The value system which is carefully cultivated as being most conducive to economic growth is based on material rewards and success measured in terms of ownership of property and command over the means of production. This engenders conflict since there is not enough to go round for both essential and luxury consumption as well as store of value for security. Every section of the society tends to react with class consciousness and with emphasis on rewards more than discharge of new obligations. In this light, it does not appear strange that, in almost every country, progress on economic development fron has been accompanied by growing tensions which, at times, explode in violence or are controlled by authoritarian governments.

The cultural pattern of a society is composed of a set of intricate relationships governing production and consumption relationship at a certain level of technology. When the industrial technology had not advanced and was not changing rapidly, the accumulation of production assets was not a major claimant from the current production stream. Society's main concern was with the problems of ownership of land and regulation of consumption. Production was not likely to grow very rapidly and therefore the success of an individual could not be judged by his contribution towards increasing production. The major problem was sharing the production in a manner that would keep harmony in society. Patterns of community living emerged in a number of oriental societies which were based on commonly accepted standards. Luxuries were available for a small class, which were of a type that would lead to the development of arts, skills and

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12/ Ragnar Nurkse, op. cit.

patronage for the artisans. Poverty was not abhorrent and did not preclude an individual from rising in scholastic or artistic achievements.

In the Western countries, the process of social evolution, spurred by wars, led to the emergence of conditions conducive to the application of major technological innovations based on individual initiative to the production process[13/]. Previously technological advancements were simple and isolated and could be easily adopted by countries other than those where original invention took place. The new element was a simultaneous outburst of innovation and application of advancing technology on a wide front. The process also became continuous with self-generating pressures for further innovation. This is recognized as the phenomenon of continuous feeding of new production functions in industrial societies[14/].

The societies in the West were quick to grasp the great value of changes which were taking place in technology and were prepared to make ajustments in social philosophy which would allow new developments to have full effect. This explains the great impact of Adam Smith, who recognized the significance of the division of labour or specialization, which required larger markets, free trade, and unhindered private initiative[15/]. It was necessary to provide almost unlimited rewards for successful innovators and entrepreneurs.

It is significant that saving was given importance in the initial writings. Subsequently, under the influence of Schumpeter, the emphasis was on the role of the entrepreneurs and the availability of credit for the enterprise[16/]. The problem of market size was solved through free international trade, which could be assured in practice as a result of imperial relationship with the colonies[17/]. (or, in the case of the United States of America, through westward expansion and large immigration). The Keynesian revolution, in the late 1930s, recognized the fact that, in the later stages of development, affluent societies can rely on domestic consumption as the major motive force for maintaining growth in production[18/]. This phase continued until the early 1970s when it become obvious that uninhibited expansion of production (not for meeting human needs but for the sake of smooth functioning of the economic system itself which required creation of new wants) has inevitably to run against the constraint of natural resource base. Sources of energy are the first to become scarce requiring

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13/ Arnold J. Toynbee, The Industrial Revolution (Boston, Beacon Press, 1956): Thomas S. Ashton, The Industrial Revolution: 1760-1830 (London, New York, Oxford University Press, 1948)

14/ W.W. Rostow, op. cit.

15/ Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations (New York, The Modern Library, 1937)

16/ Joseph A. Schumpeter, The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest and the Business Cycle (Cambridge, Mass., Harvard University Press, 1934)

17/ Kenneth E. Boulding and Tapan Mukerjee, eds., Economic Imperialism: A Book of Readings (Ann Arbor, Mich., University of Michigan Press, 1972)

18/ J.M. Keynes, The General Theory of Employment, Interest and Money (New York, Harcourt, Brace & Co., 1935)

re-orientation of growth policies[19/].

Developing countries had a different scenario. Their societies were late in developing a scientific attitude. They were over-powered by countries with superior technology, and the dominant impact of imperial powers played a definite role in arresting the natural process of the synthesis of technological advances with an evolutionary change in indigenous cultures.

There were two different and market reactions among the subjugated people. There were those who clung to their own cultural patterns and refused to accept change or learn from the successful dominant nations. The resistance to change, seeking to freeze a cultural pattern more suited to stagnation in production functions, could not be expected to accomplish anything but delay the impact of contact with more dynamic cultures. Such resistance had the opposite effect of bringing changes as part of a reaction and therefore in a highly uncritical manner. The earlier accepted patterns of life were completely discarded, instead of being evolved and modified.

The opposite reaction was in terms of quick imitation of dominant cultural patterns in the name of modernization and with the hope that this would somehow lead to progress in the same manner as in imperial mother nations. This led to rather ridiculous results particularly in what was then "British India". (The bulk of the world's real poverty is concentrated in Bangladesh, Burma, India, Nepal, Pakistan and Sri Lanka.) There were a large number of "experts" in the British legal system with few top scientists. Development of doctors practising Western medicine effectively stifled indigenous systems of medicine. The élite showed considerable ability to reproduce quotations from classical English literature and literary criticism with little or no touch with the life and problems of people within the country. Both the village and urban communities became degraded in comparison with new suburban life (or civil lines culture) which was originally exclusive to the British élite who had to live away from the people by the very nature of their relationship with them.

The imitative patterns have permitted some "development" but essentially of a limited nature and with divisive effects on the society. Such development has denuded villages of their more talented and enterprising young people, making it difficult to modernize villages in the true sense of the word. In the cities, a small industrial base has existed on the basis of impoverished labour living in filth and squalour. Any attempt to improve the living conditions of labour generally results in arresting growth or even stopping the operation of industry. Basically, the industry which has no stable foundations in fully grasped technology and widely acquired skills is incapable of generating the kind of surplus which provides a decent standard of living to workers in the Western countries. The surplus in industry in advanced industrial countries is significantly the contribution of "rent" received for technological innovations. The present style of life in the Western world can only be sustained so long as the "rent-receiving" class is a minority of world population and the resource-base of the world continues to provide the real resources from which the rent of technology can be paid.

19/ Donella H. Meadows and others, The Limits to Growth: A Report for the Club of Rome's Project on the Predicament of Mankind (New York, Universe Books, 1972)

The most successful cases of economic development in the world are those in which an over-all cultural harmony with the development process encompassing the entire nation could be achieved. In the first instance, development process appeared to be entirely correlated with the Western culture. From the United Kingdom to Europe and North America, the developed societies were transplanted in Australia, Canada and South Africa[20/].

The USSR was the first case of a new pattern of development based on a value system which differed from Western capitalist morality[21/]. The main lesson was clear. The transition towards an industrial society in the 20th century was not required to be based on constant innovation and feeding of new production functions. On the other hand, it was necessary to adopt cumulative technological advances and innovations already well established on a sufficiently wide scale. This type of industrialization by importing known technological advances required collective societal effort just as the original industrial revolution in the United Kingdom required free enterprise to permit individuals to break new ground. Even when technological advance reached a stage requiring more original research and innovation, it needed substantial resources and pooling of talent. It is significant that during this period the Soviet society in general successfully isolated itself from the pressures to increase current consumption inherent in Western industrial nations since the latter depend for their increased production on increased demand. Technology could be obtained by the USSR without opening the society to more general influences from outside. More recent attempts to open up contacts with the outside world are related to the phase when more advances in technology beyond a certain level in the USSR require a closer view of developments in the outside world. The impact on consumption from such opening of the society can be met from the development of the Soviet industry.

At the same time, in Japan, there was one of the most successful cases of industrial development in modern times[22/]. The main distinguishing feature of Japan's development was that it was the first case of a non-Western society achieving a complete transformation to a modern industrial State. In so doing Japan had not become a cultural satellite of Western societies, but had made sufficient adjustments in its own cultural pattern to respond to the challenge of modern technology and to absorb it on an expanding scale without facing very serious tensions or breakdown of the society. Private enterprise was used but with considerable interweaving of the private sector with the state apparatus. It was a clear case where simple imitation of the cultural pattern associated with Western technology was not adopted. On the other hand there was no resistance to change. Innovation was retained as an essential feature in economic relationships and technological adaptation, while a great deal of absorption of

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20/ Angus Maddison, Economic Growth in the West: Comparative Experience in Europe and North America (New York, Twentieth Century Fund, 1964)

21/ Maurice Dobb, Soviet Economic Development since 1917 (London, Routledge and Kegan Paul, 1966); Marie L. Lavigne, The Socialist Economies of the Soviet Union and Europe (London, Martin Robertson, 1974)

22/ William W. Lockwood, The Economic Development of Japan: Growth and Structural Change (Princeton, N.J., Princeton University Press, 1968); Marius B. Jansen ed., Changing Japanese Attitudes towards Modernization (Princeton, N.J., Princeton University Press, 1965); Thorstein Veblen, Essays in our Changing Order; Leon Ardzrooni, ed., "The Opportunity of Japan" (New York, A.M. Kelley, 1964).

new technology was simple imitation. This allowed the continuity of industrial advance in Japan even in the phase where moving from technological imitation to creativity and expanding the technological base required a new approach.

In China, which is a more recent example of the successful development of a less developed country, the emphasis on cultural advancement along with the expansion of industrial base, the identification of the elements of strength in the domestic culture, the utilization of such elements for the development process, the evolution of old institutions to accept new responsibilities, the merging of modern technology with domestic life styles have played an important role in moulding the pattern of success[23/]. The most significant feature of Chinese leadership was the strength of its roots within the cultural pattern of the nation and links with the rural society. These elements were strengthened by the struggle against foreign elements, the long march and rural mobilization, and determined the subsequent thought on development issues.

All this leads to a rather simple and obvious conclusion that a society has to develop on its own foundations rooted in history, culture and traditions. It cannot develop in economic field by adopting an alien way of life and seeking to transplant it among the few to be later imitated by others. It must maintain its cohesion and introduce elements of change which would be widely accepted and would lead to the entire society moving forward together. There is general agreement now in the development community that the trickle-down theory of economic benefits from rich to the poor cannot be a valid basis for development planning. Such a trickle-down approach in basic social changes presents an equally unrealistic view. If the economic rewards are related to social changes in a direction which cannot for a sufficiently long period be imbibed by the society as a whole, inequalities would persist.

This simple view has wide repercussions on various aspects of life, including the use of national language, housing, design of cities, transport system, clothing. In short the style of life which would be evolving from the interaction of traditional values and environment and the requirements of a modern industrial society would affect the pattern of development rather than an imported pattern of development deciding the style of life.

II

The style of life thus acquires significance as the central issue in development strategy in the developing countries. The imitative style of life advocated by the present thinking on development problems as being a necessary part of modernization and thus an essential element in absorbing modern technology usually curbs initiative and creativity. A creative application of scientific knowledge to productive process is basic to the whole issue of economic development. It requires both receiving knowledge and acting in a manner which would subject the application of received knowledge to a careful analysis of the given situation and its surroundings. It may not be quite accidental that the world's major concentration of poverty after 30 years of sustained development is in

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23/ John G. Gurley, "Capitalist and Chinese economic development", Pakistan Economic and Social Review, June-Dec. 1972; Yuan-li Wu, The Economy of Communist China: An Introduction (New York, F.A. Praeger, 1965)

countries where a foreign language was adopted as the vehicle of transmission of knowledge and ideas implying a clear break between the style of life reflected in vernacular culture on the one hand and an imitative attitude towards developments in an alien culture stifling all creativity and initiative in a large group of educated people.

The break in the style of life comes mainly because a culture steeped in the acceptance of poverty as the most prevalent reality is no longer the main regulating force in the society. The norms of success require an individual to break from the mainstream of socio-cultural pattern. One moves from the village to the city and within the city from the mohalla (close-knit urban community) to the isolation of a new urban development scheme where all the neighbours have similarly moved from their moorings and carry their self-consciousness of a past which they would like to forget. The successful acquire a new mode of transportation and gadgets produced abroad. Their housing is a poor imitation of housing patterns in other countries, with no relationship to the climate and environment in the country. It is not based on the economic realities of limited land and availability of construction materials. Hence persistent housing shortages. The education system is designed to separate the products of foreign-language-medium schools from those of the mainstream of education. The mainstream of education itself is dividing the product on the basis of the knowledge of foreign language or languages.

Examples could be multiplied from education in missionary schools, reading of imported literature, travel abroad for pleasure and treatment of ailments in foreign clinics. It is, however, clear that the standards of achievement are set in such terms as would require a break in society rather than cohesion. Also the expenditure by the successful class does not sustain economic activity in the country. It sustains the dependent status of the country on an international plane.

Dependence resulting from style of life needs further elaboration. There is considerable discussion on self-reliance and on the new International Economic Order. Both are related to the life style problem in the developing countries. To understand this problem, one has to go back somewhat in history when East India and other commerical companies opened up trade and expanded markets for their products. The products of technology (both for consumption and defence) they offered were considered highly attractive and were available under monopoly conditions. The local élite who lost faith in their own traditions and culture were keen to be ahead in accepting new dominant cultural patterns and to acquire goods which would give them the appearance of belonging to the more "progressive dominant culture". In economic terms, the elasticity of the demand for such new products in the subject countries was very low. The local élite had to acquire more command of resources within the country to pay for new luxuries. The old luxuries had at least created favourable climate for the development of arts and craftsmanship at home. The new attitude helped develop foreign industires and began the process of unfavourable terms of trade against commodity producers. Africa provided ivory, gold and diamonds in return for trinkets.

The surplus generated in the developed countries as a result of original favourable terms of trade multiplied with the magic of compound interest formula. The success of these countries has been in using the surplus to generate continuously new products which prove highly tempting for the élite and even non-élite in

the primary producing developing countries. From watches to cars, refrigerators, colour television, there is always a new product for which the developing countries are willing to pay by an increasing supply of precious natural resources. This depresses the terms of trade continuously against the developing countries. On the other hand, if the developing countries had originally resisted the temptation to buy surplus products from Western factories and continued with their style of life, using the surplus available with them to acquire technology and command over production processes, the whole nature of development would have been different. Such a new beginning is difficult with the much wider gap between developed and developing countries which has emerged after tha lapse of a couple of centuries. It would be desirable if smoother adjustments could be made in the international economic order. However, in many ways, the only effective answer even today lies in making a beginning with the approach which avoids strengthening the existing domination of industrially advanced countries, through imitative consumption patterns in the developing countries. It does not matter whether cosmetics are produced at home under licence from known brand names. The technical fees, import of formula and compounds make this type of industrialization a sham and essentially increase the pressure for consumption of such items.

The developing countries, by adopting a different style of life, could reduce requirements both for consumption and "investment" (in the sense of setting up factories based on rent of outmoded technology paid to industrial nations for producing generally less essential consumer goods) and also reduce military purchases from developed countries (which provide no defence against developed countries but only against one another where again the outcome is determined by the industrial powers through a decision either to supply more sophisticated weapons to one side or by withholding spare parts to finish effectiveness of one of the countries). This would create a different relationship. The developing countries would devote much more of their resources for meeting their basic consumption requirements and genuine investment in expanding the technological base of the society.

It can be seen that the starting point of development is not the objective to remove poverty but to remove all signs of affluence. The poverty in developing countries, in a historical context, was the by-product of the new type of affluence which encouraged production and employment abroad. McNamara has elaborated upon this theme of distinction between absolute and relative poverty[24/]. However, the more real and abiding problem is the poverty directly resulting from affluence and attempts to create a mass consumption society on the basis of foreign production. With some exceptions arising from a disturbance of the natural pattern of growth in the developing countries and serious distortions created during alien rule, absolute poverty is as much the result of affluence as relative poverty. Absolute poverty is the outcome of the pre-emption of resources for meeting less urgent needs while relative poverty arises from the sense of deprivation regarding elements which become part of the necessities of life from social and cultural patterns dominated by the more affluent.

24/ Robert S. McNamara, address to the Board of Governors of the World Bank Group, 1976 Annual Meetings of the Boards of Governors, Summary Proceedings, Manila, Philippines, October 4-8 1976.

The immediate problem of the developing countries and a feasible target for them is not the removal of poverty. It is to free them from the influence of affluence, which sets wrong goals and wrong attitudes for the society. Poverty cannot be removed within the foreseeable future and without considerable international adjustment. Removal of poverty did not result even in the countries where economic development was quite rapid. A combined social and economic approach is necessary.

The approach has to be different from the traditional concept of austerity and denial. A negative view implied in austerity is very difficult to practise over a long period. Luxuries are desirable and attractive. Restrictions on luxury consumption through economic and administrative meausres, while the social values are pressing for their increasing use, result in smuggling, black-marketing, corruption, travel abroad for acquiring goods not available easily in the country and in emigration of capital and talent from the country.

In developing countries, when imports of luxuries are banned or subjected to heavy duties in the name of austerity, one of the two results follows. Either a domestic industry develops supplying those luxuries at a higher price, or an active smuggling trade in the banned item flourishes. Economists turn around and rightly ridicule such attempts as they produce results diametrically opposed to what was intended. The underlying problem is that while the society continues to encourage the use of such items and rewards the users with respect and admiration, it employs negative means to discourage their use.

The only way to bring harmony within the economic objectives is to approach the problem at the societal plane. The society should put a premium on values and life-style which are suited to its development objectives rather than on those aspects which serve the opposite ends.

Any society needs a balance among various elements of economic policy. First, it needs a system which essentially seeks to meet basic minimum needs of the population generally. Secondly, it needs, at the same time, a system of rewards for success in different walks of life which would bring forth the best effort from those possessing talent and drive. Thirdly, it needs a balance in the system of rewards between the present and the future. All these elements are linked.

A system remains functionally healthy so long as these aspects are balances and properly interwoven. In the developed Western countries the rewards for success are very great. In the initial phases these were not balanced with an assurance for the majority that their reasonable needs will be met. This let to the breakdown of the system in the depression of the 1930s and brought pressure for subsequent reform. In the successful cases of recent development, some developing countries have been able to limit considerably the monetary rewards for success, combining them with non-monetary rewards of persuading the recipients to postpone the benefits to the future. In Japan, the Soviet Union and China, the common feature was a relative or absolute insulation of domestic economy from external influences and ideas in the most critical period of early development which determined consumption patterns and a system of rewards for success in line with domestic production possibilities.

Currently, developing countries even more need this isolation and the strengthening of traditional and less expensive cultural patterns. Recent advances in knowledge have shown that the mass consumption society in the style of the USA cannot be globally sustained. The natural resource base of this planet Earth, even with the anticipated rate of technological progress, would be insufficient to provide to the entire population of this world the style of life initially developed in the USA and then adopted by other advanced industrial nations. This does not mean a limited view of technological advancement and acceptance of a doom theory. However, given a reasonable time framework both resources and technology are finite. The entire debate on the New International Economic Order is about the style of life. The dominant nations are seeking to preserve their present style of life which can only be maintained in the existing international economic order. The logical corollary of this theorem is that others must continue to live without much hope of ever attaining the style of life adopted in the West on a wide scale. It is possible that a few small countries with a good natural resource base or dynamic enterprise can break the barrier. It is also possible that a small minority at the top in the developing countries can attain the standard of living of the West. However, for the bulk of the population of the developing countries it remains an impossible target.

More important, the developed countries themselves are at a point where it is becoming obvious that they cannot indefinitely maintain the present style of life. In the first place, the economic systems are devised in a manner that growth cannot stop at any point. The gross national product should continue to grow to manage the economy and keep its balance. This requires an ever-increasing level of consumption to meet a growing number of less important and socially less useful demands. Thus the style of life question is not static. It is dynamic. Secondly, as developing countries also add to the demand for natural resources, whose availability must be regarded as finite (including the ability of technology to substitute natural resources), there would be increasing difficulties and specific constraints. Energy is the first such constraint.

In this background, for the developing countries to seek development on the assumption of an impracticable style of life would be suicidal. Such a development can never be self-reliant. It would help sustain the existing economic order by continuing the transfer of resources to the developed countries. It would require partial flow-back of resources in the form of foreign assistance, which in itself is a self-terminating relationship (through declining net flows with increasing debt service payments).

The approach being suggested had some common features with the basic needs, an approach to which the existing thinking on development has already moved from a different route. The obvious point regarding the priority to meeting the basic needs of the people in preference to a more general and qualitatively amoral growth rate concept is being given increasing attention in practical policy. However, this aspect is not logically followed through. First, there is a basic conflict between a realistic basic needs approach and imported standards for attaining such a goal. Nutrition is conceived in Western terms without any attempt to evolve eating and cooking habits and family customs which would get maximum nutrition from familiar background. In education, instead of getting the teacher and the taught together, emphasis is placed on modern school buildings quite out of line with their rural surroundings. Housing is perceived in terms of the requirements of nuclear families living in isolation in sprawling

suburbs rather than improvement of community life and facilities. Secondly, as approached by aid-givers, the interpretation of basic needs approach tends to acquire the characteristics of charity. Foreign aid is given as charity; it should go to the deserving and should be seen to reach them. Thus developmental aspects which would provide a more viable basis for self-reliance tend to be ignored, namely, the development of the technological base of the recipient country. Increased expenditure on social services and adoption of foreign standards for such services with borrowed funds can help in the short run, but there is no firm base to support these services or even to maintain them. The society would benefit in the long run due to increased productivity of manpower provided investment is taking place simultaneously in the productive sectors. The distinction between sectors which directly reach the common man and others which would affect him indirectly by strengthening the economy is convenient for aid donors but not really meaningful, except on the assumption that aid donors would continue to finance social services for the poor indefinitely. Thirdly, within the recipient countries, the basic needs approach is an additional element in their development planning. The other aspects of economic management continue as before. The consumption pattern in other parts of the society remains unaffected. Colour television can be developed and expanded along with expansion of rural water supply.

The basic needs approach and the aid relationship geared to it would require a global compact on a much wider scale, encompassing an agreement on the basics of international economic relations between the developed and developing countries. The developed countries, at this stage, are not willing to move in the direction of this comprehensive approach. The formula is for limited availability of aid determined by what can be spared and not by what is needed to achieve the goals. This is not likely to produce envisaged results.

The real basic needs approach consists in the society taking an internal decision that only basic needs of the people are to be met in whatever allocation is made for current consumption. The entire surplus over and above meeting the basic needs defined in a manner dictated by the availability of resources and cultural patterns is to be devoted:

a) to development of skill base of the society on an extensive basis;

b) to larger application of technology to production process.

These elements are developed to produce either producer goods or consumption goods which are needed for meeting basic needs. Production of semi-luxuries above the level of basic needs is taken up highly selectively to introduce relatively non-essential items which ultimately have a chance of being used by the masses generally. Here, the sequence is not from demand to production, but via a production decision based on resources and a command of technology to meet the felt needs of the society at a given level of economic development. There would be slower changes in the pattern of living but on a mass scale. This would be the complete reserve of present big advance for a limited group. The big advance comes from abroad, and gives rise to import needs. The small changes would be based on domestic production capabilities and would require domestic resources. A few illustrations may help. Under the present strategy, solution of the housing problem appears impossible because it is conceived in terms of housing of the type available in satellite towns. It is so expensive that it becomes a privilege for a minority, leads to distortion in income

distribution by appreciation in land values which must result from scarcity and leads to corruption in allotments. The new approach should be based on improvement in old crowded areas, development of new areas on the old standards of housing, with minimum changes necessary for health standards. The changes considered necessary would be extensively carried out throughout the country. Similar considerations would apply to transport systems in the cities which should be based on cycle and some public transport system with very limited use permitted of cars. Medical and educational systems would be conceived in a way that facilities would be available for all. Almost all sectors would require a orientation.

The need is for a society to find alements in its own culture which would allow it to find a positive attitude towards a less expensive way of life and to avoid the temptation to adopt aspects of a wasteful Western life-style. This would be an essential new starting point for development along a road which would avoid the tensions of limited imitation of an alien way of life. Only then will be released the energies of the whole people for creative application to material and cultural advance leaving no one in the periphery.

III

From the analysis, the next step must inevitably be towards practical prescription. However, practical situation of a large number of developing countries does not allow them the option of experimenting with their development on their own through a policy of insulation from the undesirable effects of social patterns prevailing in the developed countries. As analysed earlier, successful examples of later-day industrial development relate either to countries which were part of the Western culture (Canada, Australia after Europe and the USA) or were able to isolate successfully their economies during the early period of their development (Japan, the Soviet Union and China).

The developing countries of today are neither able to make a complete change and adopt Western pattern on a comprehensive basis (except for the large Latin American or small island Asian economies) nor can they successfully isolate themselves physically from the world influences. International contact is much more established in the world today in terms of ideas, products and standards compared to the inter-war period when Japan and the Soviet Union completed the transition towards self-sustaining growth on the basis of national sacrifices obtained from the people in relative isolation from external influences. Also, in the larger category of medium-sized countries belonging to the low-income developing world today, economic and physical isolation is much less feasible than for larger continental countries like the Soviet Union and China or for an island nation like Japan.

This does not, however, imply that the links with the world economy should be built in the manner dictated by the dominant international economic order. Protection of the economic, social and cultural values can still be assiduously built, to isolate the harmful effects of an imitative pattern which involves pressures for higher consumption, fragmentation of the society in different classes and a pattern of dependency on outside sources for every element that is crucial for development.

It becomes necessary to build more positive barriers against disruptive external influences, because the negative barriers are less workable in modern times. As physical contact continues, a more positive faith in the value system unifying a national entity has to be assiduously cultivated. This becomes the antithesis of the earlier accepted precept that certain economic values found useful in modern societies must be adopted as a prerequisite for economic development. A reformist element, remoulding the cultural pattern, which incorporates changes in the existing system but still retains its wide appeal, may be a more constructive approach.

Such an attachment with what may, for convenience, be called the ideology of a nation, is necessary to get response from the people in different positions for non-material rewards. The theory that all changes must occur in response to love for monetary rewards has led to serious disruption in many societies in the process of development, arresting growth prematurely in a web of corruption and arising class conflict. Motivations must go beyond immediate improvement in life-style or living conditions. Rapid improvement on a wide scale may not come quickly and may lead to the organization of various groups to seek improvements at the cost of the other groups. Profit motive and monetary rewards are means for relating the social position of individuals and groups in a society to their productive contribution. These cannot be an end in themselves. Social position can be determined irrespective of the consumption pattern of individuals and more related to their production contribution.

The key element is the relatively small group which has the responsibility to direct the progress of the society. This is variously termed as élite, ruling class, intellectuals, intelligentsia. These terms carry various figurative and pejorative attributes. The purely factual position is that a group of motivated people would have to assume leadership in the society for directing its course. The essential quality for this group has to be that, while in many ways it would be better placed than a large part of the people, it would be continuously seeking to strengthen its relationship and roots with the people.

The major problem with the leadership groups in the developing countries has been their dissociation from the mainstream of social forces affecting the bulk of the population. They have acted as instruments of change, getting ideas from abroad, practising them and passing them on to others to imitate in the same manner. They have been receiving material rewards for this service far in excess of the real contribution made to the society. Such a remuneration is essential for them to maintain an alien way of life, irrespective of what the impact on society is. A doctor lives in modern style for services in dispensing medicine to patients who are dying because of malnutrition and unhealthy environment. The engineer gets a comfortable life, in a general technological climate, though workers lack proper skills and machines are not maintained properly. The industrialist must earn a large profit even when his industry is known to be inefficient.

Emphasis on economic progress directed towards national improvement in the standard of living has heightened the consciousness of each group and subgroup towards its right away from its obligations. Farmers want high support prices irrespective of production response expected in agriculture under a variety of constraints. Labour seeks wage increases along with the introduction of measures which would reduce pressures to increase productivity. Management and enterprise are seeking more incentives for their operations.

The developing countries have to define their objectives of development not in terms of an improvement in the standard of living but in terms of national advancement and progress. An improvement in the standard of living may be a long time to come if a proper development strategy is followed under which the basic technological capacity of the country is strengthened well before increases in the production of consumer goods are brought about. A premature concern for improvement in the standard of living would, in fact, heighten distributional problems and social tension.

The objective which provides a motivational force would have to be defined on the basis of objective conditions in each case.

Motivational apparatus, without promise of an immediate material advancement, can be expected to work if the leading groups in the society agree to respond and work for the objectives so defined. Naturally, a large number of trained manpower and traditional élite would not be willing to participate in a system which does not promise to maintain their life-style in line with the more developed centres of the world. They may find jobs outside or attempt a flight of capital. However, even losing them may be better than trying to keep them at a cost which is intolerable for a poor society. For the future, the entire training and education of the new generation would have to be on lines which would prepare them for conditions in a developing country and not in the developed countries.

The majority of intelligent leaders in a developing country would be able to see that their fate is intricately linked with the country. They cannot continue to live in islands of prosperity. Their struggle for increasing the number and size of such islands is counter-productive. The real prosperity would be that which is based on the productive system in the country and its technological capabilities, and is supported by all participants in the productive system.

An integration of society, which is essential for a meaningful growth in the economy, combined with equity and fairness, would require a deliberate attempt by the "leadership groups" to merge with the mainstream of the society. This would require their giving up a foreign language as the mainstay of their intellectual and cultural life (together with the blind acceptance of ideas and ideals originating in a different climate under different conditions), and giving up the protection which comes from a language and a way to dress distinct from that of the common people.

Institutions would have to be revived or created which emphasize the integrated nature of the society and common ideals. Traditional occasions of festivities, fairs and religious ceremonies are not symbols of past decadence but elements cementing common ties.

Mass media and literature would be used in this case to project national character and values. At present, through the imported television programmes, mass circulation pictorial journals and advertisements, a campaign is carried out to create a desire in every heart to adopt a standard of life which cannot realistically be achieved by more than a few. Films and locally-produced creative art reflect middle-class life to which writers and artists belong or a dream of middle-class life, which is an imitation of borrowed life patterns.

Changes are thus possible without necessarily bringing physical barriers. Problems arose from foreign occupation which has physically gone but has left the legacy of intellectual subjugation. For a meaningful economic development, intellectual independence and self-confidence in the national value system have to be the starting point.

This does not mean a romantic slide back into the stagnant past. Nor does it imply a rejection of everything modern or alien. Innovation, adaptation and creativity are essential elements of progress. Value systems must carefully foster these. Local communities have to be organized in rural areas and in close-knit urban communities. Their self-confidence and assertion would be a major factor in arresting the flow of talent and expertise from community life to new urban and suburban areas. Thus decentralization of planning and execution of changes in community life, provision of basic amenities, would move together with a pressure to retain educated and trained people within the community acting as agents of change.

Economic development, as a narrower concept, requires capital or savings, technology, skills, innovation and labour. Saving has long been misconceived as an individual phenomenon and is thus regarded as depending upon incentives working on individual decisions. The traditional advice to developing countries has been to encourage savings by offering higher interest rates and development of an institutional framework for mobilizing savings. High interest rates are justified because of the scarcity value of capital though the productivity of capital may not be high enough for quite some time to offer such high rates of interest. The only manner in which high interest rates can actually be paid in a society where new capital has not acquired high productivity in the short run is by reducing real interest rates through inflation.

Saving function is in effect largely influenced by social behaviour. The incentive effect of interest rates on individuals is countered by social pressures to increase consumption in consumption-oriented societies. To rise in social status, a new style of dress is essential. Moving to a new locality and having a more modern style of house comes next. There is a continuous pressure on individuals to spend more. A whole advertisement industry backed by a taxation system which subsidizes advertisement for higher consumption, taking expenditure as genuine business expenditures deductible from income for tax purposes, actively works to reduce savings.

The savings on a large scale can come only if the standards set by society require savings and not consumption. Contrary to the view that traditional society encouraged wasteful and ostentatious consumption, the pre-modern society regulated consumption in an orderly manner. In an otherwise simple daily life, some relaxation was obtained by festivals and festivities. On the whole, the societies showed acute awareness of the scarcity of resources. There was a great deal of healthy respect for all resources. Even water, the traditional free commodity, was not to be wasted. The wastage of food was looked down upon. People sat on the floor and did not require furniture and the space needed to accommodate furniture. Demonstration of wealth took the form of non-perishable assets like jewellery and precious stones, rather than consumption of wasting assets like electrical gadgets.

The modern industrial societies encourage consumption of consumer durables, because such goods are being produced and require a large market. Wealth is not held in the form of non-earning assets like jewellery but in stocks and shares. There is a clear distinction between consumption and accumulation of assets. The developing countries imitating the pattern start acquiring consumer durables by utilizing their saving margin.

Savings would obviously be higher in a society which is able to avoid the pressure for increasing the use of consumer durables. A resistance built into the social fabric against the introduction of new competitive goods would be a stronger factor for saving than higher interest rates. High interest rates, even if effective in obtaining a positive saving response, accomplish this at a high cost by distorting income distribution. Saving has to be approached as a social phenomenon and helped by changing social pressures in favour of a simpler life.

The surplus of resources over basic needs would thus be available for investment in advancing the technological base of the society. This has to be conceived as a much broader concept than simple investment. In investment, there is an obvious emphasis on early and visible increase in production. Growth in production should be directly attributable to investment. This tends to support a distorted short-term approach to development. If a factory is set up with imported machinery and imported skills, and leads to increase in production, growth justifies investment. The factory may deteriorate because of lack of proper maintenance and may not create any long-term impact because of absence of skills. It may not create any real development in the sense of advancing the technological level of the society. In this ultimate analysis, it may only amount to import of machinery replacing import of goods. In fact, there may be a greater commitment to import raw materials so that the choice of cutting consumption, when needed, is pre-empted.

On the other hand, development of primary education may require years of patient work to create the base of an educated community. This may be carried out further to a more meaningful middle level of education which would, over a period, start changing the basic level of education and the technical competence of the average worker and peasant. Technical and scientific education, at the secondary level, would add to the supply of skills. Such programmes may take the life-time of a generation to be accomplished but, without such a broad foundation, an industrial society cannot emerge.

Similarly, it would be necessary to develop skills already available into gradually advancing technology. Improvements in the agricultural implements may take longer but would make a wider impact than a straight beginning with large tractors unrelated to the size of holding. Appropriate technology has become an accepted modern idea but it is not practised widely. The main reason is its incompatibility with the accepted desirable way of life which is related to the most advanced technology. It can only be widely accepted in a society which is seeking to change its production process by introducing innovations on a wide scale rather than transplanting modern islands in isolation. The approach would have to be consistent in the production and consumption styles.

At the same time, it would be necessary to be moving ahead with the more advanced forms of technology. Appropriate technology for production processes, used widely, would itself have to be interpreted as a dynamic concept requiring

continuous improvement and innovation. However, in completely new areas, most modern technology may have to be adopted, provided it is related to a genuine transfer of technology. Construction of a steel mill should enable the recipient country to construct another mill on the basis of the grasp of technology acquired with the first mill.

The developing country can go for high-level technology on the same grounds on which it takes up primary education. Both yield results over a long period.

Developing countries have in the past 30 years been keen to record short-term growth rates. These are essential if increase in consumption in the shortest possible time is the most important goal. However, if for a period the developing countries can introduce social changes which would reduce pressures for early increases in consumption, longer-term and more basic changes can be produced. Development would thus be more solidly based.

Discount for time is the central point of cost-benefit analysis for development projects. This is valid for limited and partial analysis. For basic changes involved in meaningful economic development, the developing countries may have to realize that the present and not the future may be subjected to discount.

To conclude this lengthy piece, the central theme can be summed up as the need to recognize the prevailing cultural pattern of poor countries as an element of strength for healthy development rather than an impediment. The cultures of poor societies are more suited to bring about transformation in large-sized poor countries than the cultures of affluent societies. A substantial strengthening and modernizing of existing institutions is called for. But it is essential to take the society as it exists as the starting point for change. Change should be based on a healthy respect for traditions which have sanctified responses to a given environment. New institutions must evolve out of a critical evaluation and appreciation of the existing ones. This is required for two reasons:

a) to maintain the basic integration of the society and avoid its fragmentation;

b) to avoid increase in consumption demands moving ahead of production possibilities.

It is particularly essential for these countries to preserve carefully a style of life which has permitted them for centuries to accommodate the fact of poverty. Poverty is not to be removed but incorporated in a way of life which carefully seeks to avoid waste of resources, not necessarily by pricing out users but by cultivating social values. This is essential to maintain social justice as an integral part of the societal fabric rather than as a corrective addendum to a basic pressure towards inequalities. (...)

The value of accepting a given level of poverty and poverty-based culture is only in its providing a better start for a comprehensive change. The acceptance of poverty in a dynamic sense means working to change the elements responsible for pervasive poverty as a basic societal change. Society should work towards strengthening its technological base and skill level. Over the period when this development is taking place, consumption levels have to be regulated with a pattern of life which is more economical in the use of resources. Even in the long run, while technological development should proceed, it would be necessary for developing countries that technology should work towards avoiding waste of natural resources, as the balance between population and resources is becoming more precarious globally.

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INTERACTIONS

THE DEVELOPMENT POLICY OF THE FEDERAL REPUBLIC OF GERMANY AND THE CONCEPT OF ANOTHER DEVELOPMENT

by Uwe Holtz*/

Present policy orientations

According to its development cooperation policy, the aim of the Government of the Federal Republic of Germany for the UN Second Development Decade is to "promote the economic and social progress of the developing countries through a system of world-wide partnership with a view to improving the living conditions of the people in these countries". This wording seems to indicate support for the concept of meeting basic needs. However, a note of scepticism is warranted here, for the list of basic needs contained in the Federal Government's Third Development Report does not include the need for participation by the people in the Third World countries in the decisions affecting them. The report thus passes over a basic human need of fundamental importance.

Nor does a review of the publications of the Federal Ministry for Economic Cooperation help to answer the question as to the contribution made by German development assistance projects to the objectives of meeting basic needs, dismantling relations based on force and dependence, and strengthening the economic, social and political independence of Third World countries. This raises the fundamental question as to which sections of the population ultimately benefit from the results of German development assistance projects and to what degree.

It is clear from the statistics that the sectors "infrastructure" (transport and communications, energy production and distribution and water supplies) enjoy the highest priority in German development assistance and the sector "health and population planning" the lowest. But these general indications do not tell us, for example, whether the water of a newly constructed dam irrigates the fields of small farmers or the plantations of large land-owners or transnational corporations or wether the electricity produced by the dam is channelled to the huts and small enterprises of the rural population or to the houses of the urban elite. Only a careful examination of each individual project can establish what contribution is made by it to the above mentioned objectives.

If the prevailing power structure in most Third World countries, (i.e. one which favours urban at the expense of rural areas, and attaches higher priority to the rates of growth of gross national product and exports than to meeting the basic needs of the majority of the population) is seen as largely a function of the existing international economic order and the concept of world-wide industrialization promoted by it, then it becomes apparent that the development cooperation policy of the Federal Republic of Germany does not contribute to bringing about a fundamental change in these relations of dependence. It envisages that the

world economy should, as far as possible be further developed without disruption, but also without structural reform.

In this context the term "partnership" also raises questions. Very often partnership between extremely unequal partners - such as the Federal Republic on the one hand and the majority of Third World countries on the other - may mean not a reduction in, but an intensification of, dependence, especially when an expanded and closer relationship is called for at the same time.

Nevertheless, in the particular sphere of ecology, the Federal Ministry for Economic Cooperation is carrying out projects which are of considerable interest from the point of view of an alternative development policy. According to the Ministry, the following ecological problems have already been recognised by Third World countries as areas for cooperation between them and the Federal Republic :

- development of industrial production in harmony with the environment
- ecologically sound land utilization (soil conservation, erosion control);
- development of the material infrastructure (roads, ports, dam construction etc) so as to preserve environmental assets;
- preservation of natural ecosystems (forests, waters etc);
- use of energy-saving technologies (solar energy, recycling etc);
- efforts to curb rural depopulation and deal with the consequences of rapid urbanization.

Activities in the areas described above include projects based on organic agriculture, covering aspects such as soil conservation, preservation of soil fertility without artificial fertilizer, special crop rotation and crop mix methods and biological pest control. There are also technological pilot projects designed to make use of renewable sources of energy such as the sun, wind and biomass (examples are a solar cooling plant in Egypt, a small solar power station in Algeria, wind-operated generators in Haiti).

These projects are of two types. The first type are designed to bring under control the damage caused by rapid and in part uncontrolled industrialization, but without fundamentally modifying the generally accepted industrialization model. The second type, by contrast, are projects which point the way to alternatives to the existing industrial culture and which, if successful, can have profound economic, social and political consequences - both for the Third World and for the industrialized countries. If the view gains acceptance that alternative development policies are valid in "all worlds", then in implementing such projects thought must also be given to the significance of these alternatives for overindustrialized countries like the Federal Republic of Germany, and similar pilot projects should be carried out here.

People here must be more aware - indeed in many cases they need to be brought to realise for the first time - that such projects are also of importance in relation to our problems in the World. It is essential also to ensure that the Third World countries do not receive "second-class" technologies or such as are

regarded as inferior, and furthermore that these alternative technologies do not entail as much dependence on the industrial Third World countries as do present-day technologies.

Projects of the type mentioned above could, by offering solutions to the problems of both Third World and industrialized countries, serve as links between them. But at present these projects are scarcely appreciated in this light. German development cooperation policy, generally speaking, does not so far offer an alternative to the policy of the Western industrial Third World countries as it has evolved over the past thirty years.

Prospects for realizing an alternative development policy

If the ideas set out above are regarded as a practicable approach, capable of providing solutions to the many and varied problems arising in relations between countries belonging to the different so-called "worlds", then we must look for institutions willing to support and propagate these ideas and take the first steps to set this process in motion. In this matter, our own field of experiment must be the Federal Republic. So far, it seems, the problems in question have been studied closely only by church groups. However, in addition to the curches, the trade unions and political parties are important organizations amont others which ought to be active in this direction. Parliament should also concern itself with these problems. It is evidently not enough for these issues to be treated simply as marginal questions in the field of development assistance. If they are to become a focus of public attention, they must have status in Parliament and this status must be institutionalized (eg. through a separate parliamentary committee and debates on these issues).

That this is a difficult path to follow is clear in view of the prevalent disinclination to face up to the probelms of the future. Polemical voices are raised against the socalled "catastrophe literature" because it allegedly propagates the inevitability of a world catastrophe. It should in contrast be noted that many publications which in recent years have helped to promote a greater awareness of environmental issues and of global problems in general, have in many cases put forward very concrete, if often also very radical, proposals for change. If the blanket charge now levelled against them is that they propagate the inevitability of world catastrophe, this suggests that the critics reject these proposals and refuse to give them closer consideration.

If the "shattered relationship to human imagination and creativity" is to be repaired, taboos must first be broken so that the debate is free to develop. For example the Federal Republic of Germany and the question of industrialized countries must face the link between energy consumption and economic growth, and the question must be faced, which is increasingly posed by scientists and politicans of the Third World as to the use of the market economy for the people of the Third World. A broadly based debate directed to establishing new goals for political action could well originate from the following statement : "Development cooperation policy activities at present are first and foremost an attempt to export the market economy. An appraisal of projects, programmes and policies which takes the needs of the population as its starting-point must ask the question whether and to what extent it can be empirically demonstrated that the market meets the needs not of just a few but of the majority of the population".

The practical implementation of an alternative development policy requires a change in the values of industrialized societies. For example, the renunciation of unnecessary material goods would not be regarded as impairing the individual's quality of life.

James Robertson[1/] suggests a number of steps which could lead to a change in the values of society, such as :

- efforts to bring about an accomodation between the sexes;
- the reduction of specialization;
- the lessening of the individual's dependence on large scale institutions and the promotion of self-reliance;
- decentralization of power;
- adaptation of technology in line with human needs, the environment and the availability of resources.

An important condition for the adoption of an alternative policy is more self-confidence of the part of the industrialized countries in their own strength. It should be one of the politicians' foremost tasks to soothe the many irrational fears of the population. Certainly the golden calf called "growth" will have to be slaughtered in the foreseeable future. Closely related to this is the abolition of unfair privileges. But it is first necessary to clarify who are the privileged and what their privileges are. Are they the workers in factories producing almost exclusively for large-scale industrial projects in the Third World who therefore have jobs - and relatively secure ones at that ? Certainly not! It hardly needs to be said that an alternative development policy in the industrial Third World countries cannot be accompanied by mass unemployment. If the opponents of a new policy succed in making the majority of the population believe that the abolition of privileges means the loss of their jobs, then the efforts to initiate a new development policy are doomed to failure right from the start.

It is now up to the politicians. They are expected to mark out a course which will give the population the feeling that the problems of the future are going to be mastered. Whether the past practice of making light of difficulties can be continued in the long term appears doubtful. Even if the consequences of an alternative development policy can scarcely be estimated and many politicians therefore feel it would be irresponsible to take the first steps in a direction which may perhaps escape their control, a beginning must be made. There is little in the way of help available in this task. The leading "think tank" of the Western world. the World Bank, provides no impetus for an alternative development policy - quite the contrary. It contends that in the past considerable success has been achieved in solving the development problems of the countries of the Third World and that the elimination of abject poverty can also be accomplished by the classic means of accelerating the rate of economic growth.

The attempt to gain acceptance for an alternative policy in the industrialized countries cannot consist in the presentation of a new and complete system but simply in the initiation of a discussion process aimed at elaborating new political positions and obtaining majority support for them. This discussion process

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1/ See IFDA Dossier 6

must seek to embrace all the relevant groups in society. The task of all responsible politicians must be to initiate this process, to provide it with fresh impulses and finally to be ready to put into practice the ideas which have found majority support. This attempt would confront most people in the industrialized countries with, for them, the unfamiliar task of actively participating in working out a new perspective for their own future, and it would require of most politicians that they discard their self-imposed immunity to new and hence radical ideas. If this process is successful, a crucial element in an alternative development policy for Third World and industrialized countries would already have become a reality.

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GRASSROOT INITIATIVES FOR THE WELFARE OF "LAST MEN"

by Shri Sanat Mehta*/

/The following notes describe the operations of a non-governmental rural development organization in Gujarat State, India, and a recent attempt by it to launch an interest-free rural credit scheme./

Background

In a country like India, where four out of every five persons live in villages, rural development cannot but be a major item of both planning and government. All talk of institutional reforms, growth with social justice and "Garibi Hatao" (removal of poverty) have remained peripheral and have hardly percolated to the last man. The history of India during the last 25 years is replete with occasions when the postulates and assumptions held so dear by economists and politicians fell by the wayside; new orthodoxies had come up in their places.

In the early years, i.e. soon after freedom, it was believed that growth, employment and removal of poverty, follow a sequence in that order. Doubts on this naïve hypothesis began to be realised in the early 60s. It was gradually realised that mass poverty had no tendency to decline despite substantial progress in industry and agriculture. Later on it was believed and hoped that the "Green Revolution" would change the rural scene, but this hope was utterly frustrated. Even today in Gujarat, where perennial irrigation has been provided and cultivators have increased their income by changing their crop pattern to bananas and sugar cane, wages paid to agricultural labourers have not even come to the level of prescribed minimum wages. The concept of eradication of poverty through rural works programmes has not yielded much result.

Even the expansion of irrigation facilities has created an anomolous situation because of the prevailing income distribution. Take the case of Maharashtra: between 1960-61 and 1971-72 about Rupees 530 crores[1/] were spent on canal irrigation, but the additional canal-irrigated area was no more than 69,000 hectares. In some districts, the canal-irrigated area actually declined because the bulk of the irrigation water went to sugar-cane, which requires 18 times as much water as cereal crops. Sugar-cane, fruits and vegetables consume 58% and 28% respectively, of the total quantity of irrigation water available in the state. Giving the above information, Shri Nilkanth Rath, an economist, concludes: "irrigation is very expensive and is being used in a concentrated way to benefit only one or two percent of land and as many farmers." In another study, it was found that in the Kosi region of Bihar, the number of tube wells increased from a mere 300 in 1965-66 to 23,000 in 1972-73, but more than half the investment was made by the farmers with holdings of 20 acres and above, while the share of farmers holding less than 5 acres was negligible. These two illustrations underscore the need to ensure that investment in irrigation should help to optimise not only production but also employment.

In reality, the same pattern prevails not only in irrigation but also in other sectors of agriculture. The rural rich dominate the factor market, the credit market and they corner all the official incentives and loopholes. They are the most secure monopolists in India. It it because of this that even the special schemes for marginal farmers, small farmers and agricultural labourers have not really benefited the latter classes.

Gujarat Khet Vikas Parishad (Gujarat Agriculture Development Organization)

All the above-mentioned factors have ultimately resulted in increasing the disparities in rural India. The rural poor have not only increased but have become poorer in the last 30 years. The Rural Labour Inquiry in 1974-75 revealed that, while the estimated number of all rural households increased from 70.4 million in 1964-65 to 82.1 million in 1974-75, i.e. by 16.6 percent, that of agricultural labour households shot up from 15.3 million to 20.7 million, i.e. by over 35 percent. It is believed that the increase in the number of agricultural labour households has been the result of: i) dispossession of land held by tenants; ii) distress sales of land by poor farmers; and iii) presence of concealed tenancy. This is also the result of rising costs of living which increasingly compel small and marginal farmers to supplement their incomes by working on others' land, so much so that such labour displaces cultivation as the principal source of their income.

According to the Agricultural Census of 1970-71, one half of the total operational holdings in Indian agriculture (35.7 million out of 70.5 million) are of a size of less than one hectare and constitute only 9% of the total area. Another 19% of the holdings are of one to two hectares, constituting 11.9% of the total area. This means that nearly 70% of the operational land holdings are only 5 acres or less. And so it is apparent that unless some change is brought into the lives of 21 million households of agricultural labour and of the cultivators holding this 70% of all landholdings, nothing much will change.

1/ 1 crore = 10 million

So, five years ago leading persons working amongst these rural people decided to build a twin organization for these people because it was realised by all that unless the rural poor are organized nothing will percolate to these classes, in spite of the best intentions and the best schemes of governments. It was also decided that the rural poor in India cannot be organized on the basis of trade unions because of their overlapping character. A tribal family mostly consists of both marginal farmers and agricultural labourers. The approach of such organization should be both combative and constructive. It will have both to insist on implementation of institutional changes through measures like land reforms, and to help the rural poor in augmenting their income through education, improved methods of production and various schemes related to dairy, fishing and other household industries. In the last few years, Gujarat Khet Vikas Parishad (GKVP) started such centres in Surat, Baroda, Panchamahl, Ahmedabad, Broach and Rajkot Districts. The following are a few examples:

Surat District: A number of schemes like diamond cutting, carpet weaving and paultry co-operatives have been started. Even agriculture of summer cotton is being introduced.

Baroda District: Large scale efforts to improve the agriculture of these poor classes have been made through a wide network of lift irrigation schemes in five talukas (sub-districts). An experiment has been made (through the Baroda Landloosers Co-operative Society) in providing employment to those who have lost their lands as a result of the establishment of the 700 crore (7 billion rupees) petrochemical, refinery and fertilizer complexes around Baroda. In one year, this provided employment worth Rs. 5 lakhs 1/.

Rajkot District: Co-operative farming societies of harijans ("untouchables") have been organized to cultivate tank-bed lands, which become open for cultivation when the water recedes in these irrigation reservoirs. This has increased production and helped landless harijan families to augment their incomes. In addition to these activities, the workers of GKVP have helped tenants to fight their cases for restoration of their land possessions.

In April 1978, GKVP initiated a scheme of legal aid to the poor. In the last few months, with the help of two lawyers, one officer-in-charge and eight field workers, this scheme has taken up nearly 150 legal cases concerning protection of tenants' rights and cases under the Debt Relief Act.

GKVP constantly searches for and evolves new schemes and tries to mobilise resources for them, and also helps the implementation of various Government schemes.

"Antyodaya Kosh": "Fund for the Welfare of Last Men"

In the working of various schemes, GKVP realised that one area in which the rural poor suffer, particularly those who are below poverty line, is the provision of cheap credit. Even after the nationalisation of banks in India, the banks have not been able to build the necessary network to reach these classes. The failure of modern banking to penetrate rural India has remained a persistent problem. It was in such conditions that the Banking Commission (1972) recommended the establishment of 'rural banks' in addition to the rural branches of commercial banks.

1/ 1 lakh = 100,000

One should note that, until 1969, only 22.4% of bank branches were operating in rural areas; even today there is only one branch for 50 villages. The share of credit advanced to agriculture in 1972 was only 19%; in 1977 it reached nearly 29%. If we examine the pattern of credit, it is more distressing: out of the total long term credit of the nationalised banks, only 20% has gone to farmers having lands of 5 acres or less.

The same anomalous picture prevails in the field of rural credit provided through primary co-operative societies. In this regard, the recent report of the Review Committee on Rural Banks, under the chairmanship of Prof. Dantwala, has noted that the large number of non-borrowing members of the primary co-operatives (62% of the total membership) remains an unexplained enigma. Moreover, in Gujarat, the share of rural credit provided through primary co-operative societies to the small and marginal farmers is 8%, much lower than average percentage of such credit in the country, which is 36%.

Even the new concept of Farmers' Service Societies, which have been operating since 1973-74, appears according to Committee to be a highly diluted version of the grand design of the National Commission on Agriculture and these societies are hardly distinguishable from reformed primary societies.

It was further realised by GKVP that even though various efforts were made in India to provide co-operative credit to the rural poor, a very large number still rely on money-lenders for their consumption loans and suffer the worst type of exploitation because of high rates of interest, ranging up to 50%. In this process, these classes lose their savings, ornaments and even lands.

Even the subsidies provided under various tribal welfare schemes could not be utilised by the rural poor, because under these schemes even marginal farmers and agricultural labourers must contribute personally 20 to 30% of the amounts required as loans. So, unless they can raise this 20-30% amount, they are not entitled to 70-80% of free help.

Thus, from the above observations, it was felt that some radical measures were required in the field of supply of easier and cheaper credit to the marginal farmers, agricultural labourers and poor artisans. In the meantime, GKVP leaders came to know about some experiments made by Jamaate Islam in the field of banking without interest. It is a well known fact that the Islamic religion considers interest to be a grave sin. By prohibiting interest, Islam has endeavoured to do away with a hideous form of tyranny and injustice prevalent in human society. On the other hand, in the modern economic system, interest and enterprises based on interest occupy a key position. On further inquiry, GKVP learnt that Jamaate Islam was running more than 150 credit institutions, big and small, advancing small consumer loans without interest, and found this phenomenon very interesting.

Shri Jhinabhai Darji, Shri Harivallabh Parikh and Shri Sanat Mehta, leaders of GKVP, then attended a three-day seminar of organisers of those institutions run by Jamaate Islam at New Delhi on 7, 8 and 9 October 1978. During the detailed discussion, they learnt that:

1. Those institutions were advancing small consumption credit to the poorer persons, against pledges of ornaments and personal sureties. In many cases the annual total of such credit is one to three lakh rupees. But in the case of Hyderabad it is Rs. 14 lakhs annually.

2. The recovery rate of such loans is on an average more than 80 to 90%.
3. All these loans are without interest.

Soon after this seminar at New Delhi, GKVP decided to launch an organisation for loans without interest. Since the Reserve Bank of India refused the permission to register it as a bank, it was decided to register it under Indian Societies Registration Act and it is named 'Antyodaya Kosh' which means 'Fund for the Welfare of Last Men'. A hundred committed friends will contribute Rs. 1,000 each as long term interest-free loan to begin with.

GKVP feels that at present, on the international level, the World Bank's IDA is almost following these principles, because loans advanced by it are almost without interest. While harijans and adiwasis (tribal people) are getting loans at differential interest rates, all the other poorer classes in India have to pay interest of 12% to 15% for credit.

By this scheme, GKVP wants to introduce the concept of saving amongst poorer people. It feels that the scheme can go a long way if these people are imbibed with the concept of saving. It should not be difficult for them to save something, particularly when they are relieved of heavy interest burdens.

The idea is difficult to implement, but GKVP feels that, once practised, the concept will go a long way and at least stir the minds of all those who are engaged in planning and banking in the country. This will liberate millions of poorer people from the shackles of moneylenders.

Functioning of the "Bank Without Interest"

Some important questions have been raised about the functioning of this scheme and the regeneration of funds used for credit. There are basically two issues related to the operation of such a "bank without interest":

1. How the money will be advanced, recovered and managed.
2. In what way the cost of the operation will be met in the absence of regular interest income.

Although no final rules are yet framed, some answers to these questions have already been thought of and are incorporated in the constitution of 'Kosh'. It has been decided that, in the first instance, the operation of advancing interest-free loans will be started in adiwasi and "backward" talukas and then slowly spread to all the 185 talukas of the Gujarat State. According to the 1971 census, the total population of scheduled tribes and scheduled castes in the State is 5,559,000. But as we want to operate the scheme basically for the economically backward people, all the population below the poverty line will have to be covered ultimately. According to the State Government, 54% of the urban and 46% of the rural population live below the poverty line. So final coverage will have to be planned so as to cater to them.

It has been decided that the loan advancing, its recovery and management of accounts will be done by Antyodaya centres set up by the central body in selected areas. These centres will have to be registered under the Public Trust Act and the constitution and rules of such centres will be on the prescribed pattern. Once a sum is allotted, the management will be done by these centres which will be directly responsible to the central body.

The central body has decided that loans will be of different varieties, such as:

a) small loans advanced to obtain the release from moneylenders of mortgaged ornaments, utensils and other belongings;

b) loans advanced to obtain the release of agricultural lands, bullocks, etc., resulting in the improvement of production and augmenting of income of the poor;

c) loans advanced to adiwasis or other persons eligible for government schemes wherein an initial amount is needed to get a subsidized loan from the government, such loans to be advanced if these persons are either not entitled or are not in a position to get them from primary co-operatives;

d) loans advanced for dairy, poultry and other schemes where the loan is fully insured and where such schemes have proved successful.

It may be mentioned that loans will be small till the 'Kosh' gets completely established. The cost of management will be met in two ways:

a) The 'Baitul Maal', an organization which does such work in Hyderabad, has adopted a system of membership for meeting operational expenses. Its members, who number 7-10,000, pay Rs.12 annually, out of which Rs. 6 are treated as deposit and remaining Rs. 6 used by the institution for management expenses. The central body of 'Kosh' has decided to adopt this system. 'Kosh' will charge an annual membership fee to members of primary centres as well as members of the central body.

b) Where a loan is advanced for production purposes and where the income of the borrower is likely to augment, the latter will be asked to share the fruits of production and the increase of income in a very reasonable manner, which will be definitely lower than the burden of interest.

Similarly as the loans are going to relieve the borrowers of the burden of interest, a device of compulsory saving will be evolved so that at least some amount is saved by them and is deposited with 'Kosh', at least till the loan is repaid.

The above details clearly indicate that the funds of the 'Kosh' will be regenerated and augmented in the following manner:

a) repayment by instalments of loan amount;

b) sharing of increased production or augmented income;

c) compulsory saving by members;

d) membership fee and interest-free long-term deposits by sympathisers and members.

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RECHERCHE SCIENTIFIQUE ET DEVELOPPEMENT ECONOMIQUE

par Mahdi Elmandjra*/

Aucun développement économique véritable n'est concevable sans un investissement minimum dans la recherche scientifique (Recherche et Développement). L'histoire du développement économique des pays industrialisés et de quelques rares cas en Amérique Latine et en Asie le démontre très clairement.

L'importance et la priorité que l'on accorde à la recherche scientifique sont des indicateurs du niveau de développement endogène que l'on a atteint et de la conception que l'on a du développement économique et de ses finalités. Le développement - pour citer René Maheu, ancien Directeur Général de l'UNESCO - "c'est la science devenue culture". La science ne devient culture qu'à travers la recherche et toutes les transformations que cette dernière déclanche. Il est vain de parler d'une politique scientifique si l'on n'a pas une politique de recherche et un financement adéquat de celle-ci.

En 1976 les dépenses du Tiers Monde pour la Recherche et le Développement étaient de l'ordre de 2 dollars par tête d'habitant. Selon une étude de l'UNESCO, dans le monde arabe les dépenses variaient de 0,10 dollars par habitant à 53,25 dollars par habitant (Koweit) en 1976. Actuellement près de 93% des dépenses mondiales en matière de science et de technologie sont effectuées par les pays industrialisés. C'est le domaine où le fossé entre le Nord et le Sud est le plus profond et c'est aussi une des causes majeures et une des explications principales du sous-développement économique.

En dehors de l'aspect quantitatif il y a un problème d'ordre qualitatif qui est bien plus sérieux. La science n'est pas une fin en soi, elle est le produit d'une culture et d'un système de valeurs. Son application est destinée à faciliter la réalisation d'objectifs élaborés par une société. Si, en conséquence, il n'y a pas une recherche scientifique soutenue on est dans l'obligation d'importer non pas la science mais son application c'est-à-dire la technologie. Les liens entre la science et le système de valeurs, la culture et la société se trouvent ainsi rompus. Les résultats de ce processus sont bien plus graves - des points de vue culturel, social et économique - qu'on le croit généralement.

La science et même la technologie ont parfois des caractéristiques universelles mais pas toujours. La science n'est pas neutre; elle concrétise une vision du monde. La science permet de rechercher la vérité mais elle n'est pas une vérité absolue valable pour tous les temps. La seule vérité scientifique est que la vérité d'aujourd'hui ne le sera plus demain.

Pour un développement économique intégré conforme aux valeurs et aux objectifs sociaux-culturels il n'y a guère d'autre chemin que celui du développement scientifique endogène lequel passe nécessairement par la recherche scientifique. Le transfert systématique de la technologie et l'usine "clé en mains" ne sont pas de véritables facteurs de développement économique. Même lorsque ces méthodes enrichissent à court terme elles appauvissent à long terme parce qu'elles accentuent les causes des écarts entre les pays industrialisés et ceux du Tiers Monde.

Il est évident qu'il est impossible de vivre en autarcie de nos jours et qu'il est indispensable de participer de plus en plus à des échanges dans tous les domaines de l'activité humaine mais le concept d'échange implique un mouvement à deux sense. L'échange d'idées et de connaissances contre de l'argent ou des matières premières n'est pas un échange. Ce n'est même pas du commerce dans le sens original du terme.

L'autarcie étant exclue il reste l'auto-dependance (non pas l'auto-suffisance) comme politique de développement scientifique et économique. Cette auto-dependance requiert cependant une masse critique de ressources humaines et matérielles que l'one ne touvent pas réunis dans un grand nombre de pays du Tiers Monde. D'où le concept d'"auto-dependance collective" qui permettrait à un groupe de pays d'une même région géographique ou culturelle d'oeuvrer ensemble pour réduire la dépendance sur l'extérieur. La recherche scientifique est peut-être le secteur le plus propice à une telle approche car il soulève moins de problèmes d'ordre idéologique politique et économique que les autres secteurs. Il suffit de voir l'harmonie de la coopération en matière de recherche scientifique entre les Etats-Unis d'Amérique et l'URSS pour s'en convaincre.

Le développement de la recherche scientifique requiert:

1. une vision prospective du développement économique et social au lieu d'une simple projection linéaire;
2. une volonté politique nationale et parfois régionale;
3. une politique en matière d'éducation et de formation pour produire les compétences requises;
4. une politique scientifique qui situe le rôle, la fonction et les objectifs de la recherche dans le cadre d'un plan de développement économique et social intégré;
5. une système d'information et de documentation scientifique; et
6. l'information des décideurs sur les résultats de la recherche et la vulgarisation de cette information auprès du grand public.

La dépendance quasi-totale des pays en voie de développement en matière de recherche scientifique et d'application de celle-ci n'a d'égale dans aucun autre secteur. Le plus grâve c'est que cela prend toujours un temps relativement long pour retrouver même un semblant d'autonomie sur ce plan. En attendant le Tiers Monde finance directement et indirectement une proportion relativement importante de la recherche scientifique des pays industrialisés.

Les maigres ressources qui sont affectées à la Recherche et au Développement dans le Sud sont en général utilisées d'une manière inefficace non pas par la faute des chercheurs mais à cause de problèmes structurels et d'attitudes mentales. Du côté structurel on trouve un éparpillement des efforts et une absence de coordination particulièrement entre les secteurs public, privé et universitaire. La répartition des effectifs laisse à désirer car il est pratiquement impossible de trouver une chaine complète entre le stade de l'innovation et le stade de la production. Finalement les structures d'accueil en matière de recherche scientifique sont très faibles et beaucoup de jeunes chercheurs se découragent rapidement et vont soit vers des emplois administratifs soit à l'étranger pour trouver les conditions de travail nécessaires à leurs travaux de recherche.

La recherche scientifique doit mener à des applications "pratiques et tentables" pour l'économie autrement son financement ne se justifie pas. La notion de pratique et rentable n'est pas cependant toujours aussi simple car sans une base assez solide de recherche fondamentale la recherche appliquée est inconcevable. C'est ici où les attitudes mentales interviennent et où certains technocrates du financement du développement économique parle de "luxe" et de "gaspillage".

L'absence de liens organiques entre la science et la technologie d'une part et le développement économique et social d'autre part n'incombe pas à la recherche scientifique mais à un manque d'intégration et de vision globale.

En réalité la situation et le niveau de développement de la recherche scientifique dans les pays du Tiers Monde constitue un très fidèle reflet du système économique mondial. Tout Nouvel Ordre Economique International requierera un nouvel Ordre Scientifique et Technologique International pour lui préparer la voie.

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OTRO DESARROLLO Y EL TERCER SECTOR

por Henry Pease Garcia*/

La realidad latinoamericana, a nivel gubernamental, no es - en efecto - nada alentadora. Con diferentes grados y matices una seria crisis política, económica y social - una verdadera crisis de hegemonía - afecta al conjunto del sub-continente. Ello dificulta las posibilidades de concertación de una política alternativa para el conjunto de países de la región, aunque es preciso tener en cuenta las particularidades de cada país. Esto hace más importante la tarea de este Seminario, aún cuando se trate de niveles distintos, que no se deben confundir. El pensamiento científico social tiene la responsabilidad de elaborar y proponer a la comunidad internacional, nuevas alternativas de diálogo y de solución que superen los estrechos marcos impuestos por aquellos regímenes que niegan la posibilidad de una genuína democracia, que restringen las libertades más elementales y violan los derechos humanos fundamentales.

En este cuadro regional de autoritarismos y ostensible marginación de los intereses populares, tres son las premisas iniciales que obligan a los Centros de investigación y a los científicos sociales a intervenir con su propia voz en los debates centrales de la comunidad internacional:

Una primera premisa se refiere a la tan comprobada inviabilidad de los modelos de desarrollo inspirados en la importación mimética de los modelos de crecimiento económico realizados en los países centrales.

Una segunda premisa atiende a la creciente complejidad del sistema internacional, es decir, a la acentuada internacionalización de los problemas humanos y sociales, internacionalización que corre paralela al progreso de la ciencia y a la organización de los sectores marginados de nuestras sociedades, de modo que ya puede hablarse de la existencia de un tercer sector - el sector no gubernamental - dentro del diálogo internacional.

Una tercera premisa toca al carácter mismo de los problemas económicos y sociales que son abordados por los organismos internacionales. En efecto, estos problemas - y sus propuestas de solución -, aún cuando se presenten como estrictamente técnicos y políticamente neutros, sólo emergen y se vehiculizan a partir de proyectos políticos y de juegos de intereses que toca a la Ciencia Social desvelar en todos sus alcances. Quizás si el ejemplo más obvio de la forma en que bajo recetas aparentemente técnicas se practica el sojuzgamiento y la asfixia económica y política de los pueblos del Tercer Mundo, sea precisamente el del Fondo Monetario Internacional, institución que - al servicio de la estructura transnacional de poder - y en nombre de formulaciones tecnocráticas, destaca en América Latina por su extraordinaria contribución al empobrecimiento de nuestros pueblos y al enriquecimiento ilimitado de las grandes Corporaciones Transnacionales.

Inviabilidad de los Modelos Convencionales de Desarrollo

Los reiterados fracasos de las clases dominantes latinoamericanas, al aplicar los modelos convencionales de desarrollo, llevan a la comunidad científica a plantearse la necesidad de formular, en términos operativos, la idea de "otro desarrollo" - es decir - de un modelo alternativo de desarrollo, verdaderamente viable, inspirado en principios y en fuerzas sociales diametralmente distintas a las comprometidas con dichos modelos convencionales. Esta perspectiva, que cada vez compromete más a distintos esfuerzos institucionales, es para nosotros el marco más adecuado para la elaboración de propuestas específicas en materias como las que conforman la agenda de la V UNCTAD y enmarcan los debates de este Seminario.

En efecto, resulta cada día más obvia la incapacidad de las clases dominantes latinoamericanas para formular auténticos "Proyectos Nacionales" que permitan movilizar e integrar efectivamente nuestras sociedades. Estas clases dominantes - que pretenden representar los intereses nacionales en el debate internacional - no poseen un carácter ni una conciencia nacionales, revelándose - estructuralmente - como prolongaciones internas de la estructura transnacional de poder. Incapaces de integrar a sus propias sociedades, mal pueden pretender impulsar formas de cooperación y de integración a nivel internacional que beneficien a nuestros pueblos.

Debemos recordar cómo desde la última post-guerra se generalizaron primeros modelos de sustitución de importaciones y - años después - fórmulas de industrialización para la exportación de manufacturas, ambas sujetas a las necesidades de expansión de las grandes corporaciones transnacionales. Presentados como la panacea para la solución de agudos problemas sociales - como el desempleo y el subempleo - estos modelos han tenido resultados muy discutibles en nuestros países, en orden a la satisfacción de las necesidades básicas, de trabajo y de subsistencia, que presentan nuestros pueblos. Las corporaciones transnacionales han aprovechado así, cada vez mejor, las ventajas comparativas que ofrecen los países subdesarrollados - particularmente sus recursos naturales y los costos reducidos de su mano de obra - promoviendo políticas que a la larga descapitalizan a nuestros países y llegan a generar problemas sociales incluso en los países desarrollados, como por ejemplo su acentuado desempleo. Es que el criterio que orienta estas propuestas no es la atención a las necesidades básicas de la población, ni la consideración de las particularidades nacionales, sino la maximización de las ganancias acumuladas a escala mundial.

Ya podemos apreciar los efectos de estas políticas que - en sus versiones más difundidas hoy - hacen que el abaratamiento de los costos de la mano de obra sea parte sustancial de sus estrategias de desarrollo, profundizando así la explotación de las mayorías con la aplicación de políticas de reducción del consumo interno y con la pérdida del poder adquisitivo de los salarios. Se evidencia así como las clases dominantes están más integradas a las estrategias de las transnacionales y desde esa óptica pretenden definir como objectivos nacionales aquéllos que responden a las necesidades de acumulación de capital de estas empresas.

Existe pues una evidente trensa entre las clases dominantes, las transnacionales y cierta superestructura internacional, donde el FMI juega el rol más conocido para garantizar la reproducción del capital financiero y corporativo a escala mundial. Por ello, acompañando a la refinanciación de la deuda, el FMI propicia la vigencia de trasnochados planteamientos económicos que favorecen los intereses de las minorías. Es aquel liberalismo económico que, por su esencia opresiva, sólo puede aplicarse hoy a los pueblos violando libertades básicas y derechos humanos, es decir, violando todo el liberalismo político que proclamaba como ideología.

Es que este ordenamiento económico lo último que considera son las necesidades básicas de la humanidad. El hombre ha devenido en una mercancía cuyo valor depende del juego de fuerzas en un mercado, teóricamente igualitario, pero que consagra la ley del más fuerte. El hombre es simplemente fuerza de trabajo, parte de un costo de producción que debe abaratar cada día más para lograr el único objectivo real del sistema, aquello a lo que todo se subordina: el aumento de las ganancias, la acumulación de capital. Cuando para nuestros pueblos los resultados se miden en adultos tuberculosos, en niños desnutridos, en hambre, miseria y tanto sufrimiento, este orden deshumanizado se muestra claramente como verdadero "desorden establecido".

La Existencia de un Tercer Sector en el Diálogo Internacional

Estas ideas, presentes en la comunidad científica de los países subdesarrollados, y también en numerosos economistas y científicos sociales que constituyen la avanzada intelectual de los países desarrollados, han emergido con fuerza en la vida internacional.

(...) Se trata de incorporar el pensamiento de los sectores no gubernamentales al diálogo y a la vida de la comunidad internacional. Ante el sector gubernamental y el sector estríctamente intergubernamental, surge en la comunidad internacional un tercer sector integrado por instituciones científicas no gubernamentales, por organizaciones autónomas del poder económico y del poder estatal y - esperamos - por sindicatos y organismos directamente populares. Este tercer sector, o tercer sistema, camina en vías de institucionalización. El esfuerzo primigenio del Foro del Tercer Mundo y de otras entidades, como por ejemplo la Asociación de Economistas del Tercer Mundo, debe llevar cada día a encontrar formas más eficaces de inter-relación y producción conjunta, enmarcadas en los requerimientos específicos de la comunidad internacional y de los procesos nacionales, confirmando el compromiso de los científicos sociales, de los Institutos de Investigación - del amplio conjunto de instituciones del mundo social y cultural - con las necesidades de las mayorías que hoy no tienen voz.

En este Tercer Sector cumplen un rol importantísimo instituciones culturales sociales y científicas de los países desarrollados que visualizan planteamientos como los aquí formulados y luchan por crear opinión y conciencia en sus propios pueblos sobre lo que significa la explotación y las condiciones de subdesarrollo. Es que todo este conjunto institucional, lejano a las contingencias inmediatas del ejercicio del poder y necesariamente distante del imperativo de lucro, como eje evaluador de cada resultado, puede contribuir decisivamente a que los problemas mundiales encuentren nuevas fórmulas de diálogo y negociación, humanizando las relaciones internacionales y poniendo los intereses de los pueblos por encima de la lógica del poder, la ganancia o la expansión geo-política.

Lo que - en resumen - puede aportar este conjunto de instituciones no gubernamentales - es un espacio para pensar e impulsar un Nuevo Orden Mundial, en función de las necesidades de las mayorías. Se trata de forjar un espacio internacional en el que se expresen las más diversas organizaciones sociales aportando sus planteamientos a esta tarea titánica de conseguir que la justicia social no sea sólo una palabra vacía de contenido. Y nosotros - tercamente - pensamos que aún hay lugar para convencer, para movilizar la opinión de los pueblos, para que sean estos y no los pequeños intereses de unos pocos, los que se impongan en el futuro.

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A COMMUNIST ALTERNATIVE FOR EASTERN EUROPE ?

by Ignacy Sachs */

The East-German philosopher and political activist Rudolf Bahro has been sentenced in July 1978, after a closed trial, to eight years of imprisonment for "espionnage" shortly after the publication in West Germany of his book here reviewed by Ignacy Sachs.

Rudolf Bahro's seminal book 1/ differs from the growing stream of Eastern European dissident writings by its theoretical breadth and the emphasis put on a constructive programme for a genuinely communist society made possible by the advancement of productive forces already achieved in countries like East Germany and Czechoslovakia. In this way, the author hopes to unfold the true horizon of further human development on this planet, following the best Marxian tradition. Marx's influence is also present in Bahro's style the result being a fascinating but hard to read 450-pages text pursuing relentlessly two twin objectives: a critique of the actually existing socialism, based on a challenging though controversial historiosophic theory and a normative, not to say utopian, mapping of the strategy of a

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1/ Rudolf Bahro, The Alternative in Eastern Europe (NLB, 1978, distributed in the USA and Canada by Schocken Books, New York. Translated by David Fernbach from the original german Die Alternative (Europäische Verlagsanstalt, 1977). French translation: L'Alternative (Paris, Stock, 1979))

communist alternative. Bahro's preoccupations are thus very close to IFDA's programme and his book can be read as a valuable contribution to the "third system" project, even though it was not intended as such. The reader familiar with What Now ? 2/ will notice a striking parallelism between the concept of "another development" outlined there and some of the ideas developed by Bahro.

Bahro carefully avoids denunciation and invective. Yet his indictment of Eastern European regimes is by far the sharpest I have come across. He disagrees with those who see in the present setting a distortion of socialism or even a betrayal of the revolution. The actually existing Eastern European regimes represent a new antagonist social order, in which socialization occurred in a totally alienated form, i.e. statification (etatism) and led to the emergence of a bureaucratic despotism, upheld by the communist parties in power transformed in defenders of status quo and "a structure that actively produces false consciousness on a massive scale" (p. 247). The system is topped y politbureau dictatorship, "a grotesque exageration of the bureaucratic system" (p. 244) combining elements of church hierarchy and hyperstate, paternalism and organized irresponsibility. Laws of bureaucratic behaviour take precedence over economic rationality. Planning has become a bureaucratic balancing of interests from above, based on faithful accounting but faulty premises and lacking control from outside itself. Under these circumstances no human emancipation is possible. The actually existing socialism is thus an extension of the old civilization, a continuation of the capitalist road in which the working masses experience alienation and subalternity. The abolition of private property did not lead to the property of the people but to a sort of non-capitalist road which at best could be considered as proto-socialism.

As a good Marxist, Bahro seeks a historical explanation to this situation. His interpretation of the "Soviet tragedy" rests on the lack of preconditions for communism in Russia. Already Marx has overestimated the maturity of the preconditions for communism in Western Europe. Lenin's misreading of the Russian situation was even more pathetic. The abolition of capitalist private property could only have little importance in Russia because there was little capitalist property to abolish. In 1917 Russia went through an anti-imperialist revolution in a predominantly precapitalist country, but communism was not within its reach: according to Bahro's reading of Marx, no country can reach socialism without "mature industrialism" (whatever it means). Russia had to undergo first a long and harsh period of industrialization, made all more difficult by the Asian legacy of Soviet Russia: in a sweeping (and undocumented) generalization of Wittfogel's controversial theory on oriental despotism, Bahro takes for granted that the so-called Asiatic formation was strongly entrenched in 1917 Russia side by side with a half-liquidated feudal formation and a capitalist formation confined to a few towns. Another premise of Bahro's historical construct is the not less controversial statement that industrialization in a backward country requires either wage-labour (capitalist accumulation) or extra-economic compulsion (i.e. terror). Under these circumstances the party and state apparatus were pushed into the position of a substitute for an exploiting class, becoming "the labour lord of Soviet society" (p. 141). Lenin and then Stalin in reality

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2/ What Now ? The 1975 Dag Hammarskjöld Report, Uppsala

provided the superstructure of industrialism without which Russia would still be a predominantly peasant country, probably following a capitalist path.

The flaws in this explanation need not bother us here, as they do not affect Bahro's incisive description of the anatomy of the actually existing socialism portrayed as an industrial despotism.

As already mentioned, the most valuable part of the book is an elaborate statement about the functioning of a genuine communist society once the pre-condition of mature industrialism has been reached, as it is the case in the German Democratic Republic or Czechoslovakia.

Bahro argues convincingly that the socialization of the means and conditions of production requires all the economy to be resolved in the social economy of time. The expenditure of time necessary for material reproduction should be reduced but everyone should take a share in the unavoidable residue of heavy, dirty and repetitive work (an idea also developed by Paul and Percival Goodman in their celebrated Communitas). According to Bahro the principle of reward according to work is no way taken from Marx. Everybody should be entitled to equal wage the only departure from this principle being compensation for heavy work. As education will be provided free to all citizens by the society, there is no reason for paying more for skilled work. The equalization of wages introduces a radical simplification in social and economic accounting, allowing to plan directly in terms of necessary time of production.

The mature industrialism should provide enough material goods to ensure a genuine consumer sovereignty within reasonable limits: communism does not mean shared austerity. But material insatiability is clearly incompatible with it. It makes sense to raise the productivity without raising the output. The potential surplus is essential to overcome the stresses of a shortage-ridden economy and to go ahead with the reduction of labour-time and within it of psychologically improductive labour-time. The latter task calls for encouraging creativity work and, inter alia, accepting several individuals for each job and several jobs for each individual. Bahro suggests that the evolution of technology should be slowed down in order to establish a reliable self-regulation of the social process, the scientific and technological revolution must be reprogrammed by a social revolution. The criterion of quantity must be displaced from its dominant position in favour of quality and of direct consideration of use-values. This means a progressive "emancipation from economics, i.e. from its dominance over the social whole" (p. 405), the ultimate goal being self-enjoyment, or, in other words maximization of "time for development" (p. 416). Without transforming the zero rate of growth of material output into a dogma, Bahro seeks it as a goal to be gradually achieved. His arguments are threefold and carry a great force in the context of an egalitarian communist society. The need for self-restraint already referred to, the ecological prudence and the solidarity with the Third World. His is a vision of development in harmony with nature: "the extensive phase of human development is coming to an end one way or another, either in the good way or the bad. Our species can and will continue to improve its material base, but it must break with megalomania for the sake of its own survival and for the meaningfulness of life, it must learn collective respect for the natural order, which up till now it has managed to disturb rather than to improve. It must continue its ascent as a "journey inwards". The leap into the realm of freedom is conceivable only on the basis of a balance between the human species and its environment, with

its dynamic decisively shifted towards the qualitative and subjective aspect." (p. 266).

The book contains a set of prescriptions how to achieve ecodevelopment (see in particular pages 429-430).

As for the trade with the Third World countries it postulates giving away with the law of value and exchanging of goods according to equal national expenditure of labour-time. This radical proposal is consistent with Bahro's egalitarian views, already referred to, on reward for work.

Another idée-force of the book is the need to abolish the traditional vertical division of labour between man/woman, town/country, manual/mental as well as technical inside the factory. The actually existing socialism failed at doing it and that is why alienation and subalternity are present there.

According to Bahro, communism is incompatible with the State. He argues forcefully against the State socialism even in the transitional period. The true Marx, for him, is the one who insisted on immediate setting up of communes and of their federation in terms very close to those of leadind anarchists. In the conclusion of this lengthy book, the author writes:

"The answer lies in the discovery of the federative principle which is inscribed in the idea of free association: subordination of the hierarchically ordered informational connection; association instead of subordination of individuals to their various subjective and objective purposes; association of their unions (not least of course of the basic units of the labour process) essentially into territorially grouped communes, as the decisive mediating links of the totality; association of communes into a national society; association of nations in a contentedly cooperating world; mediation to each higher unity by delegates elected from the base." (p. 453).

This paragraph could be taken from Kropotkin. The book makes a strong plea for direct democracy. The decision-makers have no greater knowledge than any ordinary citizen could have if he was fully informed of the alternatives. Public access to relevant information is both crucial and increasingly possible thanks to the technical progress in the organization of mass communications.

The fourth and last pillar of the proposed strategy of a communist alternative is a complete restructuration of the educational system, rightly considered as the cornerstone of the cultural revolution. Bahro's thoughts on the subject are stimulating and open-minded. He stresses the importance of aesthetics and goes at some length to discuss the learning process in the light of Freudian principles.

Another utopia? Not in Bahro's mind. The analysis of the events on Czechoslovalia in 1968 led him somewhat paradoxically to the conclusion that the most industrialized Eastern European countries are ripe, both in terms of mature industrialism and of the constellation of social forces, to move towards communism. Change must come from inside. But conditions exist to organize the opposition elements in Leagues of Communists (Bahro remains faithful to the doctrine of a unique party) who should carry their revolutionary task against the ruling party and state bureaucracies and the Soviet Union. The fact that Bahro

decided to publish his book in Western Germany and to stay behind in his country is a tribute to his optimism and, above all, moral integrity. He deserves for it, quite apart from the intrinsic values of his book, our deepest respect and sympathy.

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SOCIAL DEVELOPMENT AND THE INTERNATIONAL DEVELOPMENT STRATEGY[1/]

Reasons for Divergence Between Trends and Objectives

The reasons that can be offered for the gap between international social objectives and real trends are varied and at several different levels; they bear on the international order itself, on national societies, on policy making and planning mechanisms and methodologies, and on administrative systems. One can take as a working hypothesis that certain reasons of fundamental and nearly universal relevance can be found for trends that are so generalized, but that the upshot in each national society has derived from a different combination of factors, some of them specific to the society. A brief note such as the present one cannot do more than list and comment on certain explanations that must be taken into account in the effort to clear the way to a more unified and effective international development strategy:

a) Economic growth in the Third World, and the international financial transfers expected to stimulate such growth, have been insufficient to permit significant allocations to social programmes or other measures to reduce the dimensions of poverty. These limiting factors, aggravated by rapid demographic growth, are obviously important for many countries, but their adequacy as a general explanation must be discounted by the evidence that inequalities in incomes, consumption, opportunities for livelihood and access to services are particularly pronounced in many countries that have achieved relatively high rates of economic growth during the 1970s. The groups that were worst off at the beginning of the period have gained little or nothing even in absolute terms.

1/ This is an extract of a paper published under this title by the United Nations Research Institute for Social Development in Geneva (Report no. 79.2)

b) The dependent internationalization of national economies, largely through the penetration of transnational enterprises, has been accompanied by continual shocks and changing pressures (violent international commodity price fluctuations, balance of payments crises, accelerated inflation, rising debt burdens, defensive struggles by endangered classes and interest groups) that have forced governments to concentrate on "crisis management". Their capacity to apply socially oriented policies, or indeed any kind of long-term policies in pursuit of a coherent image of the national future, has been eroded. This is certainly the case of a good many governments that have embarked on innovative social programmes and then had to abandon them or reduce them to a token scale.

c) Those forces in the central capitalist countries (industrialists, agribusinesses, dealers in raw materials, financial institutions, sources of technological innovation, military establishments) that have dominated the international economic order have not changed. Although their interests and tactics may have changed with the "transnationalization" of industrial production and other recent trends, they usually retain sufficient power, in alliance with dominant groups in many Third World countries, to prevent major changes in national styles of development or to penalize and distort attempts at such changes.

d) Dependent modernization in the national societies of the Third World has meant implantation of the "consumer society" for affluent minorities and the entrenchment of structures of production serving such minorities, requiring highly uneven income distribution, along with deprivation and repression for a large part of the rest of the population. These patterns and the expectations they have aroused among the sectors able to make themselves heard inhibit domestic capital accumulation and strengthen the position of transnational enterprises, who are the main suppliers of sophisticated consumer goods.

e) The unsatisfied needs of the masses of the population are so great and so incompatible with present structures of production and distribution that any governmental initiatives attempting to mobilize popular participation in decisions on livelihood are likely to disrupt the structures and to encourage the expression of demands from the one side that

cannot be satisfied in the short run. They are also likely to arouse politically unmanageable resistance from the groups, external and internal, that would have to meet part of the costs. As long as highly visible affluence in part of a national population contrasts flagrantly with extreme poverty and insecurity, exhortations to the poorer classes to limit their (generally modest) consumption aspirations in the name of development priorities and try to meet their minimum needs through aided self-help are bound to be ineffective.

f) The continued dedication of a major portion of the world's productive resources, and a much greater part of most governments' revenues, to military and police establishments and to sophisticated armaments cannot but detract from the possibilities of achieving social development goals. Military-industrial complexes have grown even larger in most developed countries and have appeared in many developing ones. The productive capacities devoted to armaments could be redirected towards development objectives only at high cost and over a prolonged period. Moreover, these military-industrial complexes have become social forces in their own right, often crucially influencing government policies towards objectives of their own that diverge sharply from those of the international consensus on development goals.

g) In demands for a New International Economic Order, the strongest voices are those of nationally dominant groups determined to obtain for their countries enhanced autonomy and fairer terms of trade and financing within an international order otherwise similar to the present. These groups continue to attach overriding importance to rapid economic growth. They are not convinced by arguments to the effect that improvement of productivity requires higher levels of popular consumption and more active participation by the masses, and they are reluctant to confront politically difficult problems of the composition of economic growth, distribution of its fruits, and its environmental consequences.

h) Demands for higher priority to be given to the human objectives of development and the satisfaction of basic needs have become identified, in the minds of a good many Third World policy makers, with diversionary tactics of the central capitalist countries. These rich industrialized nations have been unable or unwilling to meet the trade and financing demands of Third World countries, or bring under control the

inflation, economic stagnation, and armaments competition that strike increasingly at their economic and political stability. This identification, whether justified or not, diminishes the moral authority of the social objectives.

i) The expansion of social services and programmes in the Third World, one of the more positive features of the past two decades, has remained excessively dependent on norms and techniques from the high-income industrialized countries. This has raised their costs to levels precluding universalization, facilitated their monopolization by urban minorities, and contributed to the "brain drain" among expensively trained professionals. International technical, financial and material (mainly food) aid earmarked for social programmes has proved a mixed blessing, to some extent helping national authorities evade questions of production and distribution for the satisfaction of basic needs.

j) The range of technological alternatives accessible to Third World societies, conditioned by transnationalization and related processes, has continued to clash with the needs for expansion of employment, local initiative, and production to meet basic needs. The international agencies, through the kinds of project they advise and finance, have supported this kind of technological dependency in spite of declarations calling for different lines of innovation.

k) The governments that have tried to apply a socially-oriented "unified approach" have encountered great difficulties, in addition to those mentioned above, deriving from the lack of realistic tactical guidelines for the reconciliation of multiple objectives, inadequate information, inefficient administrative structures, inadequate financial resources, and precarious political backing. Development planning methodologies up to the present have not taken this into account and neither have international "plans of action" that, in their combination, urge governments to advance rapidly on all fronts at once in an integrated manner.

Apparently only a few of the factors behind these varied explanations for the divergence between trends and objectives could be directly modified by the New International Economic Order and other policies that usually receive priority in dis-

cussions of the third United Nations Development Strategy. The accelerating historical process incorporating an ever increasing proportion of the world's population into societies organized around the imperatives of high-technology industrial and post-industrial economic systems can probably be influenced only marginally by planned international action. The terms of incorporation into the industrial world of different countries and social groups, however, vary greatly from time to time and from place to place. They depend chiefly upon the interactions of numerous contradictory social forces - special interest groups and broader supporting class interests - locally, nationally and internationally. As a result, development policies also tend to be varied and contradictory. The state is not a consistently rational, unified and benevolent entity, capable of choosing and entitled to choose a style of development, so powerful but so unimaginative that it seeks generalized advice and then acts on it. An international strategy has little chance of influencing events within real national societies as long as it relies on such a fallacious image of the nation state. The United Nations Development Strategy should be designed to take the realities of contending social forces fully into account. It might then be able to influence some of these social forces that determine the real strategies of national societies as well as governments, and, hence, the terms of incorporation of weaker nations and social groups, in the directions indicated by the international consensus on development objectives.

INDEX OF PAPERS PUBLISHED IN IFDA DOSSIERS 1 TO 8

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IFDA Dossier 1 was published in January 1978 in three editions (English, French and Spanish). IFDA Dossier 2 appears in November 1978, and the subsequent numbers monthly from January to June 1979; these appear in a multilingual edition with papers in English, French or Spanish.

Titles are given in the language in which the paper was published. Most papers which appeared in the section "Building Blocks" were accompanied by summaries in the two other languages.

Back issues of the IFDA Dossier are available on request. They will be mailed at no cost to Third World countries; requests with addresses in industrialized countries should be accompanied by three "coupon réponse international" (international postal coupons) for each issue.

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FOOTNOTES / NOTES

. R. H. Cassen, India : Population, Economy and Society (London: Macmillan, 1978)

It is impossible to summaries Robert Cassen's book. Its range is very wide -- India's population, its size, growth and future; the experience and lessons of the Family Planning programme; poverty, unempoyment and how the poor have fared in the Indian economy. These are the broadest themes. Interwoven are many side-excursions into, for instance, the demographic transition in England, France and Japan, the history of peasant revolts in India and comparative Indian and Chinese economic performance. It is a book of considerable scholarship. Data has been painstakingly collected and marshalled but is never forced into conclusions; if anything, the author suffers from a surfeit of agnosticism. Throughout a book of 339 closely printed pages, the reader's attention is held by a gentle and genial style. The extensive bibliographies to each chapter are a contribution in themselves.

For the general reader of the book, especially Indian or Third World, the final chapter on the Future of Indian Society will be of the greatest interest. Mr. Cassen's point here is simply that India's demographic transition will be painfully slow unless it is speeded up by societal changes and a development strategy that concentrates on employment, education, health and, social and economic equality in opportunities and rewards to the poorest, especially in the rural areas. Thorough-going change, in his phrase, will be needed to ensure these correlates of fertility decline. He is not hopeful that governments in India will be able to bring about this kind and order of change; he points out that if such changes are not brought about, the present system of government cannot itself remain unchanged; he doubts, however, if India given its size, spread and diversity can develop the critical conditions for a revolution with hope of success. In paraphrase, India's present is bad, the future may well be worse, revolutionary change although essential is unlikely but, then, something has to happen. On what the something could be, Mr. Cassen with Right Modesty takes the line that "it is for those who live with these problems to find their solution". He adds that "there is something distasteful in the situation of the Western scholar, safe in his university library, preaching revolution for other people".

The scholar -- Western or otherwise -- could, however, usefully advise on the pre-and post-revolutionary programmes. Mr. Cassen, one can not help feeling, could have done more of this in terms of specifics. Those who live with India's problems would, for instance, concentrate on girls' education, a definite reduction to infant mortality and compulsory sterilisation, under law, after 3 or 4 children, as the hard-core correlates to an extensive and intensive family planning programme of motivation, incentives and inputs. On the larger issue, India's revolution, when it occurs, may not be centrally directed, nor its aftermath centrally controlled, by a paternal -- egalitarian -- authoritarian system. In Indian terms, revolution may have to be cultural and permanent -- a great unorganised leap backward from wants to needs, cen-

tered in rural India. This may strike the Western scholar as anarchy but it could be a Gandhian leap-frog over Marx with the State withering away before it fully ripens. One wishes Mr. Cassen had speculated on some of these themes and possibilities. Instead, it is a pity that at the end he seems to want for India, in essence, a welfare state with British values, brought about by a Chines-type big putsch. This does not matter. The great merit of his book is that it stimulates thought and provides much material that can aid thinking.

S. Guhan

. Development strategies in Latin America and The NIEO. This is the theme of a Nordic symposium organized by and at the Research Policy Institute of the University of Lund, Sweden, from 21 to 23 September.

For the last twenty years the Latin American economies have undergone, for better or worse, important structural changes. Partly, this is due to the conditions imposed upon Latin America by the old International Economic Order, but partly also to deliberate strategies in quite a few countries to change the prevailing structures. These new development strategies have in some cases coincided with the quest for the NIEO. Instead of the "maldevelopment" of the past, another need-oriented, endogenous, self-reliant, ecologically sound development, based on strctural transformations is badly needed.

The symposium will seek to advance the understanding of the development in Latin America after 1945 by concentrating on four areas of discussion:

1. Structural changes in Latin America after 1945: country comparisons
2. The reconciliation of growth and redistribution objectives in the past. Impact of structural reforms on income distribution. Alternative redistributive strategies.
3. Transfer of technology and the role of foreign capital. Strategies vis-â vis the Transnational corporations. Need oriented strategies based on "appropriate technology".
4. The growing role of the State. Nationalization as a vehicle in development planning. The bargaining power of the state in bilateral and multilateral financial negociations.

For further information, please write to Claes Brundenius, RPI, Magistratsvägen 55:N, S-222 44 Lund, Sweden.

. Tom Alberts and Claes Brundenius, Growth versus Equity: The Brazilian Case in the Light of Peruvian and Cuban Experiences (Lund: Research Policy Institute, 1979). Discussion paper no 126.

. Participatory development and dependence. The case of Sri Lanka. Report of a joint Marga/IFDA seminar, with papers by Ann Mattis, Basil Ilangakoon and Godfrey Gunatilleke. Marga Quaterly Journal (Special issue, vol. 5, no 3. 1978). Can be obtained from either IFDA or the Marga Institute, PO Box 601, Colombo 5, Sri Lanka.